G. Marshall

24th Annual Report

FEDERAL HOUSING ADMINISTRATION

NORMAN P. MASON
Commissioner

for the year ending December 31, 1957

TWENTY-FOURTH ANNUAL REPORT

of the

FEDERAL HOUSING ADMINISTRATION

Year ending December 31, 1957

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and Home Finance Agency

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Federal Housing Administration

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

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

The various types of FHA insurance in effect in 1957 are summarized below.

TITLE I

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

Section 8 of Title I, added to the act in 1950, authorized the insurance of mortgages on new single-family dwellings for families of low and moderate income, particularly in suburban and outlying areas. This authority was terminated by the Housing Act of 1954 (Public Law 560, 83d Cong., approved Aug. 2, 1954), which provided similar authority under a new Section 203(i) of Title II. FHA insurance of mortgages in amounts up to $8,000 on farm properties is also authorized under Section 203(i).

TITLE II

Section 203 of Title II authorizes the insurance of mortgages on new and existing 1- to 4-family dwellings. This section accounts for over 70 percent of all mortgage insurance written by the FHA.

Section 207 authorizes the insurance of mortgages, including construction advances, on rental housing projects of eight or more family units. Special provision is made for mortgage insurance on projects undertaken by nonprofit corporations for occupancy by elderly persons. Section 207 also authorizes the insurance of mortgages on mobile home courts.

Section 213, added to Title II in 1950, authorizes the insurance of mortgages on cooperative housing projects of eight or more family units. The mortgagor must be a non-profit ownership housing corporation or trust, with permanent occupancy of the dwellings restricted to members (management-type project), or a nonprofit corporation or trust organized for the purpose of building homes for members (sales-type project), or a corporate investor which undertakes the construction of a management-type project and certifies its intention of selling the project to a cooperative group within two years after completion. In a sales-type project, the individual homes may be released from the blanket mortgage on the project and mortgages on the individual homes may be insured under Section 213. This section also authorizes the FHA to furnish technical advice and assistance in the organization of the cooperatives and in the planning, development, construction, and operation of the housing projects.

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

Section 221, also added in 1954, authorizes mortgage insurance on low-cost housing for relocation of families from urban renewal areas and families displaced by Government action. Mortgage insurance is available under Section 221 on new and rehabilitated housing. It is available for rental housing if the mortgagor is a private nonprofit organization regulated under Federal or State law.

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

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

TITLE VI

This title is now inactive.

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 more liberal than those of Sections 203 and 207. Sections 603 and 608 were revised and extended on May 22, 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, added in 1947, authorized the insurance of short-term loans to finance the manufacture of housing and the insurance of lending institutions against loss on notes given in part payment by purchasers of manufactured housing financed with insured loans.

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

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

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

TITLE VII

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

TITLE VIII

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

TITLE IX

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

Highlights of 1957

In the FHA, 1957 was notable chiefly for the variety of measures that were taken during the year to bring FHA benefits within the reach of a greater number of American families.

Downpayment requirements in home financing transactions were reduced. The maximum interest rate on FHA-insured home mortgages was increased to help them to meet market competition.

FHA regulations were amended to permit lenders to dispose of partial interests in insured mortgages in order to bring additional funds into the market.

Processing of home mortgage insurance applications by local mortgagees appointed as certified agents of the FHA was introduced on an experimental basis in seven different parts of the country, in small communities where there had previously been little FHA activity.

FHA mortgage credit policies were clarified, and a number of administrative actions, specified in the following pages, were taken to reduce the initial expense to the buyer of acquiring a home.

In addition, the FHA took positive steps to overcome delays in the processing of applications for mortgage insurance.

The chief problems encountered during the year were a shortage of money available for FHA-insured mortgages and the continued high cost of housing.

A high level of prosperity throughout the economy during most of the year caused so many demands for funds to finance business and industrial enterprises that interest rates rose to a point where FHA mortgages with their limited rates were less attractive in the market than many other forms of investment. As a result, the number of home mortgages insured in 1957 was at the lowest point since 1947 and 20 percent less than the number insured in 1956. The number of applications, however, was nearly 5 percent higher in 1957 than in 1956.

The volume of insurance increased substantially under all FHA programs involving mortgages on multifamily housing projects. Mortgages on 43,609 units were insured in 1957, compared to 11,177 units in 1956. There was an even more dramatic increase in applications under these programs, from 556 units in 1956 to 67,646 in 1957.

The 1.1 million property improvement loans insured in 1957 represented the largest volume in three years.

The charging of discounts on insured mortgages was widely prevalent in 1957. The Housing Act of 1957 (Public Law 85–104, 85th Cong., approved July 12, 1957) directed the FHA Commissioner to "fix reasonable limits on the charges, fees, and discounts imposed upon the builder, seller, or purchaser" in the construction or sale of housing covered by an insured mortgage. Discount controls at rates varying in different parts of the country were put into effect on August 5 and remained in force throughout the rest of the year.

Two contracts were made in 1957 with the National Academy of Sciences, providing for advisory service and reports to the FHA on technical problems affecting housing.

A contract was made with the Bureau of Reclamation for appraisal by FHA personnel on a reimbursable basis of the residential community of Coulee Dam, Washington. Field work under the contract was completed during the year.

Cyrus B. Sweet of Longview, Washington, became Deputy Commissioner of the Federal Housing Administration on August 27, and Wendell O. Edwards, formerly FHA director in Detroit, succeeded him as Assistant Commissioner for Operations.

HOME MORTGAGES

Mortgages were insured by the FHA in 1957 on 202,454 homes. A comparison of the units and amounts with those of 1956 is shown below by sections of the act:

Section	1957		1956	
	Units	Amt. (000)	Units	Amt. (000)
8	8	$46	139	$775
203	185,705	2,031,137	240,033	2,469,596
213	4,233	54,169	677	7,220
220	455	4,887	57	598
221	520	4,512	16	124
222	10,779	147,434	11,457	151,556
809	716	8,679	12	152
903	33	294	909	8,150
Total [1]	202,454	2,251,064	253,300	2,638,230

[1] Includes 8 open-end advances totaling $18,000 insured in 1957 under Section 203 pursuant to the provisions of Section 225, and 24 open-end advances totalling $55,351 insured in 1956. Totals also reflect adjustments in expired psograms.

The FHA was greatly concerned during the year with the difficulties faced by families of limited means in financing homes. The high cost of housing and the fact that mortgage money was not always readily available on FHA terms meant that many families had to postpone the buying of homes or use conventional financing which usually necessitated larger initial investments, higher interest rates, and shorter maturities. Buyers who had difficulty in meeting these terms sometimes resorted to unsound financing methods such as short-term junior mortgages.

In order that these families might have access to the limited supply of money for FHA-insured mortgages, FHA downpayment requirements were reduced twice in 1957.

On March 29, by administrative action, the Commissioner lowered the downpayment to the legal minimum by removing the additional 2 percent requirement that had been in effect since July 30, 1955. This brought the minimum down to 5 percent of $9,000 of value plus 25 percent of the remaining value, instead of 7 percent and 27 percent respectively.

On August 5 the downpayment was reduced to the minimum provided by the Housing Act of 1957: that is, 3 percent of $10,000 of value plus 15 percent of the next $6,000 plus 30 percent of the remaining value.

Also as provided by the Housing Act of 1957, the downpayment requirement under Section 222 of the National Housing Act was amended to make the more liberal home financing terms available to servicemen.

Two other changes in FHA requirements were made effective August 5 to reduce the initial expense to be met by the home buyer. The requirement that the first year's mortgage insurance payment be paid in advance was removed, and $50 multiples were made acceptable for mortgages up to $15,000 instead of up to $10,000 as formerly.

The maximum mortgage amount under Section 203(i) was increased, pursuant to a provision of the Housing Act of 1957, from $6,650 to $8,000.

On August 5 the Commissioner put into effect limitations on the discounts that could be paid on FHA-insured mortgages as directed by the Housing Act of 1957. The maximum discounts varied in different sections of the country according to market conditions. At the same time, to help the home financing market to operate adequately with these discounts, the Commissioner increased the maximum permissible interest rate on insured home mortgages from 5 percent to 5¼ percent.

The FHA reviewed its mortgage credit policies during the year to make them consistent in all insuring offices so that every qualified prospective home buyer would be given the maximum opportunity to obtain FHA-insured financing.

Measures taken during the year to shorten the time required for processing applications included the use of fee appraisers, overtime work by regular employees, and use of personnel from other insuring offices to help in offices where the need was acute.

The technical studies program of the FHA carried on in cooperation with outside agencies has as its purpose the finding of methods to produce better homes and to reduce costs.

MULTIFAMILY HOUSING

The FHA insured mortgages in 1957 amounting to $597 million on multifamily projects with a total of 43,609 units. This was a substantial increase over the volume of insurance written in the previous year, as shown by the following figures:

Section	1957		1956	
	Units	Amt. (000)	Units	Amt. (000)
207	4,463	$41,366	736	$5,441
213	8,559	110,306	3,009	36,366
220	5,151	59,929	1,051	9,375
803	25,436	385,748	6,381	79,065
Total	43,609	597,348	11,177	130,247

The Housing Act of 1957 amended Section 207 of the National Housing Act to make the $1,000 additional mortgage amount per room permitted in high-cost areas applicable without regard to the number of rooms per unit in the project. It formerly applied only to projects with 4 or more rooms per unit.

An occupancy survey of FHA rental units showed a decline in the national vacancy rate from 3.2 percent in March 1956 to 2.4 percent in March 1957—the lowest rate since the survey was first made in 1950. In 19 of the FHA insuring office jurisdictions the 1957 vacancy rate was 1 percent or less.

COOPERATIVE HOUSING

Mortgages in the total amount of $110.3 million were insured under Section 213 in 1957 on 310 cooperative housing projects with 8,559 living units. The total included mortgages for $76.9 million on 291 sales-type projects with 5,889 units and mortgages for $33.4 million on 19 management-type projects with 2,670 units. Mortgages for $54.2 million were also insured under Section 213 on 4,233 individual homes released from blanket mortgages on sales projects. All these figures represented substantial increases over 1956 activity.

The year 1957 was the first in which mortgages were insured under Section 213 on investor-sponsored projects pursuant to authority provided in the Housing Act of 1956. Five mortgages totaling $11.9 million, with investor sponsorship, were insured on management-type projects with 966 units, and about $3 million of applications were in process when the year ended.

Application was received in April 1957 for mortgage insurance on the first Section 213 project in Puerto Rico—a 24-unit management-type project in Santurce; and the first Section 213 project in Hawaii was insured in November—27 single-family homes in Honolulu, the first of approximately 12 sections.

Pine Grove Manor, New Brunswick, N. J., a management-type cooperative project financed with 4 mortgages insured by the FHA under Section 213 of the National Housing Act, consists of 2-story walk-up structures housing 398 families in 2-, 3-, and 4-bedroom apartments. Six additional acres (at right center in photograph) have been acquired by the cooperative for parks, recreation center, library, and swimming pool.

In August, the Special Assistant for Cooperative Housing represented the FHA at the International Conference on Cooperative Housing in Stockholm, Sweden, and following the conference made a study of cooperative housing in Western Europe. He also participated in national-scale housing conferences in this country held by public interest groups such as consumers, veterans, teachers, religious organizations, and labor unions.

URBAN RENEWAL

At the end of 1957, the FHA had issued commitments under Section 220 totaling $101.1 million. This was more than twice the amount outstanding at the end of 1956. While only 7 projects were certified under this section in 1956, 24 were certified in 1957, bringing the total to 66.

Of the commitments so far issued, $89.3 million represents 8,008 units in new multifamily rental projects, $11.7 million represents mortgage insurance on 1,124 new sales-type homes, and $135,000 represents mortgage insurance on 15 existing homes. The great bulk of commitments has been on multifamily housing, but there was a substantial increase in 1957 in commitments on homes.

Projects have been certified under Section 220 in 19 States, the District of Columbia, Hawaii, and Puerto Rico.

Section 221 was amended in 1956 by increasing the maximum mortgage amount to $9,000 ($10,000 in high-cost areas) and the maximum term to

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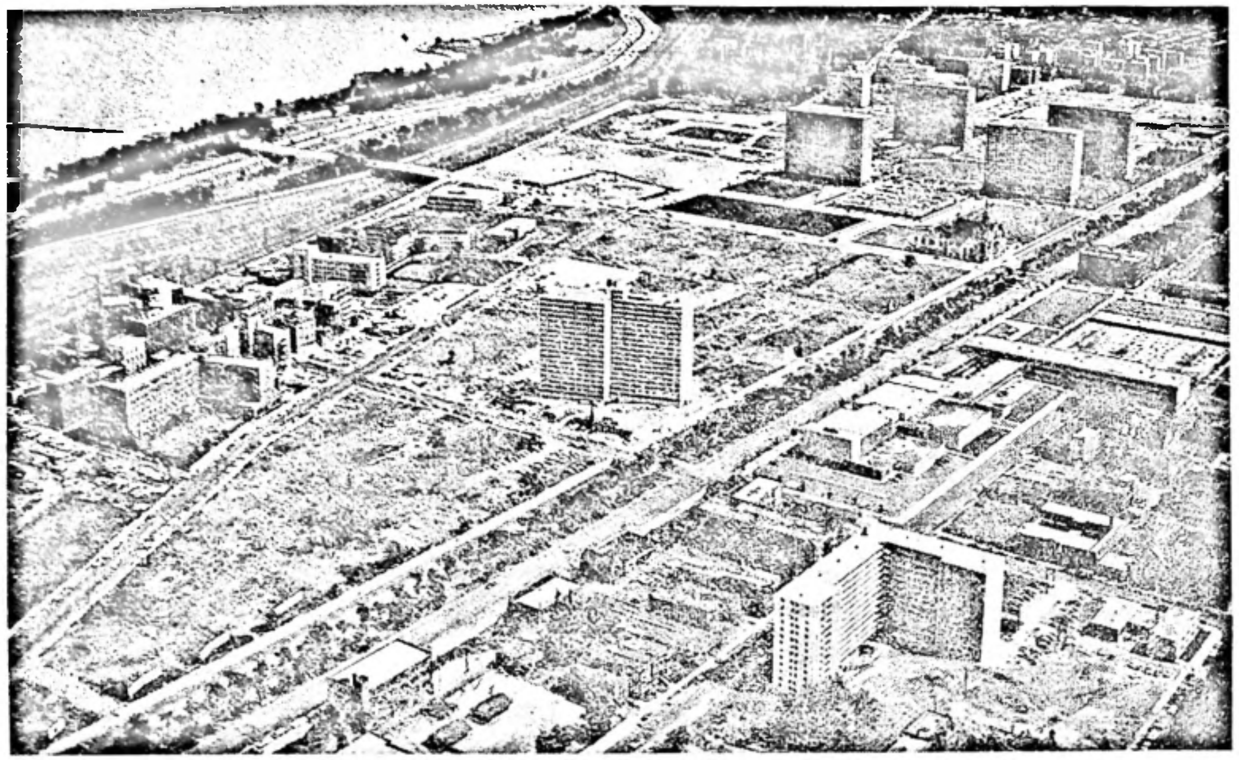


Prairie Shores Apartments (center) in Chicago, the first of a group of 5 similar structures planned for FHA-insured mortgage financing under Section 220 in the Michael Reese Hospital urban renewal area on the South Side. The hospital buildings are at the left. Toward the right rear are Lake Meadows apartments and shopping center built by the New York Life Insurance Company and conventionally financed. In the right foreground is a public housing project. All housing in the area will be racially integrated

40 years, and by making it possible for a displaced family to finance a home by making an initial payment of $200. With the impetus of these provisions, the first substantial activity under the section took place in 1957. At the end of the previous year the HHFA Administrator had issued to the FHA certifications of need totaling 14,424 units. At the end of 1957 the number of units had been increased to 64,469 and extended to 126 cities. Commitments issued totaled $35.3 million on 4,254 units, the greater number being single-family homes. The first commitments on rental housing were issued in November 1957 on 2 garden-type apartment projects with 385 living units in Columbus, Ohio.

An urban renewal educational program to stimulate interest on the part of builders was carried out jointly in 1957 by the National Association of Home Builders and the agencies of the Federal Government concerned. Meetings were held in San Francisco, Fort Worth, Atlanta, Philadelphia, and Detroit in March and April, and follow-up meetings were conducted by local homebuilders' associations and field personnel of the Government agencies.

The Housing Act of 1957 amended Section 220 to make the maximum ratio of loan to replacement cost of new sales housing consistent with loan-value ratios under Section 203.

ARMED SERVICES HOUSING

The Housing Act of 1957 extended through June 30, 1959 FHA authority to issue insurance commitments on Armed Services housing under Title VIII of the National Housing Act, and provided that the interest rate on debentures issued pursuant to mortgages insured under this title should be determined on the same basis as other FHA debentures.

As of December 31, 1957, the FHA and the Department of Defense had approved for development 260 projects totaling 95,145 housing units. These projects were in various stages ranging from preliminary planning and engineering to construction and completion. The Senate and House Armed Services Committees had given final approval to 234 of the projects totaling 85,339 units.

Seven projects totaling 2,387 units had been completed and an additional 55 projects totaling 38,790 units were under construction. Many of the projects listed as under construction were partially completed and occupied. On 16 projects totaling 7,604 units, bids had been accepted and construction was scheduled to begin within the next 60 days.

A major obstacle during the year continued to be the difficulty of obtaining adequate private financing at the 4 percent maximum interest rate established by law.

Section 809, added to Title VIII in 1956, authorizes FHA mortgage insurance on homes built for sale to essential civilian employees at military installations. At the end of 1957 the FHA and the Department of Defense had approved 1,000 units at Redstone Arsenal and 2,000 units at Patrick Air Force Base. Over 1,000 of these units have been completed at Patrick and 500 units at Redstone.

In addition, the Department of Defense was considering the approval of the Arnold Research Center at Tullahoma, Tenn., for a certification of 500 units under Section 809.

HOUSING FOR THE ELDERLY

The first Section 207 commitment to insure a mortgage on a housing project for elderly persons under the special provisions of the Housing Act of 1956 was issued on March 7, 1957. The project was Norse Home in Seattle, Washington, a 140-unit elevator building sponsored by Sons of Norway.

OEA Senior Citizens Apartment Building under construction in Omaha, Nebr., will provide 132 efficiency apartments for retired teachers and other retired persons. The project is sponsored by the Omaha Education Association. A mortgage of $1,144,000 was insured by the FHA under the special Section 207 provisions applying to housing for the elderly.

At the end of the year 12 commitments had been issued totaling $14.8 million and involving 1,783 units, and three of the mortgages had been insured. Altogether 18 applications totaling about $17.4 million had been received, and about 100 projects were under discussion in FHA field offices.

A housing representative for housing for the elderly, appointed on February 25, visited FHA field offices during the year to acquaint them with the requirements and possibilities of the program, conferred with interested groups, addressed meetings, prepared and distributed kits of informational material on the program, and studied the housing needs of the elderly and the qualifications and policies of non-profit sponsoring organizations.

A two-day advisory committee meeting was held on May 9 and 10 at which the 9 members of the committee, all of whom are experienced in the operation of homes for elderly people, discussed with FHA personnel such subjects as budget, personnel, sponsorship, architectural design, location, and the housing needs of the elderly.

An inter-agency committee made up of representatives of the Department of Health, Education, and Welfare and the FHA was appointed to discuss various problems that arise in the carrying out of this very significant program.

HOUSING OF MINORITY GROUPS

Four States—Washington, Oregon, New Jersey, and Massachusetts—enacted laws in 1957 prohibiting racial discrimination in Government-assisted housing, including housing financed with FHA-insured mortgages. New York has had such a law since 1955.

The FHA has taken steps to effect cooperation between its insuring office staffs in those States and the State authorities charged with enforcing the laws. These include instructions to the directors concerned and conferences with representatives of State commissions against discrimination.

Because members of minority groups are often found in large numbers in areas to be cleared for urban renewal or other purposes, mortgage insurance under Sections 220 and 221 has great possibilities for helping them to improve their housing conditions. The first real evidence of this appeared in 1957. Three of the proposed seven sections of Delano Village in New York City, on which the first Section 220 commitments were issued, were completed in the early fall. Garden Valley and Longwood in Cleveland, and Jefferson Manor in Philadelphia, also completed last year, are additional examples of Section 220 assistance to minority groups. Section 221, with its liberal financing terms for relocation housing, is expected to be in time one of the most active FHA programs for helping to meet the needs of minorities.

CERTIFIED AGENCY PROGRAM

FHA insuring offices are located in urban centers, and FHA mortgage insurance activity has tended to be concentrated largely in metropolitan areas. It has often been difficult for families in small communities located at a distance from the insuring offices to obtain FHA-insured home financing. Some lenders in these communities have withdrawn altogether from the residential mortgage field, since they have found it difficult to market conventional mortgages and impracticable to handle FHA-insured mortgages.

To help to make FHA services available to all qualified home buyers without regard to location, an experimental program christened the Certified Agency Program and known as CAP was put into operation in October 1957 in certain areas of 7 insuring office jurisdictions—North Carolina, Kansas, Arizona, northeastern New York, eastern Pennsylvania, central and downstate Illinois, and the upper peninsula of Michigan. In those areas it was generally limited to communities of 15,000 or less population, located 30 miles or more from an FHA insuring office, and to homes built by small builders who had not more than 5 commitments outstanding in their own names under the program at any one time.

FHA-approved mortgagees in the communities affected can be appointed as certified agents of the FHA and can do the processing of applications ordinarily done in the insuring offices. They can use the services of local appraisers and inspectors approved by the FHA, and can issue mortgage insurance commitments. Final endorsement is given by the insuring office.

The program does several important things: It extends FHA benefits to places not previously reached, it reduces processing time very substantially, and it permits flexibility in FHA requirements to meet local conditions.

The first commitment was issued on November 13 on a home in Watseka, Illinois. The mortgagee, the Illinois Federal Savings and Loan Association, was the first approved mortgagee to become a certified agent of the FHA under the program.

At the end of the year, 279 agents, 193 appraisers, and 70 inspectors had been certified, 28 commitments had been issued, and 9 mortgages had been endorsed for insurance.

Operation of the program was to be observed during a six-months trial. If it proved practical, it was to be extended to additional areas. Safeguards were developed to prevent any sacrifice of soundness.

BENEFICIAL INTERESTS IN INSURED MORTGAGES

With the object of helping to bring more money into the market for FHA-insured mortgages, the FHA amended its regulations on July 12, 1957 to permit lending institutions to dispose of partial interests in such mortgages by the issuance of notes, participation certificates, and other forms of security. This makes it possible for the first time for persons and organizations other than approved mortgagees to buy beneficial interests in insured mortgages.

At the end of the year several corporations had been set up to take advantage of this provision and others were in various stages of negotiation.

PROPERTY IMPROVEMENT LOANS

Insurance under Title I, Section 2 of the National Housing Act in 1957 totaled $868.6 million and covered 1.1 million loans—the largest number since 1954 and the third largest amount for any year. Average net proceeds to the borrower amounted to $781. About 73 percent of the loans were made through dealers.

The FHA paid $9.7 million in Title I insurance claims in 1957. This amount was the lowest for any year since 1947. It was $2.5 million less than the amount paid in 1956 and nearly $8 million less than in 1955.

While the amount of claims paid decreased last year, collections on defaulted loans turned over to the FHA increased by $100,000 and reached an all-time high of more than $10.4 million.

Recoveries of $1.7 million by the Department of Justice on defaulted notes requiring litigation were the highest for any year.

A 15 percent reduction in the insurance premium charge became effective in July 1957 when the charge was made .55 percent instead of the .65 percent that had prevailed since October 1954. Previous to that the charge had been .75 percent from the time it was first imposed in July 1939.

New contracts of insurance were issued in 1957 to 347 institutions. When the year ended, contracts were in effect with 8,023 institutions and 4,450 branches of those institutions.

Closer working relations with insured lenders were made possible by the appointment of seven new financial representatives in 1957. In addition to making lender surveys and service calls, these representatives call on dealers and also help to stimulate the efforts of collection teams.

Irregular dealers continued to be screened from the program. During the year 434 individuals and firms were made subject to precautionary measures—a decrease of 16 percent from 1956.

Under Title I, Section 2, the FHA insures qualified lending institutions against loss on the following types of loans:

Type of loan	Type of improvement	Maximum maturity	Maximum amount	Maximum financing charge
Class 1 (a)	Repair, alteration, or improvement of or in connection with an existing structure.	3 years 32 days; or 5 years 32 days if advance (exclusive of financing charges) exceeds $600.	$3,500	$5 discount per $100 per year up to $2,500. $4 discount per $100 for any portion above $2,500.
Class 1 (b)	Alteration, repair, improvement or conversion of existing structure used or to be used as an apartment house or a dwelling for 2 or more families.	7 years 32 days	Average of $2,500 per dwelling unit, total not to exceed $15,000.	$5 discount per $100 per year up to $2,500. $4 discount per $100 for any portion above $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; or 5 years 32 days if advance (exclusive of financing charges) exceeds $600.	$3,500	$5 discount per $100 per year up to $2,500. $4 discount per $100 for any portion above $2,500.
Class 2 (b)	Construction of a new nonresidential farm structure.	7 years 32 days; if secured by first lien, 15 years 32 days.	$3,500	$5 discount per $100 per year up to $2,500. $4 discount per $100 for any portion above $2,500. $3.50 discount for entire advance if maturity exceeds 7 years 32 days.

(The added 32-day period is provided in order to permit the maximum of 36, 84, or 180 monthly payments as the case may be, if there should be 2 calendar months to the first payment.)

AGGREGATE INSURANCE VOLUME

Insurance written by the FHA under all its programs from June 1934 through December 1957 totaled $47 billion, of which $30.8 billion represented 4.4 million home mortgages, $5.7 billion represented mortgages on multifamily projects with 732,600 living units, and $10.5 billion insurance on 21 million property improvement loans.

The largest volume of insurance, $25.7 billion, has been written under Section 203 of the National Housing Act on one- to four-family homes. Among the other larger programs are property improvement loan insurance under Section 2 of Title I, amounting to $10.5 billion; mortgages on 1- to 4-family homes under Section 603, $3.6 billion; insurance on rental projects under Section 608, $3.4 billion; and insurance on military housing under Section 803, $1.1 billion.

Insurance amounting to $20.6 billion had been terminated by December 31, 1957, leaving in force $26.4 billion face amount. Amortization had reduced this by an estimated $4.4 billion, leaving a net outstanding balance of $22 billion, which consisted of $17 billion in home mortgages, $4 billion in project mortgages, and $1 billion in property improvement loans.

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

FORECLOSURES AND LOSSES

From 1934 through 1957 the FHA acquired through foreclosure or the assignment of mortgage notes 80,013 units of housing, representing about 1.5 percent of the 5,337,016 units covered by mortgages or loans insured since the beginning of operations. Of the acquired units, 45,742 had been sold by the end of 1957 and 34,271 remained on hand.

Losses realized on the total amount of mortgage insurance written from 1934 through 1957 amounted to 14 one-hundredths of 1 percent. Losses to the Mutual Mortgage Insurance Fund on sale of acquired properties under Section 203 amounted to 2 one-hundredths of 1 percent.

In addition to the actual losses realized, provision has been made for estimated future losses in the amount of $100,769,993 on the 34,271 units remaining on hand at the end of 1957.

FINANCIAL POSITION

Gross income from fees, insurance premiums, and investments during the fiscal year 1957 from all insurance operations of the FHA totaled $146,969,012. Expenses of administering the agency during the fiscal year amounted to $40,946,237, leaving an excess of gross income over operating expenses of $106,022,775.

From the establishment of the FHA in 1934 through June 30, 1957, gross income totaled $1,314,095,792, while operating expenses amounted to $463,918,782. Expenses 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 3 fiscal years, 1938 through 1940, partial payments of operating expenses were met from income. Since July 1, 1940, operating expenses have been paid in total by allocation from the various insurance funds.

In fiscal year 1954, the FHA completely repaid its indebtedness to the United States Treasury Department, including principal and interest in the amount of $85,882,962, for funds advanced by the Treasury to pay salaries and expenses during the early years of FHA operations and to establish certain insurance funds.

At June 30, 1957, FHA had total capital of $551,487,737 which had been accumulated from earnings. Of this amount, $455,647,432 was in the insurance reserve funds and $75,530,304 was in the statutory reserve fund. Insurance reserve funds are available for future losses and expenses, while the statutory reserve fund is available for future losses, expenses, and participation payments under the mutual provisions of the National Housing Act. The remaining $20,310,000 was transferred from the FHA insurance fund in which it was earned to other FHA insurance funds under the provision of Section 219 of the Act or other statutory authority, and is identified as capital contributions from other FHA insurance funds.

Total capital of each insurance fund at June 30, 1957 was as follows:

Title I Insurance Fund	$57, 824, 805
Title I Housing Insurance Fund	3, 556, 214
Mutual Mortgage Insurance Fund	[1] 343, 962, 941
Housing Insurance Fund	7, 356, 243
Section 220 Housing Insurance Fund	671, 771
Section 221 Housing Insurance Fund	844, 226
Servicemen's Mortgage Insurance Fund	2, 164, 303
War Housing Insurance Fund	133, 005, 699
Housing Investment Insurance Fund	864, 966
Armed Services Housing Mortgage Insurance Fund	11, 220, 797
National Defense Housing Insurance Fund	−9, 984, 228
Total	551, 487, 737

[1] Includes statutory reserve of $75,530,305.

FHA DEBENTURES

In accordance with Section 224 of the National Housing Act, the FHA establishes an interest rate on its debentures every six months, comparable with the rate on similar Government securities as determined by the Secretary of the Treasury from his estimate of average yield and maturity of such securities.

The interest rate on FHA debentures was increased twice in 1957: effective July 1, from 3¼ percent to 3⅜ percent, and effective January 1, 1958, from 3⅜ percent to 3½ percent.

On March 29 the Commissioner issued a call for redemption of about $22.5 million of debentures on July 1, 1957 at par plus accrued interest. The debentures to be redeemed were obligations of the Title I Housing Insurance Fund ($602,850), the Mutual Mortgage Insurance Fund ($2,188,000), and the War Housing Insurance Fund ($20,000,000).

On September 20, 1957, approximately $25.7 million of debentures were called for redemption on January 1, 1958 at par plus accrued interest. The debentures to be redeemed were obligations of the Title I Housing Insurance Fund ($388,350), the Mutual Mortgage Fund ($4,292,050), the Housing Insurance Fund ($3,000,000), the Servicemen's Mortgage Insurance Fund ($21,250), the War Housing Insurance Fund $15,000,000), and the Armed Services Housing Mortgage Insurance Fund ($3,000,000).

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

SECTION 608 RECOVERY PROGRAM

The purpose of the Section 608 recovery program is to reduce FHA risk on mortgages insured under Section 608.

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

Settlement negotiations were successful in 1957 in 115 cases involving 323 projects. These settlements resulted in mortgage reductions of about $14 million. In most cases where the FHA was unsuccessful in negotiating settlements, comprehensive litigation reports were forwarded to the Department of Justice, which now has pending 45 cases involving 98 projects and about $19 million. Through court action and its own negotiations the Department of Justice reduced FHA risks on insured mortgages by $5.5 million in 1957.

As an alternative method of dealing with windfall violations where negotiations were unsuccessful, the Commissioner as preferred stockholder has taken over control of 17 Section 608 projects. The FHA legal division continues to serve as legal adviser to the directors installed by the Commissioner as preferred stockholder in these corporations.

ORGANIZATION AND PERSONNEL

Charts III–1 and III–2 show the organization of the headquarters and field offices of the FHA.

New staff appointments made in 1957 included a deputy commissioner, a general counsel, two assistant commissioners, a director of the Mortgage Insurance Division, two zone operations commissioners, and 9 insuring office directors.

Full-time FHA personnel totaled 6,184 at the beginning of 1957 and 5,888 at December 31. Average full-time employment during the year was 5,972. Of this number, 76 percent were in field offices and 24 percent in the Washington headquarters office. There were 694 appointments in 1957 and 990 separations.

At the end of the year there were 139 FHA field offices. They included 75 insuring offices, which receive and completely process applications for mortgage insurance; 17 service offices, which receive applications for mortgage insurance and process them for submission to insuring offices for review, issuance of commitments, and endorsement for insurance; and 47 valuation stations, where technical personnel prepare architectural and valuation reprots for the insuring offices in their respective areas.

Chart III–3 shows the boundaries of the six regions supervised by the zone operations commissioners in Washington, and the location of the field offices.

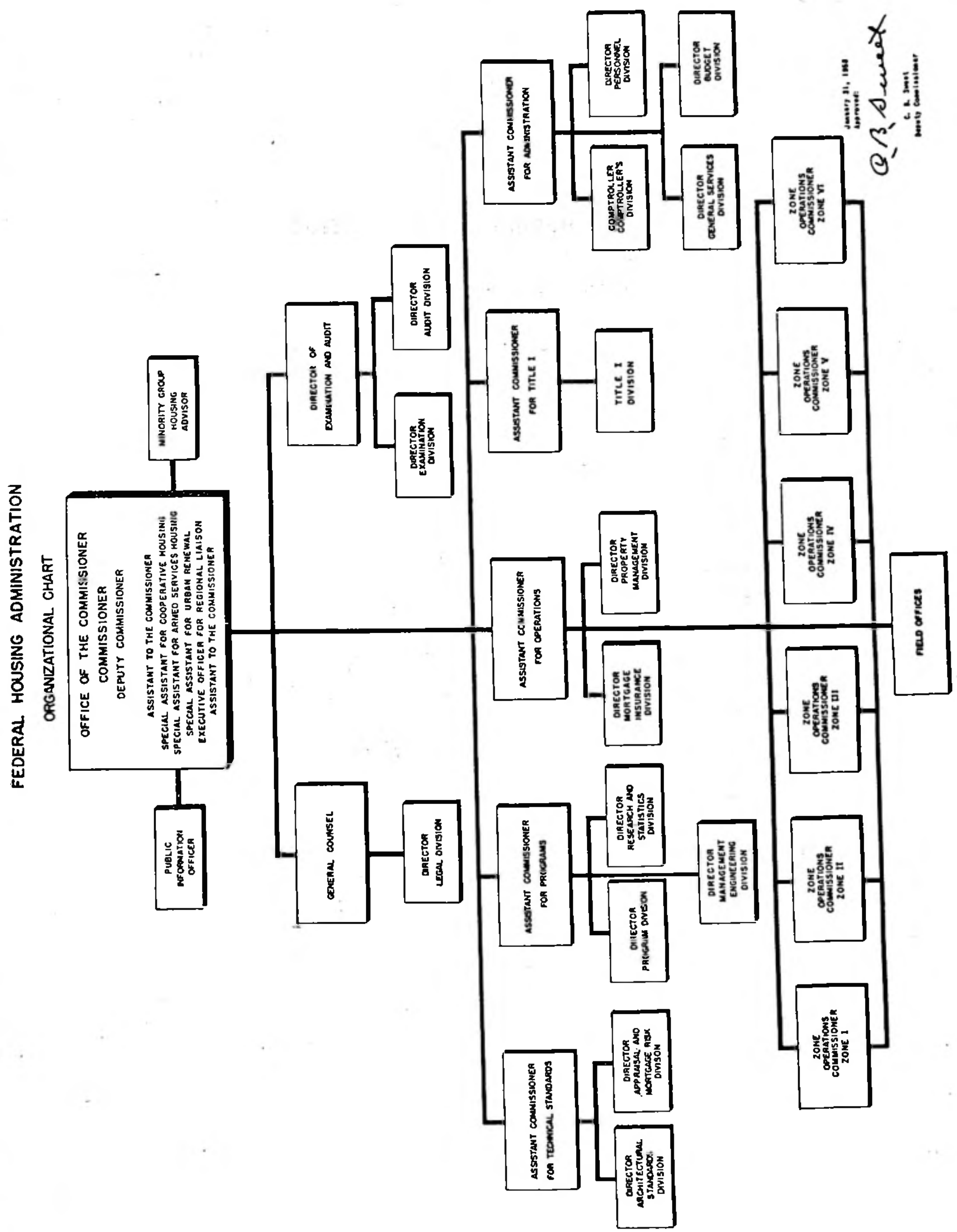
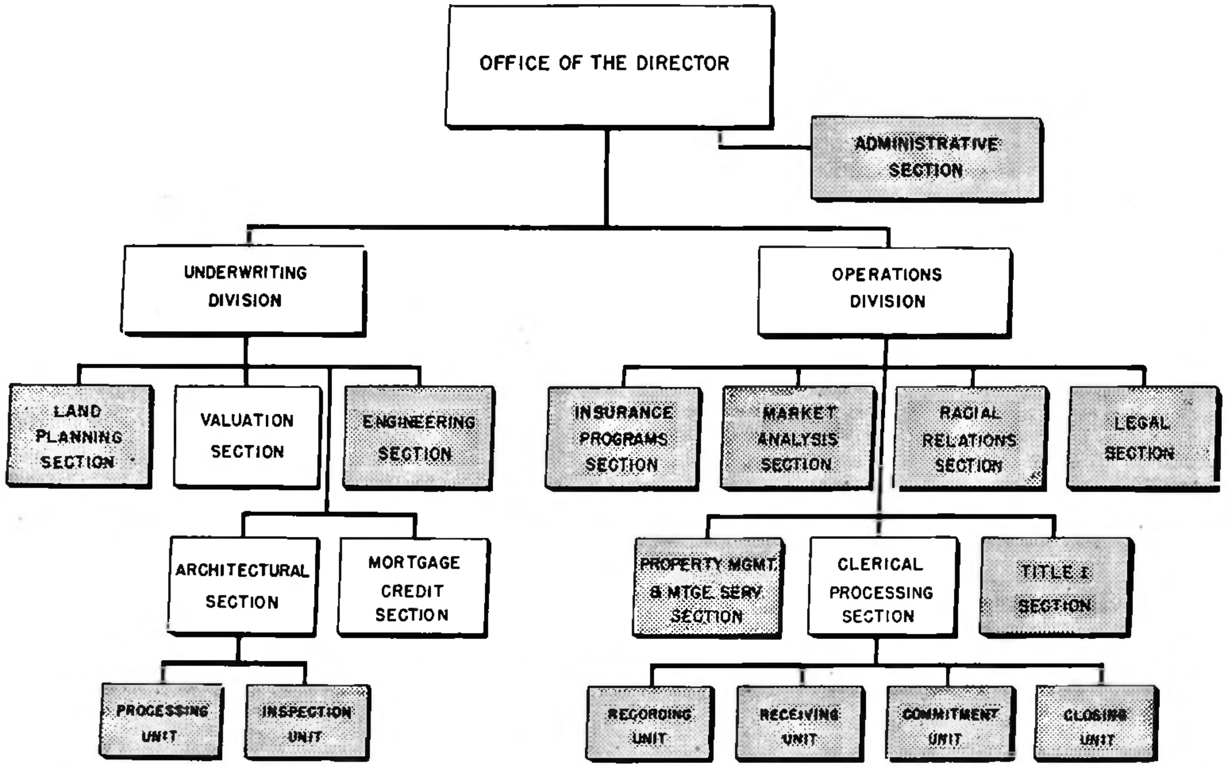


CHART III–1

FEDERAL HOUSING ADMINISTRATION
INSURING OFFICE
ORGANIZATIONAL CHART



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

CHART III–2

JURISDICTION OF FIELD OFFICES—FEDERAL HOUSING ADMINISTRATION
SEPTEMBER 1, 1957

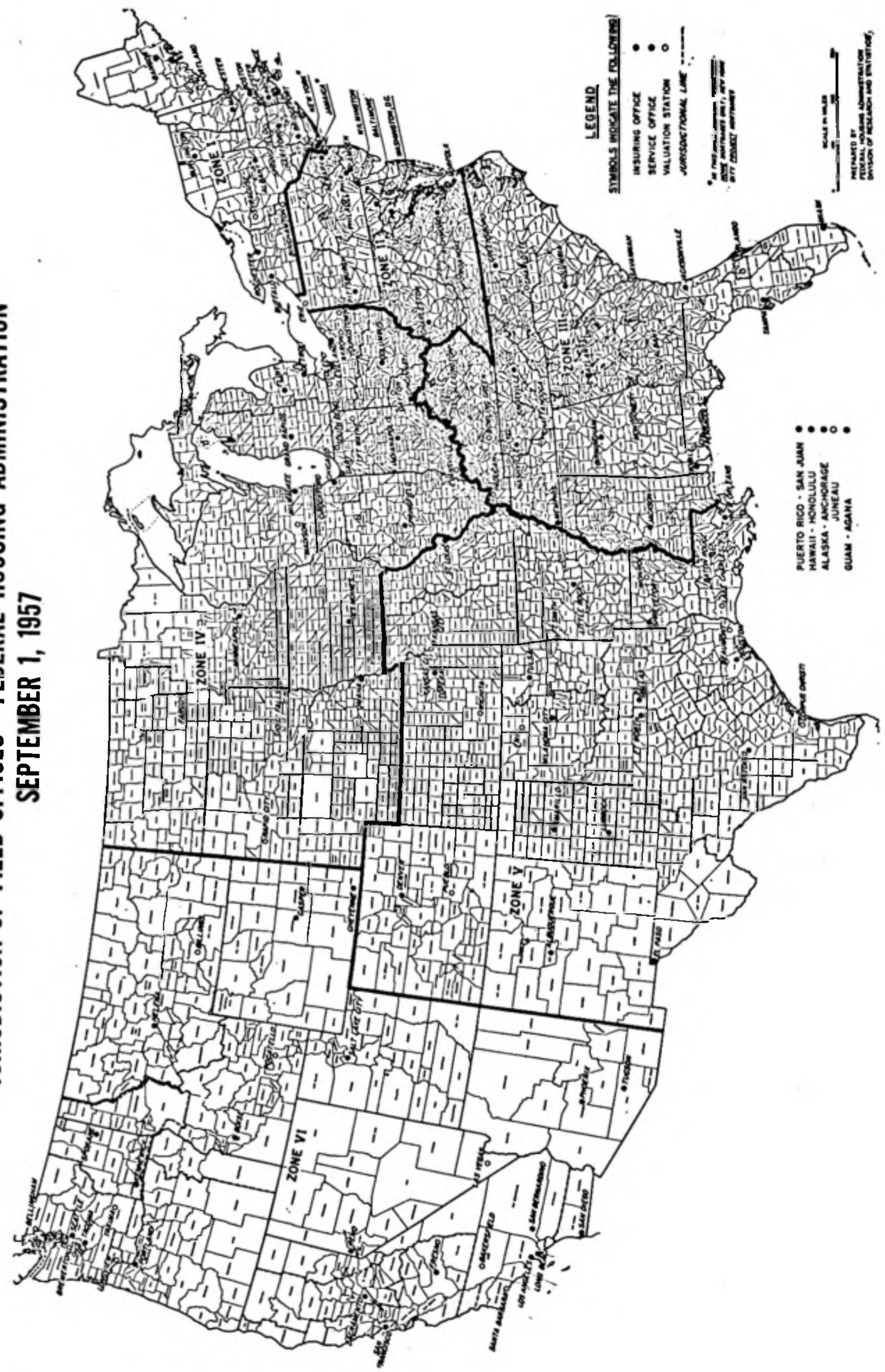


CHART III–3

Volume of FHA Mortgage and Loan Insurance Operations

This section of the report provides comprehensive statistical information on the size and scope of FHA operations during 1957 and cumulatively from 1934 when the agency was established. Presented are data and analyses relating to yearly trends, geographical distributions, financial institution participation, termination and foreclosure of insured mortgages, and default experience under the various FHA programs.

FHA insurance was available during 1957 under the following sections of the National Housing Act for the indicated types of transactions:

HOME MORTGAGES—Sections 203, 213, 220, 221, 222, 223, and 225 of Title II and Section 809 of Title VIII.

MULTIFAMILY PROJECT MORTGAGES—Sections 207, 213, 220, 221, and 223 of Title II and Section 803 of Title VIII.

PROPERTY IMPROVEMENT LOANS—Section 2 of Title I.

RENTAL HOUSING INVESTMENT YIELDS—Section 701 of Title VII.

An explanation of the purposes of the various sections and titles appears on page 40 of this report.

Insurance was written during the year under all of the aforementioned sections except the multifamily project provisions of the Section 221 relocation housing program and the Title VII investment insurance program. Although FHA has received applications and issued commitments covering proposed Section 221 multifamily projects, no formal applications have been filed for Title VII insurance since the inception of this program in 1948.

Insurance activity under the lapsed Sections 8 and 903 in 1957 stemmed from the last of the outstanding commitments issued prior to the expiration of the insurance authority under these programs. The insurance of these final cases closed the initiation phase of these programs.

SUMMARY OF OPERATIONS

Combined Insurance Activity

The FHA insured over $3.7 billion of mortgages and loans during 1957—7 percent more than in 1956. This insurance covered the financing of 198,000 homes, 43,600 multifamily project dwelling units, and 1,112,000 property improvement loans. (Chart III–4 and Table III–1.)

Home mortgages continued to predominate in FHA operations in 1957 as indicated by the following table. The home mortgage share, however, declined from 76 percent in 1956 to 61 percent in 1957, in contrast to gains registered by multifamily projects which increased from 4 to 16 percent and property improvement loans, up from 20 to 23 percent.

Type of program	Year 1957		1934–57	
	Billions of dollars	Percent	Billions of dollars	Percent
Home mortgages	2.3	61	30.8	66
Multifamily project mortgages	.6	16	5.7	12
Property improvement loans	.9	23	10.5	22
Total	3.7	100	47.0	100

The volume of FHA insurance written under each title and section of the National Housing Act during 1957, 1956, and cumulatively from 1934–1957 is shown in Table III–2. In 1957, most (two-thirds of the amount) of the FHA insurance was written under the Title II program, with the Section 203 home mortgage program alone accounting for 55 percent. These were significantly below the comparable 1956 proportions of 77 percent for Title II and 71 percent for Section 203, reflecting an 18 percent decline in activity under the latter program. Except for Section 222, all other Title II programs experienced substantial gains in 1957.

The relative volumes of both the Title I property improvement and the Title VIII armed services housing programs increased significantly in 1957. A 26 percent gain in the volume of Title I insurance raised its proportion of the overall total from the 20 percent reported for 1956 to 23 percent in 1957, while Title VIII insurance increased nearly 4 times over the 1956 level, bringing its share of the 1957 total up to 11 percent.

In the 23½ years of operations ending December 31, 1957, FHA insurance aided in the financing of $47.0 billion in mortgages and loans. Of this amount, $30.8 billion covered 4,395,000 home mortgages, $10.5 billion financed over 21,200,000 property improvement loans, and $5.7 billion was secured by multifamily housing project mortgages involving 733,000 dwelling units. In addition, the FHA insured 756 loans totaling $5 million for the production and sale of manufactured houses.

Terminations of FHA-insured loans and mortgages with original face amounts totaling $20.6 billion were reported through the end of 1957.

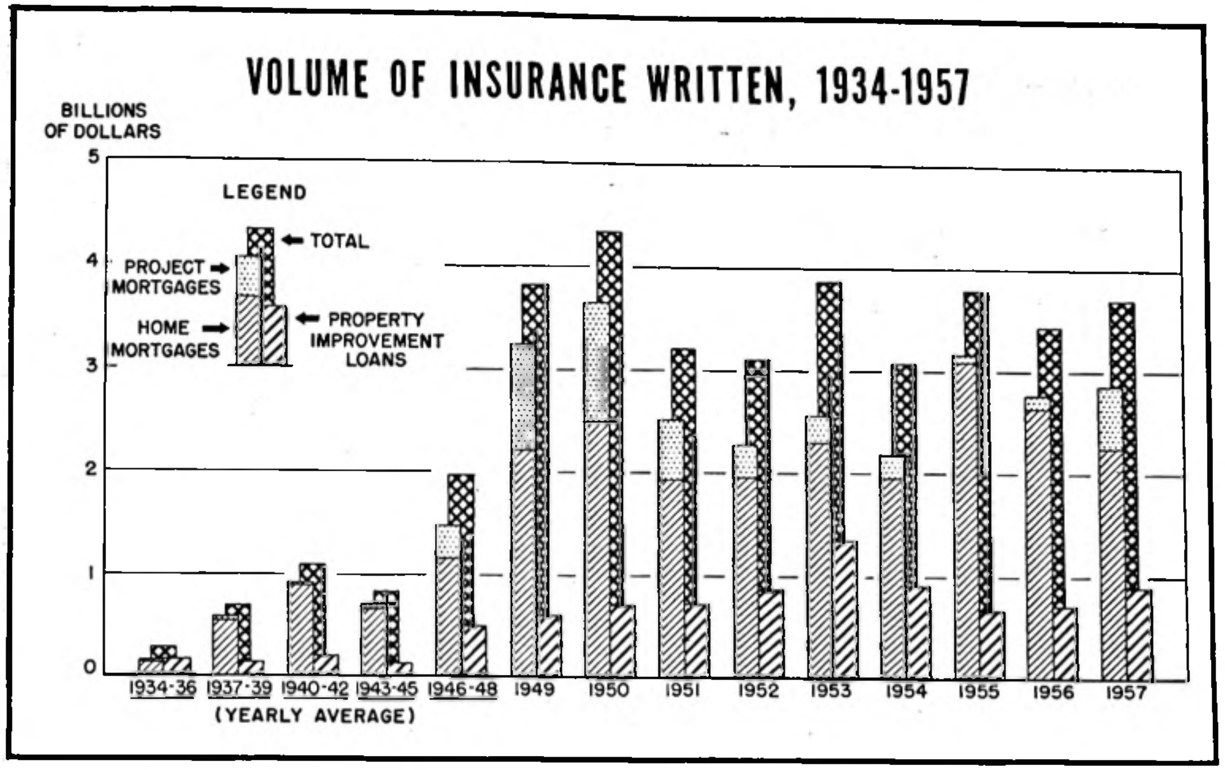


CHART III–4

TABLE III–1.—*Mortgages and loans insured by FHA, 1934–1957*

[Dollar amounts in thousands]

Year	Total—All Programs [1]	Home mortgage programs [2]		Project mortgage programs [3]		Property improvement loans [4]		Manufactured housing loans [5]	
	Amount	Number	Amount	Units	Amount	Number	Net proceeds	Number	Amount
1934	$27,406					72,658	$27,406		
1935	297,495	23,397	$93,882	738	$2,355	635,747	201,258		
1936	532,581	77,231	308,945	624	2,101	617,607	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	3,550	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	933,086	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	664,085	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	804,675	46,604	359,944	1,247,613	533,645		
1948	3,340,865	300,034	2,116,043	79,184	608,711	1,357,386	614,239	3	$1,872
1949	3,826,283	305,705	2,209,842	133,135	1,021,231	1,246,254	593,744	196	1,466
1950	4,343,378	342,582	2,492,367	154,597	1,156,081	1,447,101	693,761	175	569
1951	3,219,836	252,642	1,928,433	74,207	583,774	1,437,764	707,070	131	560
1952	3,112,782	234,426	1,942,307	39,839	321,911	1,495,741	848,327	85	237
1953	3,882,328	261,541	2,288,626	30,701	259,194	2,244,227	1,334,287	40	221
1954	3,067,250	214,237	1,942,266	28,257	234,022	1,506,480	890,606	115	356
1955	3,806,037	310,870	3,084,767	9,431	76,459	1,024,698	645,645	11	36
1956	3,460,468	248,121	2,638,230	11,177	130,247	1,013,086	691,992		
1957	3,716,980	198,429	2,251,064	43,609	597,348	1,111,962	868,568		
Total [6]	47,005,485	4,394,005	30,809,175	732,559	5,685,418	21,221,625	10,505,576	756	5,316

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

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

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

[4] Sec. 2 (Classes 1 and 2), enacted June 27, 1934. Data are based on loans tabulated in Washington. The increase in 1953 loans over 1952 loans insured is due in part to authorization controls which resulted in a tabulation backlog of approximately $200 million as of Dec. 31, 1952. See text of 1953 FHA Annual Report, pages 126–128, for detailed explanation.

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

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

TABLE III-2.—*FHA insurance written by title and section, 1956, 1957, and 1934–57*

[Dollar amounts in thousands]

	1957			1956			1934–57		
	Number	Units	Amount	Number	Units	Amount	Number	Units	Amount
Title I	1,111,975	NA	$868,502	1,013,225	NA	$692,767	21,306,085	NA	$10,836,446
Sec. 2 property improvement loans	1,111,962	NA	868,568	1,013,086	NA	691,992	21,221,625	NA	10,505,576
Sec. 2 home mortgages							46,115	46,115	126,611
Sec. 8 home mortgages	8	8	46	139	139	775	38,345	38,345	204,260
Title II	198,041	219,865	2,453,758	247,211	257,036	2,680,331	3,625,691	3,893,292	27,312,789
Sec. 203 home mortgages	181,680	185,705	2,031,137	234,929	240,033	2,469,506	3,577,538	3,700,733	25,722,041
Sec. 207 project mortgages	44	4,463	41,366	12	736	5,441	821	85,759	494,027
Sec. 213 cooperative housing	4,543	12,792	164,475	735	3,686	43,586	17,378	61,669	631,527
Project mortgages	(310)	(8,559)	(110,306)	(58)	(3,009)	(36,366)	(675)	(44,966)	(459,136)
Sales type project mortgages	(291)	(5,889)	(76,891)	(47)	(1,254)	(16,419)	(528)	(19,253)	(207,441)
Management type project mortgages	(19)	(2,670)	(33,415)	(11)	(1,755)	(19,947)	(147)	(25,713)	(251,695)
Home mortgages	(4,233)	(4,233)	(54,169)	(677)	(677)	(7,220)	(16,703)	(16,703)	(172,392)
Sec. 220	475	5,606	64,816	62	1,108	9,972	537	6,714	74,788
Project mortgages	(20)	(5,151)	(59,929)	(5)	(1,051)	(9,375)	(25)	(6,202)	(69,304)
Home mortgages	(455)	(455)	(4,887)	(57)	(57)	(598)	(512)	(512)	(5,485)
Sec. 221 home mortgages	520	520	4,512	16	16	124	536	536	4,636
Sec. 222 home mortgages	10,779	10,779	147,434	11,457	11,457	151,556	28,881	28,881	385,676
Sec. 225 open-end advances	(8)	(8)	18	(24)	(24)	55	(44)	(44)	93
Title VI							635,940	1,166,812	7,127,565
Sec. 603 home mortgages							624,653	690,007	3,645,217
Sec. 608 project mortgages							7,045	465,674	3,440,017
Sec. 609 manufactured-housing loans							756	NA	5,316
Sec. 610 public housing sales							3,386	9,072	24,468
Sec. 603–610 home mortgages							(3,363)	(5,157)	(16,109)
Sec. 608–610 project mortgages							(23)	(3,915)	(8,360)
Sec. 611 site-fabricated housing							100	2,059	12,546
Project mortgages							(25)	(1,984)	(11,991)
Home mortgages							(75)	(75)	(556)
Title VIII	837	26,152	394,427	32	6,393	79,217	1,138	116,302	1,147,988
Sec. 803 project mortgages	121	25,436	385,748	20	6,381	79,065	410	115,574	1,139,158
Military housing	(2)	(564)	(3,957)	(4)	(982)	(8,410)	(274)	(84,883)	(683,143)
Armed services housing	(119)	(24,872)	(381,791)	(16)	(5,399)	(70,655)	(136)	(30,691)	(456,015)
Sec. 809 home mortgages	716	716	8,679	12	12	152	728	728	8,831
Title IX	33	33	294	834	909	8,150	57,253	74,187	580,697
Sec. 903 home mortgages	33	33	294	834	909	8,150	57,156	65,702	517,270
Sec. 908 project mortgages							97	8,485	63,427
Total [1]	1,310,886	[2] 246,063	3,716,980	1,261,302	[2] 264,477	3,460,468	25,626,107	[2] 5,335,053	47,005,485

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

TABLE III-3.—*Status of FHA insurance written as of December 31, 1957*

[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	21,267,740	18,631,489	2,636,251		
	Net proceeds	$10,632,186	$8,579,859	$2,052,328	$911,187	$1,141,141
Sec. 8 Home mortgages	Number of mortgages	38,345	3,135	35,210		
	Amount	$204,260	$15,633	$188,627	$20,436	$168,192
Title II:						
Sec. 203 Home mortgages	Number of mortgages	3,577,538	1,632,766	1,944,772		
	Amount	$25,722,041	$9,000,184	$16,721,858	$2,430,443	$14,291,414
Sec. 207–210 Project mortgages	Number of units	85,759	43,292	42,467		
	Amount	$494,027	$172,907	$321,120	$21,528	$299,592
Sec. 213 Cooperative housing	Number of units	61,669	16,160	45,509		
	Amount	$631,527	$163,555	$467,973	$17,400	$450,573
Sec. 220 Redevelopment housing	Number of units	6,714	1	6,713		
	Amount	$74,788	$11	$74,777	$85	$74,693
Sec. 221 Relocation housing	Number of units	536		536		
	Amount	$4,636		$4,636	$41	$4,595
Sec. 222 Servicemen's housing	Number of mortgages	28,881	404	28,477		
	Amount	$385,676	$5,165	$380,511	$11,427	$369,084
Title VI (war and veterans' emergency program):						
Sec. 603 Home mortgages [2]	Number of mortgages	628,016	391,672	236,344		
	Amount	$3,661,325	$2,084,440	$1,576,886	$489,685	$1,087,201
Sec. 608 Project mortgages [3]	Number of units	469,589	73,516	396,073		
	Amount	$3,448,377	$476,637	$2,971,740	$382,946	$2,588,793
Sec. 609 Manufactured-housing loans [4]	Number of loans	756	756			
	Amount	$5,316	$5,316			
Sec. 611 Site-fabricated housing	Number of units	2,059	1,992	67		
	Amount	$12,546	$12,050	$497	$67	$430
Title VIII:						
Sec. 803 Military housing [5]	Number of units	115,574	2,626	112,948		
	Amount	$1,139,158	$21,235	$1,117,923	$47,609	$1,070,314
Sec. 809 Civilian housing	Number of mortgages	728		728		
	Amount	$8,831		$8,831	$84	$8,747
Title IX (defense housing program):						
Sec. 903 Home mortgages	Number of mortgages	57,156	9,577	47,579		
	Amount	$517,270	$83,915	$433,355	$34,313	$399,042
Sec. 908 Project mortgages	Number of units	8,485	2,060	6,425		
	Amount	$63,427	$15,303	$48,124	$3,303	$44,821
Total [6]		$47,005,485	$20,636,208	$26,369,278	$4,370,560	$21,998,718

[1] Includes home mortgages insured under Sec. 2.
[2] Includes 3,363 mortgages for $16,108,500 insured under Sec. 610, of which 985 mortgages for $3,987,200 have been terminated, leaving 2,378 mortgages for $12,121,300 in force.
[3] Includes 3,915 units (23 mortgages) for $8,359,500 insured under Sec. 610, of which 1,178 units (10 mortgages) for $2,121,300 have been terminated, leaving 2,737 units (13 mortgages) for $6,238,200 in force.
[4] Includes 745 discounted purchasers' loans for $2,119,559, all of which have been terminated.
[5] Includes 30,691 units (136 mortgages) for $456,015,270 insured under Sec. 803 armed services housing program.
[6] Includes open-end advances of $92,882 insured under Sec. 225, of which $5,897 has been amortized.

This represented 44 percent of the cumulative amount of insurance written through that date (Table III-3). Most of the terminations resulted from the prepayment of home mortgages before their scheduled maturity, or from maturing short-term Title I property improvement loans. Amortization of the insured obligations remaining in force was estimated at $4.4 billion, leaving an outstanding balance of nearly $22.0 billion covered by FHA insurance at the year end—$16.5 billion on home mortgages, $4.4 billion on multifamily-project mortgages, and $1.1 billion on property improvement loans.

The proportion of insurance terminated varies from program to program, e. g., 81 percent for property improvement loans, 35 percent for Section 203 home mortgages, 2 percent for Section 803 project mortgages. This variation is related to such factors as the purpose of the individual programs, prepayment activity, default experience, average duration of obligations, and the difference in dates of enactment and expiration of legislative authority. For example, the relatively high proportions of terminated cases reported under the Title I property improvement, Section 609, and Section 611 programs reflect the shorter duration of these loans. Conversely, the lower proportions reported under Sections 220, 221, 222, 803 and 809 reflect their relatively recent enactment.

FHA Influence On Residential Financing During 1957

Home Mortgages.—Recordings of nonfarm mortgages of $20,000 or less totaled $24.2 billion during 1957. Only 9 percent of this amount represented home mortgages insured by FHA—slightly below the 1956 level. Since 1950, the FHA proportion has averaged about 10 percent, ranging between 8½ and 12 percent. This may be compared with a war-time peak of 25 percent in 1942, when building and credit restrictions tended to reduce conventional lending while FHA activity remained high because of its war-housing functions. In the prewar 1939–41 period, FHA home mortgages constituted about one-fifth of mortgage recordings. During the postwar period, the FHA proportion reached a 19 percent peak in 1949. It should be noted that FHA mortgage insurance data—covering long-term, first mortgage financing—are not strictly comparable to total nonfarm mortgage recordings. The latter figures include junior mortgages and repetitive recordings of construction and interim short-term loans on properties subsequently financed with first mortgages of longer durations.

Outstanding mortgage debt on nonfarm homes increased $8.6 billion during 1957. Of this increase, $1.0 billion (12 percent) was FHA-insured, $2.3 billion (27 percent) was guaranteed by the Veterans Administration, and the remaining $5.3 billion (61 percent) was conventionally financed. Of the $107.6 billion of nonfarm home mortgage debt outstanding at the end of 1957, $16.5 billion or 15 percent was covered by FHA insurance—slightly lower than in 1956.

Comparison with mortgage recordings and outstanding home mortgage debt only partially measures FHA influence on the volume of home mortgage financing. Increasing proportions of the new homes built under the FHA inspection system in recent years have been sold after completion with conventional mortgage or VA-guaranteed financing. For example, about 57 percent of the FHA-processed and inspected new homes completed during 1957 were sold *without* FHA-insured permanent financing, i. e., sold with conventional mortgages or VA-guaranteed financing except in the rare instances of cash purchases. The proportion of FHA cases in this category has been increasing—from 30 percent in 1953 to 44 percent in 1954, 50 percent in 1955, 51 percent in 1956, and, as noted, 57 percent in 1957.

The scope of FHA's participation in home mortgage financing can be demonstrated in yet another way—the proportion of VA appraisal requests or assignments for proposed homes specifying FHA construction inspections. This proportion averaged 28 percent during the last 4 years compared with nearly 24 percent in the 1951–53 period.

Multifamily Project Mortgages.—Appraisal of FHA's role in the multifamily project financing field is limited to comparisons of FHA-insured project mortgages outstanding with estimates of the total outstanding mortgage debt on properties containing 5 or more dwelling units. The validity of comparisons is somewhat attenuated by the fact that FHA projects are required to contain 8 or more units.

Of an estimated $15.0 billion of mortgage debt outstanding on multifamily projects at the close of 1957, $4.4 billion or 29 percent was FHA-insured. Although this was only slightly larger than the 28 percent reported at the end of 1956, it marked the reversal of a downtrend which began in 1951. At the end of that year the FHA proportion was at a peak level of 37 percent.

Property Improvement Loans.—FHA insurance on home repair and modernization lending was used more extensively in 1957 than in other recent years. Of consumer installment credit extended for these purposes last year, an estimated 55 percent of the amount was represented by FHA-insured loans—significantly higher than FHA's 42 percent share in 1956 or 44 percent in 1955, but substantially lower than the 77 percent average for the period 1950–54.

Of consumer installment debt outstanding at year end 1957 on home improvement loans, over half (55 percent) was estimated to be covered by FHA insurance. This was up slightly from 54 percent at the end of 1956. In the period 1950–54, the FHA share ranged from 79 to 90 percent with a sharp drop—from 81 to 59 percent—occurring in 1955. (These data reflect revisions made to Federal Reserve Board estimates in November 1957 and FHA estimates in June 1958.)

Construction Starts.—Of the 993,000 privately financed nonfarm dwelling units started in 1957, 168,400 or 17 percent were started under the FHA inspection system. This was the lowest FHA proportion reported since 1946.

As shown in Table III–4 and Chart III–5, there has been an almost continuous downtrend in FHA's relative share of total private starts since 1949–50, when 3 of every 8 starts were FHA-inspected. This mirrors not only the substantial drop in FHA's multifamily-project activity but also the decline in the FHA proportion of sales housing (i. e., 1- and 2-family structure) starts. In 1949–50, FHA home mortgage commitments covered roughly 30 percent of the unit starts in privately financed 1- and 2-family structures. This proportion dropped to 20 percent in 1951, recovered somewhat in the period 1952–55 to an average of 23 percent, but slipped to 18 percent in 1956 and 17 percent in 1957.

Several factors have probably been responsible for the decrease in the FHA share of sales housing starts since 1950: shrinkage in amount of mortgage funds available on FHA terms following removal of Federal Reserve support of Federal Government securities in 1951; credit restrictions imposed during the Korean conflict which tended to reduce the competitive advantage of FHA mortgages over conventional loans in

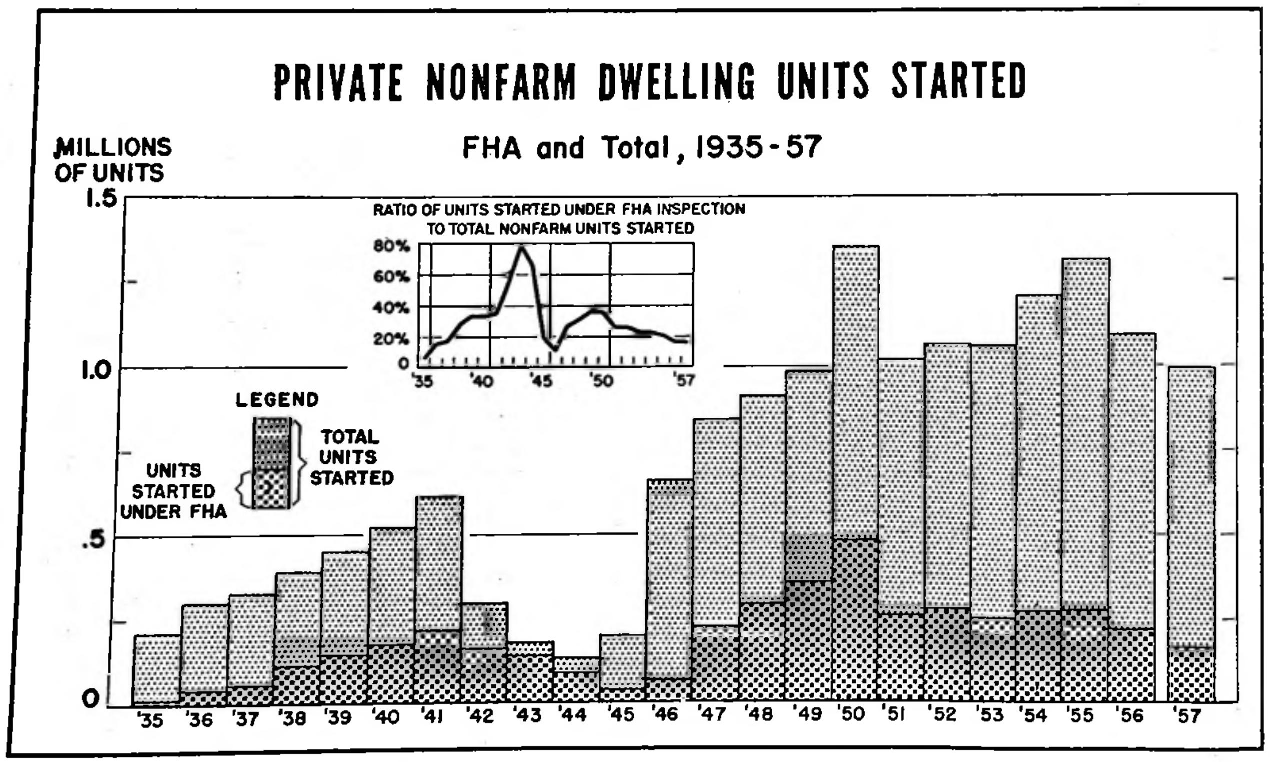


CHART III–5

TABLE III–4.—*Privately financed nonfarm dwelling units started under FHA programs compared with total for United States 1935–57*

Year	Home mortgage programs: Secs. 2 and 8 [1]	Sec. 203	Sec. 220	Sec. 221	Sec. 222	Sec. 603	Sec. 809	Sec. 903	Total home units	Project mortgage programs: Sec. 207	Sec. 213: Sales type	Sec. 213: Management type	Sec. 220	Sec. 608	Sec. 611	Sec. 803 [2]	Sec. 908	Total project units [2]	Total FHA units [2]	Total United States nonfarm units [3]	FHA as percent of United States total
1935		13,226							13,226	738								738	13,964	215,700	6.5
1936		48,752							48,752	624								624	49,376	304,200	16.2
1937		56,980							56,980	3,023								3,023	60,003	332,400	18.1
1938	5,845	100,966							106,811	11,930								11,930	118,741	399,300	29.7
1939	10,783	133,874							144,657	13,462								13,462	158,119	458,400	34.5
1940	10,194	166,451							176,645	3,446								3,446	180,091	529,600	34.0
1941	9,145	180,156				27,700			217,091	3,296								3,296	220,387	619,500	35.6
1942	4,010	41,578				114,616			160,204	1,163				4,295				5,458	165,662	301,200	55.0
1943	307	338				125,474			126,119	41				19,994				20,035	146,154	183,700	79.6
1944		208				83,396			83,604					9,655				9,655	93,259	138,700	67.2
1945		17,049				21,848			38,897	200				2,062				2,262	41,150	208,100	19.8
1946		44,244				22,878			67,122	41				1,870				1,911	69,033	662,500	10.4
1947	217	20,884				157,168			178,269					50,766				50,766	229,035	845,600	27.1
1948	3,006	82,979				130,464			216,449					77,610				77,610	294,059	913,500	32.2
1949	3,261	241,559				7,806			252,626	813				109,995	100	268		111,176	363,802	988,800	36.8
1950	3,191	324,937				117			328,245	2,277	141			143,331	372	12,315		158,436	486,681	1,352,200	36.0
1951	9,357	177,435						132	186,924	4,651	1,780	5,888		39,826	1,328	23,126		76,599	263,523	1,020,100	25.8
1952	5,533	190,973						32,579	229,085	7,342	3,791	6,338		5,805	37	24,030	3,374	50,816	279,901	1,068,500	26.3
1953	4,572	181,436						30,501	216,509	7,461	2,519	5,404		190	195	15,575	4,057	35,460	251,969	1,068,300	23.6
1954	22,643	220,189			5			8,073	250,910	11,856	3,569	2,659		28		6,313	972	25,397	276,307	1,201,700	23.0
1955	296	267,411			320			619	268,655	4,180	539	987				2,334		8,040	276,695	1,309,500	21.1
1956	2	182,371	230	8	487		252		183,350	557	1,302	2,129	1,082			919	2	5,991	189,341	1,093,900	17.3
1957		146,917	627	1,208	343		1,031		150,126	3,672	7,201	2,164	5,260					18,297	168,423	992,800	17.0
Total	92,362	2,840,913	857	1,216	1,164	601,567	1,283	71,904	3,701,256	80,703	20,842	25,629	6,342	465,526	2,032	84,889	8,405	694,428	4,395,684	16,208,200	27.1

[1] Sec. 2 activity 1938–50; Sec. 8, 1950–56.
[2] Excludes 2,837 dwelling units started during 1956, and 16,539 started during 1957 in Sec. 803 Armed Services projects classified as public housing.
[3] Total number of privately-financed nonfarm dwelling units started, as reported by the Bureau of Labor Statistics.

downpayment and monthly payment requirements; financial institution preference for conventional mortgages, commercial and industrial loans, and government obligations during the tight money period of 1953 and 1955–57 because of higher yields and more frequent turnover; and preference of many postwar home buyers who were World War II veterans for the more liberal financing terms available in VA-guaranteed transactions.

Also possibly related to the decline in FHA's share of sales housing starts is the marked increase in recent years in the proportion of applications for FHA insurance involving properties under construction or recently completed. These are classified as "existing" home transactions and are *not* counted as FHA starts. Only homes receiving FHA approval of plans and specifications *prior* to the beginning of construction are classified as "new" and only those started under FHA inspections are considered as FHA starts. Since 1952, these existing "new" homes have constituted about one-fourth of *all* new-home transactions (including the existing "new") insured by FHA.

FHA Workload

Applications received by FHA field offices during 1957 covered 540,500 dwelling units. Of this total, 198,800 units were for new homes, 274,000 for existing homes, and 67,600 for multifamily projects. Although new-home receipts showed only a slight gain over 1956, the existing-home volume rose by 12 percent, and multifamily project applications were over twice as great as in 1956.

FHA field offices processed (approved or rejected) applications involving 502,100 units, or about 10 percent more than in 1956. Commitments for mortgage insurance were issued for over 95 percent of the total or 477,700 units. These workload figures exclude 27,300 units that were rejected during preliminary examination, and preapplication appraisal work performed on 40,800 units of Armed Services housing. In addition to the processing workload, FHA field offices had a construction inspection workload of approximately 254,000 units during 1957—19 percent less than in 1956.

The year 1957 was the first full year for which statistics were available on the subdivision analysis phase of FHA home mortgage operations. During the year, FHA field offices received 7,600 requests for subdivision analysis (including resubmissions) covering a total of 290,800 acres, and issued reports outlining development programs for 3,900 subdivisions containing 114,700 acres and 336,500 lots. Analysis was discontinued on 3,200 submissions because of unacceptability of development proposals or developers' decisions to withdraw.

VOLUME OF INSURANCE WRITTEN

This section of the report presents information on the annual volume trends of FHA insurance written under the home mortgage, multifamily project, and property improvement loan programs with reference to the related sections of the National Housing Act.

Home Mortgages

FHA home mortgage insurance was available during 1957 under the several subsections of Title II, namely Section 203 (b) for regular homes; Section 203 (h) for disaster housing; Section 203 (i) for moderate-cost suburban and farm homes; Section 213 for individual homes constructed under and released from Section 213 sales-type cooperative projects; Section 220 for individual homes in urban renewal areas; Section 221 for individual homes for families relocated by urban renewal projects or displaced by other governmental action; Section 222 for career servicemen's homes; Section 223 authorizing insurance under Sections 203 and 222 for homes involved in public-housing disposition projects, refinancing of existing mortgages insured under Section 903, and refinancing of mortgages taken by FHA in connection with the sale of acquired properties; and Section 225 for insuring "open-end" increases of existing FHA-insured mortgages. Home mortgage insurance was also available under Section 809 of the Title VIII program for civilians employed at designated armed services research and development installations. Home mortgage insurance written under the expired Section 8 suburban home program and the suspended Section 903 defense housing program stemmed from the last of the outstanding commitments issued in previous years.

The FHA insured $2.3 billion of home mortgages on 202,500 dwelling units in 1957—$880 million and 74,600 units in new homes and $1.4 billion and 127,900 units in existing properties (Table III–5). This was the third consecutive year in which the existing-home volume exceeded that reported for new homes. Compared with 1956, the total home volume was down by 20 percent in units and 15 percent in amount. New homes decreased more than existing homes—29 percent in units and 22 percent in amount compared with existing-home declines of 14 percent and 9 percent. (See Chart III–6.)

The lower level of FHA home mortgage endorsements in 1957 stemmed from reduced application receipts during the last half of 1956 and the first half of 1957, and, as shown in Table III–6, the decrease in the proportion of FHA-approved transactions which lenders submitted for FHA insurance contracts. These developments were probably symptomatic of the tight money market during the period and investors'

TABLE III–5.—*Home mortgages insured by FHA, 1935–57*

[Dollar amounts in thousands]

Year	Grand total [1]		Total new [2] construction		New construction: Sec. 2 and 8 [2]		Sec. 203 [3]		Sec. 220		Sec. 221		Sec. 222		Sec. 603		Sec. 809		Sec. 903	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	513,615	$2,007,777	235,391	$1,012,590	16,628	$37,914	218,763	$974,676	------	------	------	------	------	------	------	------	------	------	------	------
1940–44	981,388	4,116,585	738,051	3,117,345	22,373	61,888	399,467	1,792,224	------	------	------	------	------	------	316,211	$1,263,233	------	------	------	------
1945–49	979,451	6,116,754	540,396	3,603,452	5,591	20,452	187,002	1,324,183	------	------	------	------	------	------	347,803	2,258,816	------	------	------	------
1950	351,528	2,492,367	225,269	1,636,678	1,759	7,428	221,381	1,613,725	------	------	------	------	------	------	2,129	15,525	------	------	------	------
1951	261,231	1,928,433	161,673	1,215,535	6,106	28,514	156,416	1,187,402	------	------	------	------	------	------	23	184	------	------	------	------
1952	246,109	1,942,307	122,764	968,613	5,615	29,112	102,695	831,748	------	------	------	------	------	------	------	------	------	------	14,449	$107,716
1953	272,299	2,288,626	151,777	1,258,558	4,276	21,393	121,981	1,038,234	------	------	------	------	------	------	------	------	------	------	25,520	198,933
1954	222,665	1,942,266	121,847	1,035,366	15,826	89,007	85,184	777,067	------	------	------	------	------	------	------	------	------	------	20,836	169,340
1955	318,454	3,084,767	131,116	1,269,179	5,705	32,259	120,459	1,188,329	------	------	------	------	1,608	$20,676	------	------	------	------	3,344	27,915
1956	253,300	2,638,230	105,315	1,132,930	139	775	101,454	1,087,699	57	$598	1	$0	2,750	35,629	------	------	5	$65	909	8,150
1957	202,454	2,251,064	74,602	880,143	8	46	70,252	823,824	455	4,887	158	1,351	3,138	43,182	------	------	553	6,671	33	294
Total	4,602,494	30,809,175	2,608,201	17,130,388	84,031	328,676	1,784,054	12,639,110	512	5,485	159	1,360	7,496	99,488	666,300	3,537,186	558	6,737	65,091	512,348

Year	Total existing construction [4]		Existing or refinanced construction: Sec. 8		Sec. 203		Sec. 213		Sec. 221		Sec. 222		Sec. 603 and 603–610		Sec. 611		Sec. 809		Sec. 903	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	278,224	$995,187	------	------	278,224	$995,187	------	------	------	------	------	------	------	------	------	------	------	------	------	------
1940–44	243,337	999,240	------	------	236,737	973,301	------	------	------	------	------	------	6,600	$25,939	------	------	------	------	------	------
1945–49	439,055	2,513,302	------	------	419,104	2,423,058	------	------	------	------	------	------	10,861	90,244	------	------	------	------	------	------
1950	126,259	855,690	------	------	125,186	852,330	------	------	------	------	------	------	1,073	3,360	------	------	------	------	------	------
1951	99,558	712,898	46	$215	97,901	706,196	313	$2,464	------	------	------	------	1,202	3,083	6	$40	------	------	------	------
1952	123,345	973,694	200	996	119,073	940,724	3,235	30,355	------	------	------	------	56	201	60	516	------	------	113	$819
1953	120,622	1,030,068	103	553	117,269	998,977	2,689	27,002	------	------	------	------	72	323	------	------	------	------	389	3,154
1954	100,818	906,890	71	382	96,125	863,325	4,502	42,095	------	------	10	$142	1	6	------	------	------	------	109	950
1955	187,338	1,815,588	9	50	181,248	1,740,024	1,064	9,026	------	------	5,027	65,868	------	------	------	------	------	------	------	------
1956	147,985	1,505,300	------	------	138,579	1,381,897	677	7,220	15	$116	8,707	115,926	------	------	------	------	7	$80	------	------
1957	127,852	1,370,921	------	------	116,453	1,207,313	4,233	54,169	302	3,161	7,641	104,252	------	------	------	------	163	2,008	------	------
Total	1,994,293	13,078,787	429	2,195	1,925,679	13,082,931	16,703	172,392	377	3,277	21,385	286,188	28,864	124,130	75	556	170	2,094	611	4,922

[1] For total number and amount of mortgages insured under each section in 1956, 1957, and cumulatively through the end of 1957 see table 2.

[2] Sec. 2 activity, 1938–50; Sec. 8 activity, 1950–57.

[3] Sec. 203 new includes insurance under Sec. 203 (i): 436 units for $2,592,300 in 1954, 14,557 for $90,853,450 in 1955, 10,481 for $65,545,450 in 1956, and 3,403 units for $22,331,650 in 1957.

[4] Total existing includes insurance under Sec. 225 open-end mortgage program: $19,531 for 1955, $55,351 for 1956 and $18,000 for 1957.

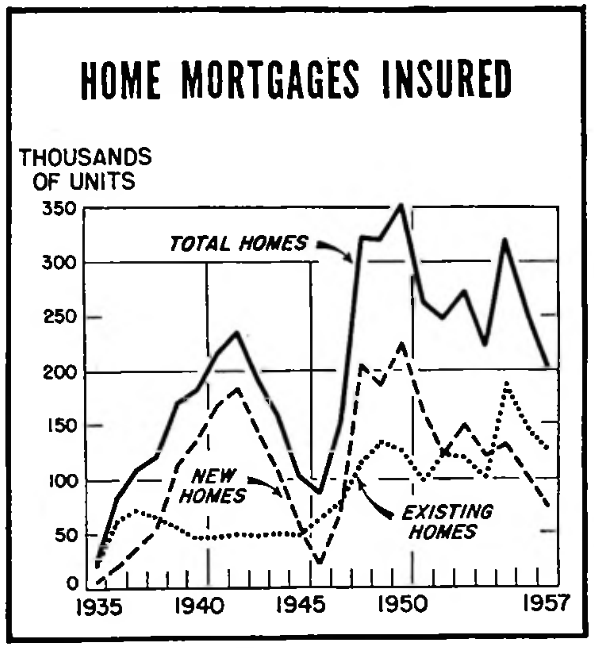


CHART III–6

preference for conventional mortgages and other types of higher-yield obligations.

The average amounts of home mortgages insured during 1957 were the highest on record. The new-home average increased nearly 10 percent to $11,800 per unit, the existing-home average 5 percent to $10,700 per unit. The advance in the new-home average mirrored increased construction and land costs and the shift of builders and buyers into higher priced markets. To a limited extent, the higher average was influenced by the lifting in April 1957 of credit restrictions imposed in July 1955 (thus restoring the full maximum mortgage amounts permitted under the law), and the further increase in maximum amounts authorized by the July 1957 amendments. The rise in the existing-home average reflects not only the latter actions, but also the increased mortgage amounts provided for homes a year or more old by the August 1956 legislative amendments.

The tenor of FHA home mortgage business in 1957 (as well as in most years of the agency's existence) was largely determined by activity under Section 203, as shown in the following table:

Section	Total		New		Existing	
	Units	Amount	Units	Amount	Units	Amount
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
203	91.7	90.2	94.2	93.6	90.3	88.1
213	2.1	2.4	------	------	3.3	4.0
220	.2	.2	.6	.6	------	------
221	.3	.2	.2	.1	.3	.2
222	5.3	6.6	4.2	4.9	6.0	7.6
809	.4	.4	.7	.8	.1	.1
Other	(1)	(1)	.1	(1)	-	(1)
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] Less than 0.05 percent.

The predominance of Section 203 was somewhat less than in 1956—slipping from 95 to 92 percent of the units and from 94 to 90 percent of the mortgage amounts. Proportions for all other home mortgage sections except Sections 8 and 903 increased. Of the special purpose programs, Sections 222 and 213 were the most active during 1957.

The Section 203 data shown in Table III–5 also include single-family home mortgages insured under the moderate-cost home provisions of Section 203 (i) since 1954 when that subsection was enacted to replace Section 8. Almost all these mortgages are secured by new construction. In 1957, the new-construction mortgages insured under Section 203 (i) totaled $22.3 million on 3,400 units—about one-third of the 1956 and one-fourth of the 1955 volumes.

Table III–6 indicates that only 43 percent of the Section 203 applications finally closed in 1957 were submitted for FHA insurance endorsement. In 48 percent of the cases, the financial institutions permitted their FHA commitments to expire or canceled them. FHA rejection of the applications accounted for only 9 percent of the closings. This was the first year in the history of Section 203

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

Year	Number of cases closed	Percent of cases closed by		
		Rejection of application [1]	Expiration of commitment [1]	Insurance of mortgage
	Total construction			
1946	145,500	16.2	37.9	45.9
1948	244,985	19.3	26.3	54.4
1950	539,640	10.4	26.9	62.7
1951	436,755	7.1	36.7	56.2
1952	367,064	9.6	32.5	57.9
1953	395,640	6.6	34.9	58.5
1954	357,920	14.6	36.3	49.1
1955	584,779	10.4	39.2	50.4
1956	498,964	7.2	45.7	47.1
1957	422,006	8.8	48.1	43.1
	New construction			
1946	51,522	13.5	65.9	20.6
1948	69,271	26.9	31.6	41.5
1950	345,478	9.5	27.2	63.3
1951	297,204	5.5	43.3	51.2
1952	194,029	8.1	41.5	50.4
1953	207,151	5.2	37.5	57.3
1954	106,201	13.5	44.0	42.5
1955	281,065	9.5	48.0	42.5
1956	257,098	5.1	55.6	39.3
1957	207,096	5.4	60.9	33.7
	Existing construction			
1946	93,978	17.6	22.6	59.8
1948	175,714	16.3	24.2	59.5
1950	194,162	12.1	26.4	61.5
1951	139,551	10.6	22.5	66.9
1952	173,035	11.3	22.3	66.4
1953	188,480	8.2	32.0	59.8
1954	161,629	16.0	26.8	57.2
1955	303,714	11.3	31.0	57.7
1956	241,866	9.4	35.2	55.4
1957	214,910	12.1	36.9	52.0

[1] Excludes cases reopened after rejection or expiration.

in which expirations exceeded insurance endorsements.

Most of the commitment mortality occurred in new-construction transactions. Three-fifths of these cases were closed by expirations during 1957; only one-third obtained FHA insurance. In contrast, 52 percent of the existing-home cases closed in 1957 were insured; 36 percent represented commitment expirations, and 12 percent rejections. The rise in the existing-home reject ratio from 9 percent in 1956 probably reflects applications for the recently (August 1956) liberalized financing terms on homes a year or more old, in which the mortgagors or the properties did not qualify for the mortgage amounts applied for.

The proportion of Section 203 transactions permanently financed with FHA insurance has been trending downward since 1953, with the decline more pronounced in new homes than in existing homes. The insured-case proportions for new homes dropped from 57 percent in 1953 to 34 percent in 1957 and for existing homes from 60 to 52 percent. This decline has been counterbalanced principally by a mounting rate of expirations. (See Table III–6.) Here again is evidence of the growing tendency of builders, realtors, and lenders to use FHA commitments primarily as means of obtaining FHA appraisals, construction financing, and FHA construction inspections.

Project Mortgages

Project mortgage insurance in 1957 was authorized by the following active programs: Title II, Section 207, covering (1) new and rehabilitated rental housing, (2) housing for the elderly, (3) trailer courts or parks, (4) sale of public housing by certain Federal or State agencies, (5) refinanced Section 608 or Section 908 mortgages, and (6) Commissioner-held mortgages assigned and properties acquired under provisions of Titles II, VI, VII, VIII, and IX, upon sale; Section 213 cooperative housing; Section 220 redevelopment housing and Section 221 relocation housing; and Title VIII, Section 803, armed services housing. In addition, insurance of equity financing for rental projects is provided under the Title VII program for yield insurance. Under the Section 803 program authority existed to insure certain military housing (Wherry) project mortgages. The purposes of these various programs are explained at the beginning of this report.

Through December 31, 1957, the mortgage insurance provisions of Section 221 of Title II and Title VII had not been used.

In 1957 project mortgages totaling $597 million and covering 43,600 dwelling units were insured by FHA—4½ times greater than the volume for 1956 and the largest dollar amount since the peak year 1950.

Dwelling units insured in 1957, while nearly 4 times greater than the previous year (Chart III–7), nevertheless reflect the rising average unit

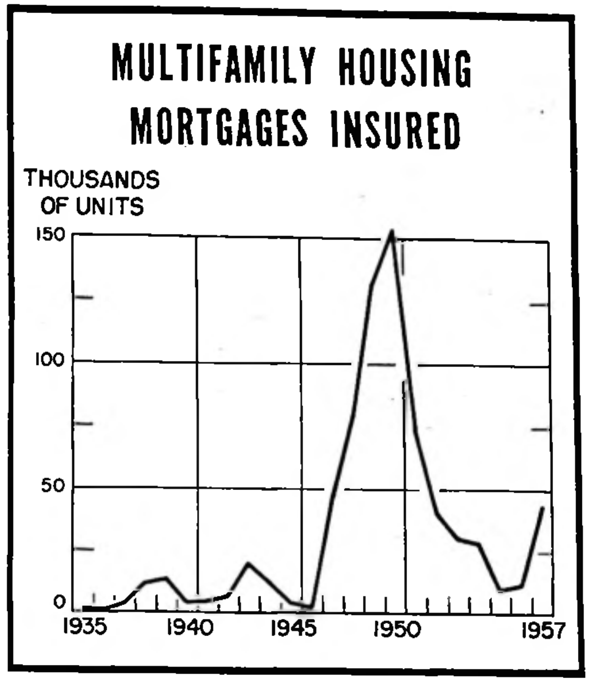


CHART III–7

mortgage of the last few years. In 1951 some 74,200 dwelling units secured mortgages totaling $584 million. Since that time the average insured unit mortgage has increased from less than $7,900 in 1951 to $13,700 in 1957. The proportionate share of project mortgage insurance in 1957 rose sharply to 16 percent of the aggregate amount of mortgages and loans insured under all FHA programs. This compares to less than 4 percent in 1956.

Multifamily project applications rose significantly in 1957 to 67,600 dwelling units—over twice the number reported for 1956—and 3½ times more units, 63,100, were committed for mortgage insurance. At the end of 1957, there were 24,300 dwelling units covered by outstanding commitments and 17,600 units under examination in FHA field offices. In addition, nearly 36,000 dwelling units were involved in preapplication appraisals under the Section 803 armed services housing program at the year end. Dwelling units reported started under FHA inspection during 1957 totaled 18,300—three times the 1956 volume—and 10,600 units in FHA-inspected projects were completed during the year as compared to 7,900 units in 1956. Some 16,500 dwelling units were reported to FHA as started under military inspection (Section 803 armed services program) and 4,400 units were reported completed. During 1957 a total of 44,000 units were under construction—24,800 under FHA inspection and 19,100 under military inspection, bringing the total under construction during the year to a level 2½ times greater than in 1956.

TABLE III-7.—*Multifamily housing mortgages insured by FHA, 1935–57*

[Dollar amounts in thousands]

Year	Grand total[1]		New construction													
			Total		Sec. 207		Sec. 213				Sec. 220		Sec. 608		Sec. 611	
							Sales		Management							
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	29,777	$114,429	29,777	$114,429	29,777	$114,429										
1940–44	45,751	188,446	41,890	174,187	7,946	28,752							33,944	$145,436		
1945–49	265,213	2,022,878	260,592	2,008,452	1,054	8,519							257,723	1,986,212	275	$1,650
1950	154,597	1,156,681	153,477	1,154,680	2,514	18,065	285	$2,691					135,076	1,007,096	473	2,877
1951	74,207	583,774	73,333	577,545	4,890	33,201	1,928	17,726	6,067	$55,194			33,799	259,037	966	5,832
1952	39,839	321,911	39,839	321,911	6,043	41,843	3,681	35,788	6,093	55,913			3,457	29,634	125	706
1953	30,701	259,194	30,701	259,194	7,175	53,839	1,915	20,926	5,664	53,954					145	926
1954	28,257	234,022	28,257	234,022	11,442	92,928	3,665	32,145	2,555	24,273						
1955	9,431	76,489	8,639	73,347	4,316	35,916	636	4,855	909	8,909						
1956	11,177	130,247	10,933	129,585	528	5,070	1,254	16,419	1,719	19,655	1,051	$9,375				
1957	43,609	597,348	43,388	596,517	4,242	40,535	5,889	76,891	2,670	33,415	5,151	59,929				
Total	732,559	5,685,418	720,826	5,643,867	79,927	473,097	19,253	207,441	25,677	251,403	6,202	69,304	463,724	3,428,047	1,984	11,991

Year	New construction (continued)						Existing or refinanced construction									
	Sec. 803				Sec. 908		Total		Sec. 207		Sec. 213 Management		Sec. 608		Sec. 608-610	
	Military		Armed Services													
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39																
1940–44							3,861	$14,250	3,267	$11,444			504	$2,816		
1945–49	1,540	$12,071					4,621	14,426	1,344	5,142			470	2,828	2,801	$6,456
1950	15,129	123,052					1,120	2,002					16	133	1,104	1,868
1951	25,683	205,653					874	6,229					864	6,194	10	35
1952	17,233	135,842			3,207	$22,186										
1953	12,181	100,558			3,890	30,497										
1954	9,310	74,764			1,282	9,820										
1955	2,261	18,836	420	$3,570	106	923	792	3,143	792	3,143						
1956	982	8,410	5,399	70,655			244	662	208	370	36	$292				
1957	564	3,957	24,872	381,791			221	831	221	831						
Total	84,883	683,143	30,691	456,015	8,485	63,427	11,733	41,552	5,832	20,930	36	292	1,950	11,971	3,915	8,360

[1] For total number and amount of mortgages insured under each section in 1956, 1957, and cumulatively through 1957, see Table 2.

The highest volume of project mortgage insurance in 1957 was reported under the Section 803 program (Table III–7), including the armed services (Capehart) housing program—$382 million in mortgages on 24,900 living units—and the last of the military (Wherry) housing projects—$4 million covering 564 units. Together these two programs accounted for nearly two-thirds of all multifamily housing insurance in 1957, and by the end of the year had provided 115,600 dwelling units on or near military and atomic energy installations throughout the country. The $1,139 million in mortgages insured under these programs by that date represented about one-fifth of the total amount of all multifamily housing project mortgages insured by FHA.

Cooperative housing project mortgages insured in 1957 totaled $110 million and covered 8,600 dwelling units. Management-type cooperatives accounted for $33 million (2,700 units), including some $12 million (966 units) for investor-sponsored cooperatives in which an investor sponsor is permitted to construct the project prior to the formation of the cooperative. In these circumstances, it is contemplated that the project will be sold to a management-type cooperative within two years after completion. This allows the project to be put on the market without delay and gives the prospective member an opportunity to examine the completed structure. In addition, the cooperative is offered a completed project already approved for mortgage insurance. Sales-type cooperatives insured during the year involved mortgages totaling $77 million and provided 5,900 single-family dwellings which were constructed to be released to individual cooperative members with mortgage insurance under the individual mortgage provisions of Section 213 or Section 203. The 1957 volume was the largest ever reported under this type of operation—more than 4½ times the 1956 volume and double the previous record year of 1952. By the end of 1957, cooperative project mortgage insurance involved a total of $459 million (45,000 units); of this, $251 million (25,700 units) was in management-type cooperatives and $207 million (19,300 units) in sales-type cooperatives. Practically all of the cooperative members of these sales-type projects had elected to use the individual mortgage provisions of Section 213 after the dissolution of the mortgagor corporations following completion of the projects.

The Section 220 slum clearance and rehabilitation program gained impetus in 1957 with mortgages aggregating $60 million insured during the year providing financing for 5,200 newly-constructed dwelling units in certified urban renewal areas in several large metropolitan centers. This represents considerable progress over 1956 when there was only one area participating in the program. Through the end of 1957 FHA had insured Section 220 mortgages amounting to $69 million and covering 6,200 dwelling units.

Section 207 insuring operations rose substantially in 1957 to a total of $41 million involving some 4,200 dwelling units in newly-constructed projects and 200 in existing properties covered by public housing sales and the reinsurance of an acquired property upon sale. Included in the newly-constructed properties were 3 projects especially designed to provide 800 living accommodations for elderly persons and 1 mobile home court containing 200 trailer sites, this being the first insuring activity under these special provisions of Section 207. The remaining 3,200 newly-constructed dwelling units (36 projects) were subject to the "regular" long-term provisions of this rental housing program.

The cumulative volume of mortgages insured under Section 207 amounted to $494 million by the end of 1957 and accounted for nearly one-tenth of all multifamily housing mortgages insured by FHA. The major portion of this insurance ($473 million) provided 79,900 dwelling units in newly constructed projects, while $21 million covered 5,800 units involving refinancing transactions, rehabilitation of existing structures, or financing the purchase of existing public housing.

Property Improvement Loans

During 1957, the financial institutions approved to make FHA-insured property improvement loans under the provisions of Title I Section 2 of the National Housing Act reported 1,112,000 notes with net proceeds to the borrowers aggregating over $868 million. As shown in Table III–8, this dollar volume has been exceeded only twice (in 1953 and 1954) since the inauguration of this program in 1934; in 1957 it accounted for over 23 percent of the total amount of FHA insurance written under all programs. These relatively small, unsecured personal loans can be made by approximately 8,000 approved financial institutions for the modernization and improvement of existing residential properties or the construction of new nonresidential structures. Primarily these are short-term character notes and are accepted by the FHA Commissioner for insurance without any further review than the certification by the institution that the loan was made in accordance with existing regulations. Each financial institution's portfolio of loans is insured up to 10 percent of the aggregate amount of the net proceeds of all loans made, with individual claim payments being limited to 90 percent of the calculated principal loss by the lender on each defaulted note.

TABLE III-8.—*Property improvement loans insured by FHA, 1934–1957*

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

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

As shown in Chart III–8, the 1 million loans reported during 1957 represented the first year-to-year increase in the number of loans insured under this program since the peak year of 1953.

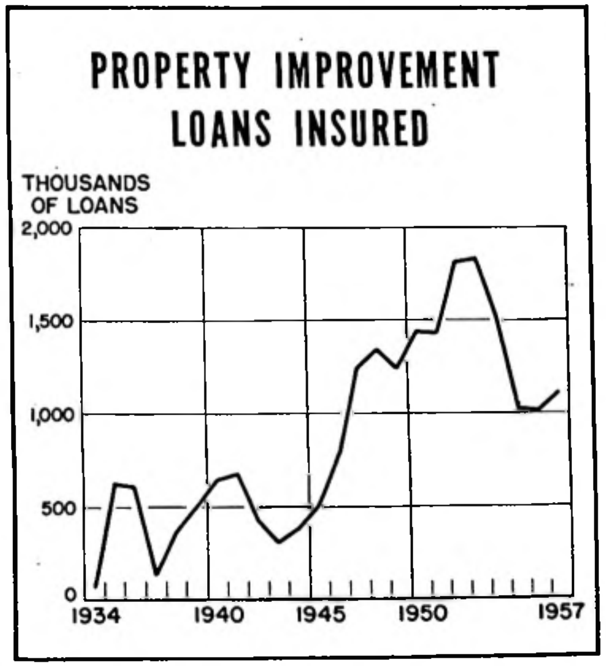


CHART III-8

Increases amounting to 10 percent in number of loans and 25 percent in net proceeds resulted in a loan averaging $781—nearly 15 percent above the 1956 average of $683 and a new high for the average note insured under the program. This marked increase is a reflection of the higher maximum loan amount and longer term authorized under the Housing Amendments of 1956. This legislation increased the maximum loan amount from $2,500 to $3,500 and the maximum term from 3 years and 32 days to 5 years and 32 days.

STATE DISTRIBUTION OF FHA INSURANCE WRITTEN

The State distribution of FHA insuring activity, like all types of residential financing, is influenced primarily by variation in the demand for housing and home improvement as affected by the supply and condition of the housing inventory, population growth and mobility, employment trends, and the economic outlook. In addition, the geographic distribution of FHA's business is affected by availability of mortgage funds on FHA terms, lenders' policies, types of financing desired by borrowers, and the price levels of the housing demand.

Insurance Written During 1957

All Programs.—FHA insurance written during 1957 covered transactions in every State, District of Columbia, Alaska, Hawaii, Puerto Rico, Virgin Islands, and Guam. The relative importance of the home, multifamily project, and property improvement programs in each State is indicated in Table III–9, and Chart III–9 on the basis of amount of insurance written.

Home mortgages predominated in FHA activity in all but five States, Hawaii, and the District of Columbia—accounting for at least three-fifths of the insured amount in most States and territories. Property improvement loans comprised the next largest segment of FHA insurance volume in most States and territories, and were predominant in the District of Columbia. Multifamily project business, recovering from its relatively low level of recent years, ranked ahead of property improvement loans in about one-third of the States, and was the most active program in Arkansas, Kentucky, Nevada, New Hampshire, North Carolina, and Hawaii.

Home Mortgage Programs.—Home mortgages were insured by FHA in every State and Territory during 1957. In most of the States, the number insured was between 1,000 and 5,000; only eleven States reported more than 5,000, and ten

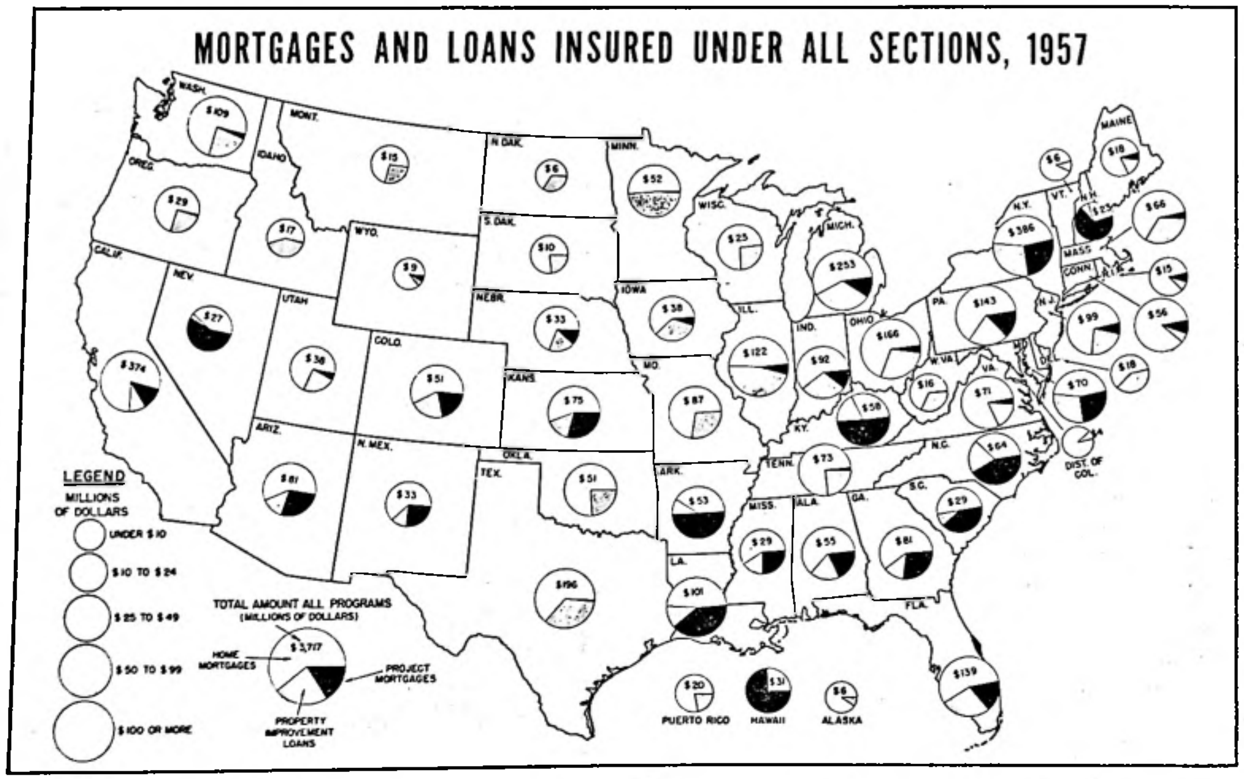


CHART III–9

TABLE III–9.—*Volume of FHA-insured mortgages and loans, by State location of property, 1957*

[Dollar amounts in thousands]

State	Total amount	Home mortgages [1]		Project mortgages [1]		Property improvement loans	
		Number	Amount	Units	Amount	Number	Net proceeds
Alabama	$55,329	3,010	$34,285	700	$10,949	14,025	$10,095
Arizona	80,976	4,607	47,737	1,805	22,054	14,687	11,185
Arkansas	53,470	2,008	21,202	1,020	26,728	7,898	5,449
California	373,653	24,187	204,779	3,441	46,513	37,200	32,361
Colorado	51,130	2,484	30,141	695	10,213	14,553	10,777
Connecticut	55,510	3,961	47,708	318	4,373	3,329	3,429
Delaware	18,244	857	10,731	500	7,451	78	62
District of Columbia	4,477	25	340	------	------	5,762	4,137
Florida	139,181	6,949	77,912	1,448	23,528	48,472	37,741
Georgia	80,773	3,901	47,297	1,563	22,970	15,193	10,506
Idaho	17,012	842	9,730	10	143	8,051	7,140
Illinois	121,699	4,749	58,696	732	6,974	64,744	56,029
Indiana	92,180	4,935	54,043	789	11,465	36,701	26,673
Iowa	37,952	2,135	23,209	179	2,182	16,697	12,561
Kansas	74,950	3,739	41,608	1,387	21,929	16,762	11,362
Kentucky	58,248	1,550	17,414	2,042	29,904	18,377	10,931
Louisiana	100,965	3,922	48,357	2,739	40,579	15,259	12,030
Maine	17,859	1,534	13,887	64	1,046	4,300	2,926
Maryland	69,679	2,844	31,536	1,091	17,879	32,679	20,264
Massachusetts	65,514	3,801	41,389	315	2,693	28,706	21,432
Michigan	253,298	11,640	142,506	2,764	28,656	99,333	82,135
Minnesota	51,949	2,104	26,231	54	645	37,727	25,073
Mississippi	28,869	1,528	16,682	480	7,553	6,693	4,634
Missouri	86,571	5,520	61,953	------	------	30,493	24,618
Montana	15,247	948	11,169	------	------	4,550	4,078
Nebraska	32,887	2,075	23,166	327	3,514	7,623	6,207
Nevada	26,637	816	11,111	1,002	14,444	1,035	1,082
New Hampshire	23,239	570	5,077	1,100	15,889	2,564	1,673
New Jersey	98,728	6,265	60,207	549	6,824	21,701	22,697
New Mexico	32,991	1,704	20,636	556	8,140	4,512	4,125
New York	380,144	14,957	174,453	7,513	98,253	111,252	113,438
North Carolina	63,735	2,151	22,248	1,935	27,943	20,200	13,543
North Dakota	5,779	345	3,860	------	------	2,522	1,919
Ohio	165,814	8,973	110,655	553	6,165	70,103	48,994
Oklahoma	50,661	3,753	38,667	------	------	15,376	11,995
Oregon	28,652	2,026	21,054	28	363	9,340	7,234
Pennsylvania	142,707	8,593	89,937	1,650	21,264	40,913	31,506
Rhode Island	15,269	1,265	12,908	76	1,188	1,421	1,173
South Carolina	28,630	1,526	14,288	800	11,782	3,973	2,561
South Dakota	10,030	793	7,773	------	------	3,032	2,257
Tennessee	72,972	5,903	54,435	87	1,422	27,295	17,115
Texas	195,974	12,232	125,349	242	2,240	91,341	68,385
Utah	37,504	2,235	26,682	139	1,937	11,471	8,885
Vermont	5,713	574	5,104	------	------	951	609
Virginia	71,263	4,387	56,442	150	2,436	20,513	12,386
Washington	109,431	7,377	80,315	308	3,547	33,619	25,569
West Virginia	15,825	878	10,303	9	128	7,639	5,395
Wisconsin	24,639	1,591	18,182	------	------	7,970	6,457
Wyoming	9,318	693	8,236	40	525	645	557
Alaska	5,891	267	5,303	------	------	404	588
Hawaii	31,424	659	8,274	1,410	22,918	269	232
Puerto Rico	10,853	1,782	16,499	------	------	2,869	4,354
Virgin Islands	19	2	19	------	------	------	------
Guam	218	16	210	------	------	7	8
Total [2]	3,716,600	198,428	2,250,685	43,609	597,348	1,111,962	868,568

[1] For volume by sections, see tables 10, and 11.
[2] Based on cases tabulated in 1957, including adjustments not distributed by States.

States and most of the Territories had fewer than 1,000. Nearly one-third of FHA's 1957 home mortgage insurance was concentrated in four States—California, Michigan, New York, and Texas.

The distribution of FHA new and existing construction home mortgage activity in 1957 is shown by States in Table III–10, together with the number of dwelling units insured under each of the most active sections. Again in 1957, as in the past several years, FHA's existing-home business surpassed the new in the great majority of the States and to a significant degree in most of these. Only in five States—Arizona, Florida, Mississippi, North Carolina, and Utah—and in Hawaii and Puerto Rico did new-home transactions outnumber the existing. Above-average volumes of new-home mortgages were insured in California, Florida, Michigan, New York, and Texas.

By far the most active program in every State and Territory was the regular Section 203 (b) program, accounting for upwards of 80 percent of the year's business in most States. Ranking next in most areas was the Section 222 career servicemen's program, utilized in every State and most Territories, with the largest volumes reported in California, Florida, and Texas. Low-cost housing under the Section 203 (i) program was reported in two-thirds of the States, with the bulk of this activity in Florida, New Jersey, New York, Texas, and Puerto Rico. Activity under the other FHA home mortgage programs was less extensive—Section 213 individual home insurance was used in less than one-third of the

TABLE III-10.—*Volume of FHA-insured new- and existing-home mortgages, by State locations of property, 1957*

[Dollar amounts in thousands]

State	Total new construction			Section				Total existing construction			Section			
	Number	Units	Amount	203 (i) Units	203 other units	222 units	Other[1] units	Number	Units	Amount	203 units	213 units	222 units	Other[2] units
Alabama	1,110	1,110	$12,975	29	849	61	171	1,900	1,909	$21,300	1,611		111	187
Arizona	2,435	2,439	26,237	127	2,256	56		2,172	2,197	21,500	1,024	1,158	15	
Arkansas	873	874	9,881	3	781	82	8	1,135	1,145	11,411	1,075		70	
California	9,926	10,028	130,355	125	9,209	694		14,261	14,619	164,424	12,983	873	703	
Colorado	1,138	1,144	14,226	32	1,102	10		1,346	1,350	15,915	949	188	213	
Connecticut	685	686	8,656		680	6		3,276	3,514	39,052	3,301		213	
Delaware	399	399	5,270		395	4		458	458	5,401	445		9	4
District of Columbia	2	2	23		1	1		23	23	318	21		1	1
Florida	4,805	4,810	52,354	491	3,606	297	416	2,144	2,145	25,558	1,600		504	41
Georgia	1,065	1,068	12,337	73	907	59	29	2,926	2,941	34,960	2,650		289	2
Idaho	296	296	3,923		280	16		546	558	5,806	543		15	
Illinois	1,214	1,220	15,663	38	1,169	13		3,535	3,602	43,033	3,572		28	2
Indiana	1,581	1,581	18,317	52	1,516	13		3,354	3,381	35,726	3,317	35	29	
Iowa	765	766	8,400	22	741	3		1,370	1,376	14,800	1,282	80	14	
Kansas	1,331	1,338	16,056	67	1,123	148		2,408	2,426	25,612	2,269		155	2
Kentucky	366	366	4,353	3	360	3		1,184	1,197	13,061	1,152		10	35
Louisiana	1,902	1,903	25,103	19	1,526	358		2,020	2,030	23,253	1,697	204	120	
Maine	283	284	2,872		263	21		1,251	1,390	11,015	1,312		78	
Maryland	1,065	1,065	10,535	6	1,023	36		1,779	1,810	21,001	1,539	19	252	
Massachusetts	595	595	6,908		445	150		3,266	3,918	34,481	3,536		382	
Michigan	5,438	5,443	70,091	259	5,139	45		6,202	6,294	72,415	5,681	589	24	
Minnesota	570	575	7,026		567	8		1,624	1,636	19,205	1,606		30	
Mississippi	896	896	10,197	46	789	61		632	633	6,486	615		18	
Missouri	1,120	1,133	14,241	5	1,108	20		4.400	4,468	47,712	4,372		95	1
Montana	281	288	3,554	2	282	4		367	717	7,610	711		6	
Nebraska	753	764	8,735	10	664	90		1,322	1,329	14,431	1,191		138	
Nevada	250	289	3,332		286	3		566	573	7,779	256	315	2	
New Hampshire	123	123	1,454		70	53		447	492	4,223	430		62	
New Jersey	2,080	2,085	21,431	448	1,597	25	15	4,185	4,332	47,776	4,119		185	28
New Mexico	851	853	10,156	26	755	72		853	854	10,490	395	415	44	
New York	4,566	4,719	55,565	396	4,252	70	1	10,391	11,517	118,889	11,248		267	2
North Carolina	1,095	1,097	11,339	108	945	44		1,056	1,057	10,909	1,003		54	
North Dakota	88	100	1,101		98	2		257	257	2,750	255		2	
Ohio	3,000	3,000	38,619	43	2,777	173	7	5,973	6,153	72,036	5,888	30	103	132
Oklahoma	1,705	1,705	19,062	82	1,499	124		2,048	2,052	19,605	1,981		71	
Oregon	483	490	5,628		481	9		1,543	1,548	15,426	1,532		16	
Pennsylvania	3,576	3,579	41,291	48	3,423	71	37	5,017	5,072	48,640	5,004		68	
Rhode Island	209	209	2,270		160	49		1,056	1,204	10,638	1,006		198	
South Carolina	405	405	4,250	20	360	25		1,121	1,123	10,038	849		274	
South Dakota	367	367	3,796	33	295	39		426	436	3,977	386		50	
Tennessee	2,329	2,330	26,302	100	2,121	71	38	3,574	3,743	28,133	3,699		19	25
Texas	5,300	5,309	58,499	373	4,431	462	43	6.932	6,992	66,850	6,657	25	276	34
Utah	1,386	1,391	16,437		954	6	431	849	852	10,244	712	121	19	
Vermont	60	60	640		60			514	582	4,464	563		19	
Virginia	938	938	11,886		725	200	13	3,449	3,459	44,555	2,360		1,099	
Washington	1,544	1,552	19,013	15	1,408	129		5,833	5,875	61,302	5,623		252	
West Virginia	198	198	2,511	2	196			680	686	7,791	684		2	
Wisconsin	404	407	4,960		402	5		1,187	1,208	13,222	1,176		19	13
Wyoming	258	258	3,243		258			435	455	4,993	410	40	5	
Alaska	52	52	1,215		51	1		215	220	4,089	212		8	
Hawaii	354	354	4,428		264	89	1	305	308	3,846	233	24	41	10
Puerto Rico	1,656	1,660	13,938	301	1,332	27		126	137	1,561	135		1	1
Virgin Islands	1	1	11		1			1	1	8	1			
Guam	6	7	84		7			10	11	126	11			
Total[3]	74,178	74,611	880,757	3,404	65,989	4,008	1,210	124,250	128,265	1,369,928	116,882	4,116	6,747	520

[1] Includes Secs. 8, 220, 221, 809, and 903.
[2] Includes Secs. 221 and 809.
[3] Cases tabulated in 1957.

TABLE III-11.—*Volume of FHA-insured multifamily housing mortgages, by State location, 1957*

[Dollar amounts in thousands]

State	All sections			Sec. 207		Sec. 213				Sec. 220		Sec. 803			
						Sales		Management				Military		Armed Services	
	No.	Amount	Units	No.	Units	No.	Units	No.	Units	No.	Units	No.	Units	No.	Units
Alabama	3	$10,949	700											3	700
Arizona	58	22,054	1,895			54	1,320							4	575
Arkansas	7	26,728	1,929											7	1,929
California	55	46,513	3,441	2	159	42	1,526	4	407			1	300	6	1,049
Colorado	15	10,213	695			14	195							1	500
Connecticut	6	4,373	318	2	114									4	204
Delaware	2	7,451	500											2	500
District of Columbia															
Florida	9	23,528	1,448			2	29							7	1,419
Georgia	4	22,970	1,563			1	15							3	1,548
Idaho	1	143	10			1	10								
Illinois	3	6,974	732	1	127					1	341	1	264		
Indiana	11	11,465	789			7	109							4	680
Iowa	9	2,182	179			9	179								
Kansas	8	21,929	1,387	1	14									7	1,373
Kentucky	10	29,904	2,042											10	2,042
Louisiana	33	79,540	2,739	1	200	23	239							9	2,300

TABLE III-11.—*Volume of FHA-insured multifamily housing mortgages, by State location, 1957*—Continued

[Dollar amounts in thousands]

State	All sections			Sec. 207		Sec. 213				Sec. 220		Sec. 803			
						Sales		Management				Military		Armed Services	
	No.	Amount	Units	No.	Units	No.	Units	No.	Units	No.	Units	No.	Units	No.	Units
Maine	1	1,046	64											1	64
Maryland	4	17,870	1,091			2	53							3	1,082
Massachusetts	4	2,693	315	3	195									1	120
Michigan	79	28,656	2,764	20	1,692	58	732			1	340				
Minnesota	3	645	54			3	54								
Mississippi	2	7,553	480											2	480
Missouri															
Montana															
Nebraska	10	3,514	327	1	132	9	195								
Nevada	22	14,444	1,002			18	357							4	645
New Hampshire	5	16,880	1,100											5	1,100
New Jersey	5	6,824	549	2	241			2	188					1	120
New Mexico	21	8,140	556			20	422							1	134
New York	38	98,253	7,513	8	877			14	2,119	11	2,832			5	1,685
North Carolina	8	27,943	1,935											8	1,935
North Dakota															
Ohio	9	6,165	553			5	74			4	479				
Oklahoma															
Oregon	3	363	28			3	28								
Pennsylvania	5	21,264	1,650	1	400					3	1,159			1	91
Rhode Island	1	1,188	76											1	76
South Carolina	3	11,782	800											3	800
South Dakota															
Tennessee	1	1,422	87											1	87
Texas	4	2,240	242	1	172	3	70								
Utah	8	1,937	139			8	139								
Vermont															
Virginia	1	2,436	150											1	150
Washington	4	3,547	308	1	140	1	10							2	158
West Virginia	1	128	9			1	9								
Wisconsin															
Wyoming	4	525	40			4	40								
Alaska															
Hawaii	15	22,918	1,410			3	84							12	1,326
Puerto Rico															
Total	495	597,348	43,609	44	4,463	291	5,889	19	2,670	20	5,151	2	564	119	24,872

States, with heavy concentrations in Arizona and California; Section 220 urban renewal homes in only three States, with most of these cases in Utah; Section 221 relocation homes in about one-third of the States, Hawaii, and Puerto Rico; while Section 809 housing for military research civilians was confined to Alabama and Florida.

Project Mortgage Programs.—One-sixth of all multifamily housing dwelling units insured in 1957 were located in New York State. Including also California, Michigan, Louisiana, and Kentucky, these five States accounted for more than two-fifths

TABLE III-12.—*Volume of FHA property improvement loans insured, by State location, 1957*

State	Net Proceeds, 1957			State	Net Proceeds, 1957		
	Number	Amount	Average		Number	Amount	Average
Alabama	14,025	$10,095,006	$720	New Mexico	4,512	4,125,260	914
Arizona	14,687	11,185,189	762	New York	111,252	113,438,008	1,020
Arkansas	7,898	5,440,304	690	North Carolina	20,290	13,543,168	667
California	37,200	32,361,459	870	North Dakota	2,522	1,919,219	761
Colorado	14,553	10,776,535	741	Ohio	70.103	48,994,340	699
Connecticut	3,329	3,429,395	1,030	Oklahoma	15,376	11,994,630	780
Delaware	78	62,039	795	Oregon	9,340	7,234,400	775
District of Columbia	5,762	4,137,367	718	Pennsylvania	40,913	31,506.418	770
Florida	48,472	37,740,989	779	Rhode Island	1,421	1,173,099	826
Georgia	15,193	10,505,545	691	South Carolina	3,973	2,560,833	645
Idaho	8,051	7,140,061	887	South Dakota	3,032	2,257,373	745
Illinois	64,744	56,029,029	865	Tennessee	27.295	17,114,840	627
Indiana	36,701	26,673,109	727	Texas	91,341	68,384,637	749
Iowa	16,697	12,560,895	752	Utah	11.471	8,884,962	775
Kansas	16,762	11,361.908	678	Vermont	951	608,787	640
Kentucky	18,377	10,930,059	595	Virginia	20,513	12,386,023	604
Louisiana	15,259	12,029,646	788	Washington	33,619	25,569,076	761
Maine	4.300	2,926,066	680	West Virginia	7,639	5,394,682	706
Maryland	32,679	20,263,774	620	Wisconsin	7,970	6,457,306	810
Massachusetts	28,706	21,432,371	747	Wyoming	645	556,777	863
Michigan	99,333	82,135,154	827	Alaska	404	587,518	1,454
Minnesota	37,727	25,072,615	665	Hawaii	269	231,616	861
Mississippi	6,693	4,633,691	692	Puerto Rico	2,869	4,354,261	1,518
Missouri	39,493	24,617,820	623	Canal Zone			
Montana	4,550	4,077,678	896	Virgin Islands			
Nebraska	7,623	6,207,038	814	Guam	7	8,339	1,191
Nevada	1,085	1,082,196	997				
New Hampshire	2,564	1,672,929	652	Total[1]	1,111,962	868,567,541	781
New Jersey	21,701	22,697,277	1,046				

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

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of all insured units. In 1957, 41 States and Hawaii reported insurance activity, with 15 States and Hawaii reporting totals in excess of 1,000 units. During the previous year only 22 States reported activity—and only four in excess of 1,000 dwelling units. Table III–11 presents the geographic distribution of project operations for all programs combined and for individual programs. In those States showing totals in excess of 1,000 dwelling units, the Section 803 Armed Services Housing program was largely responsible.

Property Improvement Program.—Table III–12 shows the State distribution of Title I loans insured during 1957 and Table III–16 the cumulative distribution for the years from 1934 through 1957. During 1957 net proceeds of the loans insured in individual States ranged from a low of $62 thousand in Delaware to a high of over $113 million in New York. The combined net proceeds of loans made on properties in New York ($113 million), Michigan ($82 million), Texas ($68 million), and Illinois ($56 million) accounted for over 36 percent of the total of $869 million insured during the year. In New Jersey, Connecticut, New York, and Nevada net proceeds of loans averaged approximately $1,000 for each improvement or repair, in comparison with the $781 national average for the year.

Cumulative Insurance Written, 1934–57

All Programs.—Table III–13 shows for each State and Territory the cumulative volume of FHA insurance written through the end of 1957 on home mortgages, multifamily project mortgages, and property improvement loans. More than $500 million of obligations were insured in over half of the States and in 13 States the cumulative volume exceeded $1 billion. In only three States and four Territories was the amount of insurance volume during the 1934–1957 period below $100 million.

TABLE III–13.—*Volume of FHA-insured mortgages and loans, by State location of property, 1934–57*

[Dollar amounts in thousands]

State	Total amount	Home mortgages [1]		Project mortgages [1]		Property improvement loans	
		Number	Amount	Units	Amount	Number	Net proceeds
Alabama	$570,079	51,045	$349,344	12,982	$87,495	312,230	$133,240
Arizona	610,448	63,438	452,483	7,833	64,997	167,110	92,968
Arkansas	382,284	43,310	277,534	3,641	38,488	142,712	66,262
California	6,398,362	717,086	5,031,355	53,757	422,838	2,238,442	944,169
Colorado	484,582	49,982	355,137	3,836	32,630	105,686	96,815
Connecticut	599,904	53,943	448,451	7,461	59,685	188,732	91,769
Delaware	118,621	9,741	74,096	4,655	37,425	15,336	7,101
District of Columbia	256,215	7,216	55,616	21,102	142,787	112,582	57,811
Florida	1,316,740	131,622	909,721	17,377	136,104	468,880	270,915
Georgia	828,656	74,957	522,042	24,836	182,917	273,154	123,697
Idaho	246,207	24,405	168,906	1,136	9,446	121,346	67,945
Illinois	2,192,441	184,099	1,331,176	23,256	184,232	1,280,794	677,032
Indiana	1,323,754	140,409	922,524	9,859	78,538	725,870	322,693
Iowa	460,165	43,261	301,657	1,985	16,319	208,094	142,190
Kansas	730,749	80,783	570,684	6,682	60,242	220,683	99,823
Kentucky	477,455	41,310	288,523	8,710	78,924	247,375	110,007
Louisiana	761,603	72,436	542,125	12,227	108,973	220,670	110,505
Maine	169,102	16,383	105,367	2,676	22,295	90,207	41,531
Maryland	965,615	64,230	436,844	44,803	315,780	471,276	212,991
Massachusetts	552,454	32,176	244,595	5,641	44,112	548,904	263,747
Michigan	3,078,130	296,500	2,131,210	14,275	112,923	1,762,174	833,998
Minnesota	610,387	43,095	319,632	6,363	46,982	513,561	243,773
Mississippi	267,613	30,433	182,218	3,202	24,515	134,465	60,880
Missouri	1,167,852	114,326	837,386	11,341	81,815	577,856	248,651
Montana	159,623	16,270	117,859	837	6,304	58,553	35,460
Nebraska	382,667	43,142	299,060	2,926	23,201	123,237	60,406
Nevada	175,972	14,833	120,419	2,483	28,414	27,091	18,130
New Hampshire	81,940	6,355	39,633	1,344	17,561	53,971	24,746
New Jersey	1,907,046	157,682	1,045,465	60,000	445,348	698,145	416,233
New Mexico	256,511	26,187	192,432	3,295	31,910	50,247	32,170
New York	4,333,720	228,712	1,726,961	134,620	1,145,114	2,298,555	1,461,645
North Carolina	616,902	52,975	359,356	21,340	155,753	208,534	101,792
North Dakota	62,640	5,112	40,319	154	1,143	40,904	21,177
Ohio	2,391,517	214,780	1,632,528	22,031	173,108	1,282,080	585,882
Oklahoma	842,718	102,301	666,200	4,662	34,353	303,694	142,165
Oregon	594,279	62,421	435,291	5,415	39,752	245,809	119,237
Pennsylvania	2,085,808	211,169	1,359,487	26,905	213,774	1,108,666	512,546
Rhode Island	138,385	12,605	97,426	1,028	9,146	69,928	31,813
South Carolina	339,103	38,322	233,838	8,454	60,121	100,382	45,143
South Dakota	135,724	15,375	102,834	1,231	10,020	41,853	22,871
Tennessee	797,536	83,027	552,284	10,677	65,107	425,784	180,146
Texas	2,643,311	275,576	1,778,890	35,437	249,310	1,245,611	615,111
Utah	428,370	42,370	308,802	1,754	14,843	212,869	104,725
Vermont	46,566	5,685	34,003	193	1,512	23,173	11,050
Virginia	1,164,223	98,504	707,384	46,558	312,454	297,530	144,385
Washington	1,531,714	172,726	1,188,180	10,575	83,328	523,088	260,206
West Virginia	227,433	26,498	169,161	806	3,729	106,887	54,543
Wisconsin	436,205	36,831	271,518	4,120	32,714	272,675	131,974
Wyoming	105,348	13,912	88,066	611	4,976	19,760	12,306
Alaska	98,040	3,342	48,881	3,853	45,765	2,750	3,395
Hawaii	186,999	14,451	136,941	4,561	46,080	4,060	3,078
Puerto Rico	229,568	23,442	156,079	6,253	39,216	30,804	34,273
Canal Zone	4					3	4
Virgin Islands	176	19	169			5	7
Guam	4,222	274	3,810			319	412
Total [2]	46,971,490	4,390,970	30,780,505	732,659	5,685,418	21,221,025	10,505,576

[1] For volume by sections, see tables 14 and 15.
[2] Based on cases tabulated through 1957, including adjustments not distributed by States, and excluding Sec. 609.

TABLE III–14.—*Volume of FHA-insured home mortgages by State location of property, by section, 1935–57*

[Dollar amounts in thousands]

State	All sections		Number of mortgages									
	Number	Amount	Sec. 2 and Sec. 8	Sec. 203	Sec. 213	Sec. 220	Sec. 221	Sec. 222	Sec. 603 [1]	Sec. 611	Sec. 809	Sec. 903
Alabama	51,045	$349,344	916	38,854			97	359	9,836		260	723
Arizona	63,438	452,483	2,672	47,675	3,463			113	7,132			2,333
Arkansas	43,310	277,534	273	35,838	543	5	3	688	5,377	50		583
California	717,086	5,031,355	15,283	553,250	7,974			5,453	126,012			9,083
Colorado	49,982	355,137	1,995	42,055	188			462	5,069	25		213
Connecticut	53,943	448,451	264	45,064				606	7,537			472
Delaware	9,741	74,096	41	6,850			4	26	2,631			189
District of Columbia	7,216	55,616	1	4,402			1	32	2,780			
Florida	131,622	909,721	4,380	96,782				1,527	26,895		457	1,581
Georgia	74,957	522,042	1,568	55,989			31	821	13,350			3,198
Idaho	24,405	168,906	107	23,319				85	527			367
Illinois	184,099	1,331,176	3,065	155,987			2	190	21,975			2,880
Indiana	140,409	922,524	1,733	120,177	35			129	15,823			2,512
Iowa	43,261	301,657	905	38,896	123			70	2,551			716
Kansas	80,783	570,684	1,854	64,121			2	656	10,368			3,782
Kentucky	41,310	288,523	292	35,461	70		35	110	4,737			605
Louisiana	72,436	542,125	1,056	56,844	518			896	12,381			741
Maine	16,383	105,367	46	14,283				199	1,290			565
Maryland	64,230	436,844	1,728	46,318	63			756	14,409			956
Massachusetts	32,176	244,595	650	26,994				1,162	3,076			294
Michigan	296,500	2,131,210	7,273	246,240	906			197	41,334			550
Minnesota	43,095	319,632	401	37,524				119	4,810			241
Mississippi	30,433	182,218	752	24,690				103	4,168			720
Missouri	114,326	837,386	338	105,536			1	309	7,118			1,024
Montana	16,270	117,859	41	15,724				13	334			158
Nebraska	43,142	299,060	681	35,553	130			716	5,868			194
Nevada	14,833	120,419	69	11,416	650			22	1,925			751
New Hampshire	6,355	39,633	165	5,587				216	337			50
New Jersey	157,682	1,045,465	2,632	136,578		15	28	637	17,014			778
New Mexico	26,187	192,432	86	21,788	482			277	2,624			930
New York	228,712	1,726,961	9,111	193,954			2	919	23,699			1,027
North Carolina	52,975	359,356	657	41,727				213	8,829			1,549
North Dakota	5,112	40,319	10	4,809				14	162			117
Ohio	214,780	1,632,528	1,620	184,665	60		132	654	24,786			2,863
Oklahoma	102,301	666,200	1,866	80,220	666			407	17,741			1,401
Oregon	62,421	435,291	789	54,430	16			81	6,847			258
Pennsylvania	211,169	1,359,487	1,211	176,983				401	31,454			1,120
Rhode Island	12,605	97,426	51	10,532				684	1,263			75
South Carolina	38,322	233,838	664	28,096	25			833	6,378			2,326
South Dakota	15,375	102,834	206	14,319				152	520			178
Tennessee	83,027	552,284	1,131	64,079	324		63	168	16,056			1,206
Texas	275,576	1,778,890	9,553	208,736	128		92	1,550	52,145			3,372
Utah	42,370	308,802	177	33,569	121	488		61	7,920			34
Vermont	5,685	34,003	17	5,337				48	283			
Virginia	98,504	707,384	3,289	69,818	25		13	3,935	18,898			2,526
Washington	172,726	1,188,180	1,873	148,805				1,122	20,143			783
West Virginia	26,498	169,161	141	25,027				5	1,325			
Wisconsin	36,831	271,518	327	31,132			13	59	4,444			856
Wyoming	13,912	88,066	122	12,612	40			13	1,125			
Alaska	3,342	48,881	21	3,309				11	1			
Hawaii	14,451	136,941	6	13,134	24		11	460	544			272
Puerto Rico	23,442	156,079	465	18,714			1	95	4,162			5
Virgin Islands	19	169		17					2			
Guam	274	3,810		270				4				
Total [2]	4,390,970	30,780,505	84,460	3,574,095	16,574	508	531	28,838	628,016	75	717	57,156

[1] Includes Sec. 603–610.
[2] Cases tabulated through Dec. 31, 1957 including adjustments not distributed by States.

The chief FHA activity in virtually all the States and Territories has been insurance of 1- to 4-family home mortgages, accounting for more than 60 percent of the total amount in all but seven States, the District of Columbia, and most of the Territories. FHA's home mortgage business has been lower than average in the District of Columbia, Maryland, Massachusetts, New Hampshire and New York.

Home Mortgage Programs.—California led all the States in the cumulative number of FHA home mortgages insured since 1935 with 717,100, followed by Michigan (296,500), Texas (275,600), New York (228,700), Ohio (214,800), and Pennsylvania (211,200). Other States with more than 100,000 home mortgages (listed by size of volume), were Illinois, Washington, New Jersey, Indiana, Florida, Missouri, and Oklahoma. These 13 States accounted for over two-thirds of the national total of home mortgages insured during the 1935–57 period. The cumulative number of FHA-insured home mortgages in most States was between 25,000 and 75,000.

The cumulative volume of mortgages insured under each of the various home mortgage sections is shown by States and Territories in Table III–14. Section 203 was by far the predominant FHA home mortgage program in each State; the next largest volume was insured under Section 603. Insurance assistance under Sections 2 and 8 in the financing of low-cost housing and under Section 222 for career servicemen's housing was utilized in every State and most of the Territories. The distribution of Section 903 defense housing

TABLE III-15.—*Volume of FHA-insured multifamily housing mortgages, by State location, 1935-57*

[Dollar amounts in thousands]

State	All sections			Number of units									
	Number	Amount	Units	Sec. 207	Sec. 213		Sec. 220	Sec. 608	Sec. 608-610	Sec. 611	Sec. 803		Sec. 908
					Sales	Mngt.					Military	Armed services	
Alabama	236	$87,495	12,082	674				10,205			1,005	970	38
Arizona	188	64,997	7,833	837	3,695			947		160	1,619	575	
Arkansas	61	38,488	3,641	211	569			932				1,929	
California	1,151	422,838	53,757	5,172	9,141	1,102		21,575	58	973	13,693	1,019	994
Colorado	86	32,630	3,836	251	195			1,896		50	680	500	264
Connecticut	87	59,685	7,461	1,627		84		3,013			450	204	2,083
Delaware	21	37,425	4,655	364				3,771	20			500	
District of Columbia	180	142,787	21,102	2,065				10,037					
Florida	349	136,104	17,377	524	29	68		10,669			4,168	1,919	
Georgia	186	182,917	24,836	1,592	15	104		18,882	150	195	2,150	1,548	200
Idaho	11	9,446	1,136		10			571			500		55
Illinois	303	184,232	23,256	2,436		35	341	17,012			3,416		16
Indiana	153	78,538	9,859	1,534	109			6,065			510	680	961
Iowa	40	16,319	1,985	172	222			1,591					
Kansas	96	60,242	6,682	346				3,243	350		823	1,908	12
Kentucky	113	78,924	8,710	682	70			2,247			3,465	2,042	204
Louisiana	143	108,973	12,227	1,345	554			7,071	150	25	782	2,300	
Maine	21	22,295	2,676					688			1,924	94	
Maryland	332	315,780	44,803	3,900	74	138		34,221	486		4,794	1,082	108
Massachusetts	54	44,112	5,641	789				3,186			1,502	120	44
Michigan	352	112,923	14,275	3,893	1,219	448	340	7,214	500		661		
Minnesota	160	46,982	6,363	1,273	54			5,036					
Mississippi	46	24,515	3,202	12				1,852			858	480	
Missouri	164	81,815	11,341	1,782				9,439			120		
Montana	8	6,304	837					135			592		110
Nebraska	64	23,201	2,926	132	326	71		1,786			611		
Nevada	60	28,414	2,483		797			240			801	645	
New Hampshire	12	17,561	1,344					244				1,100	
New Jersey	590	445,348	60,000	5,219		765		51,451			1,983	120	462
New Mexico	42	31,910	3,295		489			277			2,395	131	
New York	993	1,145,114	134,620	18,712		22,057	3,595	85,807	566	556	1,642	1,085	
North Carolina	142	155,753	21,340	2,966				9,107	85		5,571	3,435	176
North Dakota	9	1,143	154	16				43					95
Ohio	340	173,108	22,931	2,317	104	76	767	10,207	10		2,528		922
Oklahoma	147	34,353	4,662	132	667			2,974			500		389
Oregon	146	39,752	5,415	134	44			5,155					82
Pennsylvania	412	213,774	26,905	4,145		717	1,159	19,474	450		400	91	469
Rhode Island	13	9,146	1,028	36				210			706	76	
South Carolina	97	60,121	8,454	290	25			6,329		25	585	1,200	
South Dakota	14	10,020	1,231	82				258			891		
Tennessee	150	65,107	10,577	1,213	324	48		6,915	250		1,740	87	
Texas	464	249,310	35,437	5,691	173			19,432			9,072	1,069	
Utah	33	14,843	1,754	24	130			737			854		
Vermont	7	1,512	193	56				137					
Virginia	384	312,454	46,558	10,316	25			29,672	440		4,320	1,275	501
Washington	131	83,328	10,575	638	10			6,369			3,100	158	300
West Virginia	16	3,729	806	188	9			209	400				
Wisconsin	167	32,714	4,120	251	41			3,828					
Wyoming	10	4,976	611		40			71			500		
Alaska	34	45,765	3,853	1,496				2,357					
Hawaii	74	46,980	4,561	224	84			850			2,077	1,326	
Puerto Rico	29	39,216	6,253					4,947			886	420	
Total	9,121	5,685,418	732,559	85,759	19,253	25,713	6,202	465,674	3,915	1,984	84,883	30,691	8,485

was almost as widespread. On the other hand, Section 213 individual home mortgage insurance has of necessity been limited to the 22 States (and Hawaii) where the cooperative sales projects (of which these homes were originally components) were located. Of the recently enacted programs, relocation housing has been financed with Section 221 assistance in a scattering of States, while Section 220 urban renewal housing and Section 809 civilian housing programs have been confined to even fewer states.

Project Mortgage Programs.—FHA multifamily housing mortgage insurance has been utilized in all States, the District of Columbia, Alaska, Hawaii, and Puerto Rico. The preponderant share of this activity has occurred in New York which has accounted for nearly one-fifth of all rental housing units. Though considerably smaller numbers of units were insured in New Jersey, California, Virginia, and Maryland, these States, with New York, have accounted for nearly one-half of all project units (Table III-15). Most of these apartment units were constructed under the Section 608 program which accounted for nearly two-thirds of the total, while Section 803 ranked second (one-sixth) and Section 207 provided one-eighth of all these units.

Property Improvement Program.—Of the 21 million property improvement loans with net proceeds aggregating over $10 billion insured since 1934, seven States (New York, California, Michigan, Illinois, Texas, Ohio, and Pennsylvania) have each reported over one million loans and account for over one-third of the total. These same seven States (Table III-16) have accounted for $5.6 billion in net proceeds, over one-half of the total dollar volume insured under this program. These State data pertain to location of the property improved and do not necessarily reflect the location of the lending institution.

TABLE III-16.—*Volume of FHA property improvement loans insured, by State location, 1934-57*

State	Net proceeds, 1934-1957		
	Number	Amount	Average
Alabama	312,230	$133,240,007	$427
Arizona	167,110	92,968,190	556
Arkansas	142,712	66,261,502	464
California	2,238,442	944,168,897	422
Colorado	195,680	96,814,810	495
Connecticut	188,732	91,768,587	486
Delaware	15,336	7,100,664	463
District of Columbia	112,582	57,811,210	514
Florida	468,886	270,915,058	578
Georgia	273,154	123,697,463	453
Idaho	121,346	67,944,665	560
Illinois	1,289,794	677,032,427	525
Indiana	725,870	322,692,524	445
Iowa	298,094	142,189,895	477
Kansas	220,683	99,822,521	452
Kentucky	247,375	110,007,186	445
Louisiana	220,670	110,504,761	501
Maine	90,207	41,530,907	460
Maryland	471,276	212,900,801	452
Massachusetts	548,904	263,746,908	480
Michigan	1,762,174	833,907,967	473
Minnesota	513,561	243,773,249	475
Mississippi	134,465	60,880,160	453
Missouri	577,856	248,650,941	430
Montana	58,553	35,459,550	606
Nebraska	123,237	60,406,392	490
Nevada	27,691	18,138,913	655
New Hampshire	53,971	24,746,139	459
New Jersey	698,145	416,233,023	596
New Mexico	50,247	32,169,642	640
New York	2,298,555	1,461,645,004	636
North Carolina	208,534	101,792,422	488
North Dakota	40,904	21,177,326	518
Ohio	1,282,080	585,882,137	457
Oklahoma	303,604	142,165,179	468
Oregon	245,809	119,236,998	485
Pennsylvania	1,108,666	512,546,194	462
Rhode Island	69,928	31,812,656	455
South Carolina	100,382	45,143,305	450
South Dakota	41,853	22,870,796	540
Tennessee	425,784	180,146,861	423
Texas	1,245,611	615,110,742	494
Utah	212,869	104,725,162	492
Vermont	23,173	11,049,954	477
Virginia	297,530	144,384,529	485
Washington	523,088	260,206,330	497
West Virginia	106,887	54,543,072	510
Wisconsin	272,675	131,973,605	484
Wyoming	19,760	12,305,721	623
Alaska	2,750	3,394,660	1,230
Hawaii	4,069	3,078,217	757
Puerto Rico	36,804	34,273,402	931
Canal Zone	3	3,541	1,180
Virgin Islands	5	6,531	1,306
Guam	319	412,215	1,292
Total [1]	21,221,625	10,505,575,711	495

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

LENDING INSTITUTION ACTIVITY

A financial institution must secure FHA approval in order to originate or invest in FHA-insured mortgages or property improvement loans. Certain Federal, State, and municipal government agencies receive automatic approval. Members of the Federal Reserve System and institutions whose accounts are insured by the Federal Savings and Loan Insurance Corporation or deposits insured by the Federal Deposit Insurance Corporation are automatically eligible and are approved upon application. All other types of institutions receive approval if they meet certain requirements and comply with regulations prescribed for such approval. About 13,700 financial institutions were approved as of the 1957 year end. Of these, an estimated 10,000 were actively participating as originators, buyers, sellers, or investors of FHA-insured obligations.

Mortgage and Loan Financing During 1957

The $3.7 billion of residential mortgages and property improvement loans insured by FHA in 1957 were financed by upwards of 4,500 lending institutions. Table III-18 indicates that most of the financing was done by mortgage companies (28 percent), national banks (27 percent), and State banks (20 percent).

Most of the different types of lenders were most active in the home mortgage phase of FHA business, as is evident from the following data:

Type of institution	Home mortgages	Multifamily project mortgages	Property improvement loans	Total
	Percent	*Percent*	*Percent*	*Percent*
National bank	36.2	19.7	44.1	100.0
State bank	31.9	31.1	37.0	100.0
Mortgage company	91.1	8.1	.8	100.0
Insurance	93.6	6.4	(1)	100.0
Savings and loan association	66.5	8.4	25.1	100.0
Savings bank	78.1	15.1	6.8	100.0
All Other	41.5	2.9	55.6	100.0

[1] Less than 0.05 percent.

Commercial (i. e., national and State) banks and the "all other" category of institutions (which includes finance companies) did the largest share of their FHA-insured lending in Title I property improvement loans. For State banks, the amount of FHA multifamily project financing was nearly as large as their home mortgage financing. Chart III-10 compares the relative activity of the different types of institutions in the financing of FHA home and multifamily project mortgages during 1957.

Home Mortgage Financing.—Of the types of institutions doing most of the FHA home mortgage financing, only the mortgage companies expanded their volume during 1957—by 8 percent to nearly $950 million. This increased their share of the total to 42 percent, from 33 percent in 1956, and their lead over the other types of institutions by a substantial margin. Although continuing as the second largest supplier of funds, national banks reduced their business in 1957 by roughly ½ to $358 million, or 16 percent of the total—significantly below the 26 percent per share in 1956. State bank originations were off ⅓ to $232 million or about 10 percent of the total amount. This ranked them slightly below savings and loan associations, which financed $242 million or 11 percent, and savings banks with $234 million or nearly 10½ percent—reflecting the appreciably smaller cutbacks made by these types of institutions. The Federal agency originations of over $7½ million—unusually large for this type of institution—represented almost exclusively mortgage lending by the Office of the Administrator of the HHFA in connection with the disposition of federally-owned residences at atomic energy installations.

As shown in Table III-17, the different types of financial institutions are proportionately more active in certain FHA home mortgage programs than others. In all of the programs except Section 220, mortgage companies were the predominant type in 1957, their participation ranging from 5 percent in Section 220 to 96 percent in Section 809. (These observations exclude activity under the expired Section 8 and 903 programs.) State banks accounted for the other 95 percent of Section 220 home mortgages. Significant portions of the financing under Section 203(i) and the regular Section 203 program were provided by national banks and savings and loan associations; under Section 213 homes by insurance companies and commercial banks; and under Section 222 by savings and loan associations and national and savings banks.

Table III-18 shows the trend for certain postwar years in the portions of FHA-insured financing done by the various types of financial institutions in connection with home mortgages, multifamily project mortgages, and property improvement loans. The most significant developments in FHA home-mortgage financing have been the expanding role of mortgage companies; the decline of insurance company participation; the tendency of national banks to provide from $\frac{1}{5}$ to $\frac{1}{4}$ of the financing and for savings and loans associations to provide about $\frac{1}{10}$; and the steady rise in the savings banks' share since 1954.

Multifamily Housing Mortgage Financing.—State banks, again assuming the lead generally held by this type of institution, originated the largest share (38 percent) of multifamily housing mortgages in 1957. Except for 1955 and 1956, these institutions have led in originations in each of the last ten years. During those two years, national banks predominated by a small margin; otherwise, they ranked second in the period 1950 through 1957 in this phase of FHA-insured mortgage financing. Combined operations during this period of these two leading originators have involved one-half or more of all multifamily housing originations in any one year and in 1957 accounted for $7 of every $10 used for the original financing of multifamily housing mortgages. A proportional comparison of total home and total project mortgage originations in 1957 by type of mortgagee is shown in Chart III–10 in which project mortgages accounted for one-fifth of the

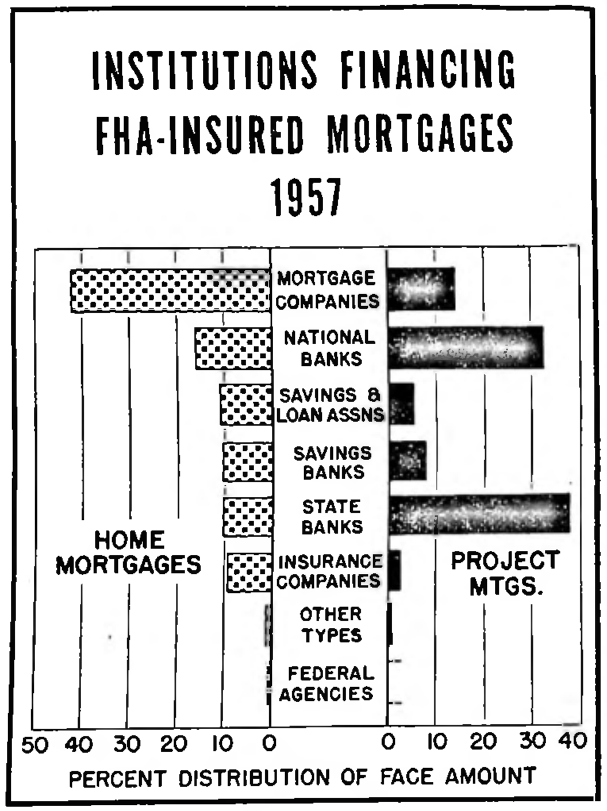

CHART III–10

TABLE III–17.—*Financing of FHA-insured mortgages and loans by type of institution, 1957*

[Dollar amounts in thousands]

Section	Type of institution: National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other [1]	Total [2]
Number of mortgages and loans:									
Home programs:									
Sec. 8			7		1				8
Sec. 203 (i)	542	246	1,939	146	591	43		10	3,517
Sec. 203 (other)	29,408	18,218	70,419	15,550	21,309	19,494	1,617	2,176	178,311
Sec. 213H	436	397	2,824	437	22				4,116
Sec. 220H		430	20			1			451
Sec. 221H	11	17	432	33	10	1		3	516
Sec. 222	1,052	676	5,915	800	1,155	1,040	1	116	10,755
Sec. 809		21	689	6	1				717
Sec. 903			37						37
Total	31,509	20,005	82,282	16,972	23,158	20,579	1,618	2,305	198,428
Project programs:									
Sec. 207	7	8	17	3		7		2	44
Sec. 213 sales	32	13	212	15	11			8	291
Sec. 213 management	3	7	4			5			10
Sec. 220P		12		1	1	6			20
Sec. 803 military	2								2
Sec. 803 armed services	55	45	7		7	5			110
Total	99	85	240	19	19	23		10	495

See footnotes at end of table.

TABLE III–17.—*Financing of FHA-insured mortgages and loans by type of institution, 1957*—Continued

Section	Type of institution: National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other [1]	Total [2]
Property improvement loans:									
Sec. 2	563,917	346,836	7,473	48	106,228	26,078		61,382	1,111,962
Total all programs	595,525	366,926	89,095	17,039	129,405	46,680	1,618	63,697	1,310,885
Face amount of mortgages and loans:									
Home programs:									
Sec. 8			$40		$6				$46
Sec. 203 (i)	$3,568	$1,601	12,691	$999	3,916	$278		$66	23,120
Sec. 203 (other)	333,667	210,733	807,180	184,974	222,154	220,055	$7,682	23,011	2,009,466
Sec. 213H	6,106	5,880	33,659	6,683	296				52,632
Sec. 220H		4,600	235			9			4,843
Sec. 221H	86	159	3,757	286	155	8		27	4,477
Sec. 222	14,329	9,069	82,463	11,099	14,981	13,660	5	1,473	147,079
Sec. 809		243	8,364	88	8				8,704
Sec. 903			318						318
Total	357,757	232,293	948,715	204,129	241,516	234,010	7,687	24,578	2,250,685
Project programs: [3]									
Sec. 207	5,471	11,435	14,784	493		7,722		1,460	41,366
Sec. 213 sales	7,960	4,989	46,795	10,606	5,750			791	76,891
Sec. 213 management	3,754	12,553	8,177			8,931			33,415
Sec. 220P		37,137		2,873	3,200	16,720			59,929
Sec. 803 military	3,957								3,957
Sec. 803 armed services	173,934	160,593	14,054		21,345	11,865			381,791
Total	195,075	226,707	83,810	13,972	30,295	45,238		2,251	597,348
Property improvement loans:									
Sec. 2	435,587	269,492	8,638	42	91,274	20,372		43,163	868,568
Total all programs	988,419	728,492	1,041,162	218,144	363,084	299,620	7,687	69,992	3,716,600
Percentage distribution of amount:									
Home programs:									
Sec. 8			87.5		12.5				100.0
Sec. 203 (i)	15.4	6.9	54.9	4.3	17.0	1.2		0.3	100.0
Sec. 203 (other)	16.6	10.5	40.2	9.2	11.1	10.9	0.4	1.1	100.0
Sec. 213H	11.6	11.2	63.9	12.7	.6				100.0
Sec. 220H		95.0	4.8			.2			100.0
Sec. 221H	1.9	3.5	83.9	6.4	3.5	.2		.6	100.0
Sec. 222	9.7	6.2	56.1	7.5	10.2	9.3	(4)	1.0	100.0
Sec. 809		2.8	96.1	1.0	.1				100.0
Sec. 903			100.0						100.0
Total	15.9	10.3	42.2	9.1	10.7	10.4	.3	1.1	100.0
Project programs:									
Sec. 207	13.2	27.7	35.7	1.2		18.7		3.5	100.0
Sec. 213 sales	10.3	6.5	60.9	13.8	7.5			1.0	100.0
Sec. 213 management	11.2	37.6	24.5			26.7			100.0
Sec. 220P		62.0		4.8	5.3	27.9			100.0
Sec. 803 military	100.0								100.0
Sec. 803 armed services	45.5	42.1	3.7		5.6	3.1			100.0
Total	32.7	37.9	14.0	2.3	5.1	7.6		.4	100.0
Property improvement loans:									
Sec. 2	50.2	31.0	1.0	(4)	10.5	2.3		5.0	100.0
Total all programs	26.6	19.6	28.0	5.9	9.8	8.0	.2	1.9	100.0
Number of financing institutions:									
Home programs:									
Sec. 8			1		1				2
Sec. 203 (i)	23	20	89	14	76	8		4	234
Sec. 203 (other)	1,028	1,129	704	312	955	272	2	38	4,530
Sec. 213H	9	3	21	4	3				40
Sec. 220H		1	3				1		5
Sec. 221H	2	4	44	1	7	1		1	60
Sec. 222	110	92	302	82	171	117	1	13	978
Sec. 809		1	20	1	1				23
Sec. 903			1						1
Project programs:									
Sec. 207	3	6	5	2		4		1	21
Sec. 213 sales	9	5	37	4	3			1	59
Sec. 213 management	1	4	2			3			10
Sec. 220P		5		1	1	3			10
Sec. 803 military	2								2
Sec. 803 armed services	12	9	6		2	2			31

[1] On this and following lending institution tables, includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[2] As tabulated in Washington.
[3] Includes miscellaneous small adjustments due to amendments of mortgages.
[4] Less than 0.05 percent.

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

Program	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
	Percentage distribution of face amount or net proceeds								
Home mortgages:									
1946	24.3	17.7	26.7	15.4	9.8	3.2		2.9	100.0
1950	15.8	13.8	27.7	20.8	10.8	7.6		3.5	100.0
1954	22.0	12.5	35.2	11.8	10.8	5.8		1.0	100.0
1955	22.4	12.7	33.3	11.1	12.3	7.2		1.0	100.0
1956	25.8	13.2	33.2	8.4	9.5	9.0	(1)	.9	100.0
1957	15.9	10.3	42.2	9.1	10.7	10.4	0.3	1.1	100.0
Project mortgages:									
1946	0.7	35.3	23.0	30.5	1.5				100.0
1950	23.6	42.4	8.6	8.3	1.1	13.6	0.5	1.0	100.0
1954	23.9	33.7	20.9	4.5	.5	14.5		2.0	100.0
1955	35.5	33.9	19.1		.5	9.8		1.2	100.0
1956	38.5	38.0	5.5	3.3		14.6		.1	100.0
1957	32.7	37.0	14.0	2.3	5.1	7.6		.4	100.0
Property improvement loans: [2]									
1950	52.8	29.2	0.6		4.6	1.3		11.5	100.0
1954	51.4	30.2		(1)	9.0	2.3		7.1	100.0
1955	38.2	40.5	1.0	(1)	8.7	2.2		9.4	100.0
1956	47.0	32.6	0.3		8.5	2.6		9.1	100.0
1957	50.2	31.0	1.0	(1)	10.5	2.3		5.0	100.0

[1] Less than 0.05 percent.
[2] Based on the 1950 Reserve.

Table III-19.—*Holdings of FHA-insured mortgages by type of institution, as of December 31, 1957*

[Dollar amounts in thousands]

Section	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total [1]
	Type of institution								
Number of mortgages:									
Home programs:									
Sec. 8	1,857	1,668	310	4,085	8,641	8,775	9,168	706	35,210
Sec. 203	374,227	191,614	40,696	701,355	189,543	341,999	50,922	29,443	1,919,799
Sec. 213H	343	93	1,422	3,401	20	1,204	6,228	2,775	15,486
Sec. 220H		95	10	7			369		481
Sec. 221H	2	12	229		12	1	160	3	419
Sec. 222	5,104	1,064	2,325	8,106	2,674	5,038	3,052	392	27,755
Sec. 603	32,963	21,165	3,999	115,330	14,425	32,851	11,648	3,963	236,344
Sec. 809		1	351	24			281		657
Sec. 903	791	291	1,109	991	459	1,626	42,250	62	47,579
Total	415,287	216,003	50,451	833,299	215,774	391,494	124,078	37,344	2,283,979
Project programs:									
Sec. 207	22	42	25	87	9	181	20	37	423
Sec. 213 sales	20	13	111	9	9				162
Sec. 213 management	4	20	4	4		92	11	9	144
Sec. 220P		15		1	1	8			25
Sec. 608	251	340	254	3,174	51	1,669	11	288	6,038
Sec. 803 military	2	11	10	72		75	52	31	256
Sec. 803 armed services	54	48	9	1	7	5	7	5	136
Sec. 908	2	7		10	2	16	32	2	71
Total	355	496	418	3,358	79	2,046	133	375	7,255
Total homes and projects	415,642	216,499	50,864	836,657	215,853	393,540	124,211	37,719	2,291,052
Face amount of mortgage:									
Home programs:									
Sec. 8	$9,067	$8,491	$1,693	$21,610	$46,276	$47,003	$50,801	$3,688	$188,627
Sec. 203 [2]	3,208,199	1,616,410	410,580	5,927,670	1,589,172	2,000,955	451,366	230,921	16,425,279
Sec. 213H	4,202	1,207	16,723	36,298	270	12,804	58,433	28,843	158,779
Sec. 220H		1,043	123	75			3,893		5,135
Sec. 221H	13	117	2,011		92	8	1,379	27	3,646
Sec. 222	66,255	14,427	32,285	112,078	33,056	68,256	37,729	5,422	370,408
Sec. 603 [3]	210,430	132,955	26,464	776,518	91,680	235,019	72,735	25,185	1,570,886
Sec. 809		12	4,215	346			3,391		7,964
Sec. 903	7,191	2,657	9,626	8,32[illegible]	3,782	15,500	385,744	535	433,355
Total [4]	3,511,357	1,777,318	503,720	6,882,923	1,765,127	3,369,544	1,065,471	294,620	19,170,570
Project programs:									
Sec. 207	11,428	32,128	18,504	51,202	2,414	163,075	21,851	20,517	321,120
Sec. 213 sales	5,163	4,089	26,066	8,205	5,480				49,004
Sec. 213 management	4,805	38,218	7,185	7,687		165,176	8,023	19,454	250,547
Sec. 220P		42,941		2,873	3,200	20,290			69,304
Sec. 608 [3]	35,850	102,302	199,023	1,101,529	11,261	1,105,206	23,013	245,462	2,973,647
Sec. 803 military	2,654	26,165	22,453	219,312		161,070	125,510	104,745	661,908
Sec. 803 armed services	183,737	176,754	20,547	2,809	21,345	11,865	16,797	22,071	456,015
Sec. 908	717	5,702		7,498	219	14,727	17,012	1,310	48,124
Total	244,353	489,200	293,770	1,491,205	43,919	1,641,409	213,106	413,597	4,830,568
Total homes and projects	3,755,710	2,266,518	797,498	8,374,128	1,809,047	5,010,953	1,278,576	708,218	24,001,145

See footnotes at end of table.

Table III-19.—*Holdings of FHA-insured mortgages by type of institution, as of December 31, 1957*—Continued

Section	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
	Type of institution								
Percentage distribution of amount:									
Home programs:									
Sec. 8	4.8	4.5	0.9	11.5	24.5	24.9	26.9	2.0	100.0
Sec. 203	19.5	9.8	2.5	36.1	9.7	18.2	2.8	1.4	100.0
Sec. 213H	2.6	.7	10.5	22.9	.2	8.1	36.8	18.2	100.0
Sec. 220H		20.3	2.4	1.5			75.8		100.0
Sec. 221H	.4	3.2	55.2		2.5	.2	37.8	.7	100.0
Sec. 222	17.9	3.9	8.7	30.2	9.2	18.4	10.2	1.5	100.0
Sec. 603	13.7	8.4	1.7	49.3	5.8	14.9	4.6	1.6	100.0
Sec. 809		.2	52.9	4.3			42.6		100.0
Sec. 903	1.7	.6	2.2	1.9	.9	3.6	89.0	.1	100.0
Total	18.3	9.3	2.6	35.9	9.2	17.6	5.6	1.5	100.0
Project programs:									
Sec. 207	3.6	10.0	5.8	15.9	0.7	50.8	6.8	6.4	100.0
Sec. 213 sales	10.3	10.0	52.2	16.5	11.0				100.0
Sec. 213 management	1.9	15.2	2.9	3.1		65.9	3.2	7.8	100.0
Sec. 220P		62.0		4.1	4.6	29.3			100.0
Sec. 608	1.2	5.4	6.7	40.1	.4	37.2	.8	8.2	100.0
Sec. 803 military	.4	4.0	3.4	33.1		24.3	19.0	15.8	100.0
Sec. 803 armed services	40.3	38.8	4.5	.6	4.7	2.6	3.7	4.8	100.0
Sec. 908	1.5	11.8		15.6	.5	30.6	37.2	2.8	100.0
Total	5.0	10.1	6.1	30.9	.9	34.0	4.4	8.6	100.0
Total homes and projects	15.7	9.4	3.3	34.9	7.5	20.9	5.3	3.0	100.0
Number of holding institutions:									
Home programs:									
Sec. 8	137	174	64	83	271	84	2	16	831
Sec. 203	2,533	3,334	914	620	1,884	388	4	195	9,881
Sec. 213H	7	6	22	5	1	9	1	3	54
Sec. 220H		1	3	1			1		6
Sec. 221H	2	3	32		4	1	1	1	44
Sec. 222	246	178	317	172	336	211	3	28	1,491
Sec. 603	753	978	138	252	599	183	2	46	2,951
Sec. 809		1	15	4			1		21
Sec. 903	24	18	46	10	26	34	1	6	174
Project programs:									
Sec. 207	10	15	11	29	8	35	1	10	119
Sec. 213 sales	7	5	36	4	2				54
Sec. 213 management	2	6	2	4		15	1	5	35
Sec. 220P		6		1	1	3			11
Sec. 608	36	42	20	109	24	82	1	18	332
Sec. 803 military	2	4	3	6		17	1	6	39
Sec. 803 armed services	13	8	7	1	3	2	1	4	39
Sec. 908	2	3		5	1	8	1	2	22

[1] Based on tabulations of audited cases.
[2] Includes Sec. 203 (i).
[3] Includes related Sec. 610 mortgages.
[4] Includes Sec. 611 single-family home mortgages not distributed by type of lending institution, 67 cases for $496,750.

$2.8 billion involved. Originations during the year for each of the project programs is presented in Table III–17 and the percentage distribution for all programs combined for selected years is shown in Table III–18. The relative participation of mortgage companies in 1957 rose to 14 percent of total project originations while savings banks slipped to 8 percent. These mortgagees originated 6 percent and 15 percent of project mortgages respectively in 1956.

Property Improvement Loan Financing.—Again in 1957, national banks continued to be the most active type of financial institution in the Title I program, accounting for over 50 percent of all insured property improvement loans (See Table III–18). State banks reported 31 percent of loans insured and, when combined with national banks, continued the pattern previously established by these two types of financial institutions of insuring 8 out of every 10 FHA property improvement loans. Savings and loan associations with 10 percent showed a small increase over the previous year, while the other types of institutions were less active than in 1956.

Mortgages Held in Portfolio

At the close of 1957, financial institutions were holding in their portfolios FHA-insured mortgages aggregating $24 billion in original face amount. The distribution of these holdings by type of institution is shown in Table III–19 for each of the home and project mortgage sections. About 9,900 institutions were holding FHA home mortgages and over 300 held FHA multifamily-project mortgages.

Insurance companies had the largest portfolio of FHA-insured mortgages—$8.4 billion or 36 percent of the total amount. Ranking next were savings banks with $4.7 billion or 21 percent, and national banks with $3.8 billion or 16 percent. As disclosed by Chart III–11, the home mortgage investments of all types of institutions except the "all other" group were substantially larger than their

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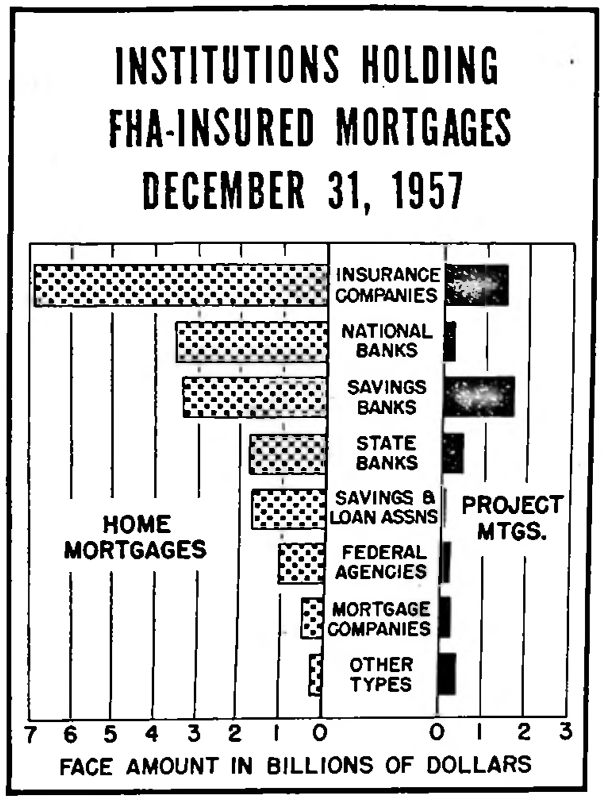

CHART III–11

project mortgage holdings. For certain types of institutions the *proportionate* shares of total home and project mortgage investments differed considerably, e. g., national banks, savings and loan associations, savings banks, mortgage companies, and the "all other group."

Home Mortgage Holdings.—On the basis of reports received and tabulated in Washington through December 31, 1957, financial institutions were holding nearly 2.3 million FHA-insured home mortgages with face amounts totaling $19.2 billion. Table III–19 shows that the largest investors were insurance companies with 833,000 mortgages amounting to $6.9 billion (36 percent of total), national banks with 415,000 mortgages amounting to $3.5 billion (18 percent of total) and savings banks with 391,000 mortgages amounting to $3.4 billion (18 percent of total). The FHA home mortgage portfolios of State banks and savings and loan associations were roughly the same size—216,000 mortgages amounting to $1.8 billion (9 percent of total), while Federal agency holdings—principally FNMA—totaled 124,000 mortgages for $1.1 billion (6 percent of total). (See Table III–19.)

The relative participation of the different types of institutions in FHA mortgage investment at the end of 1957 varied from program to program. As shown in Table III–19, major investors in Section 8 mortgages were Federal agencies, savings banks, and savings and loan associations; in Sections 203 and 222 mortgages—insurance companies, national banks, and savings banks; in Section 213—Federal agencies and insurance companies; in Sections 220 and 903—Federal agencies; and in Sections 221 and 809—mortgage companies and Federal agencies.

Each type of institution augmented its FHA home mortgage investments in 1957. Although the amount increases for savings banks and insurance companies were the largest, the most significant relative gains were those of Federal agencies (up 29 percent) and mortgage companies (up 26 percent). Most of the portfolio expansion represented Section 203 mortgages; however, all types of institutions acquired significant volumes of Section 213 and Section 222 mortgages during the year. The percentage distribution of the amount of FHA home mortgage investments among the different types of institutions was only slightly different at the end of 1957 than in 1956. The most significant changes were declines in the shares of the total held by insurance companies (from 37 to 36 percent) and national banks (from 19 to 18 percent), and increases registered by savings banks (from 17 to 18 percent) and Federal agencies (from 5 to 6 percent). The ranking of the different types of institutions by size of FHA home mortgage holdings remains the same as it has been each year since 1953. In the period since 1950, commercial bank and insurance company proportions of total FHA home mortgage holdings have tended to diminish while those of savings banks and Federal agencies have increased.

Multifamily Housing Mortgage Holdings.—Savings banks, as for the past several years, held in their portfolios at the end of 1957 the largest dollar volume (based on original face amounts) of FHA-insured multifamily housing mortgages. Though retaining the lead, these institutions fell 3 percentage points to 34 percent of total project holdings, while insurance companies, ranking second, dropped from 35 percent in 1956 to 31 percent at the end of 1957. As indicated in Table III–19, these two types of mortgagees combined now hold nearly two-thirds of all currently insured project mortgages. The proportional drop-off reported for these two types of mortgagees was, for the most part, absorbed by national banks and State banks, each of which increased their holdings by 3 percentage points to 5 percent and 10 percent of the total respectively. Federal agency holdings represent FNMA purchases of FHA-insured mortgages, with the bulk of these involving Section 803 mortgages; mortgage company holdings reflect, to a large extent, the activity of the Institutional Securities Corporation (organized and sponsored jointly by the savings banks of New York State), which held nearly three-fourths of the dollar volume of mortgages attributable to this type of mortgagee. The relative holdings of project mortgages, by type of mortgagee, and their comparison to home mortgage holdings is presented in Chart III–11. Project mortgages represented about one-fifth of the aggregate volume of FHA-insured mortgages held in the portfolios of all approved financial institutions.

Mortgages and Loans Purchased or Sold in 1957

Nearly 205,000 FHA-insured mortgages and property improvement loans with combined face amounts of $1.4 billion were bought or sold by some 1,900 institutions during 1957. Compared with 1956, transfers were off by 45 percent in number and 22 percent in amount, reflecting slowed trading in all types of FHA-insured obligations—home and project mortgages and property improvement loans. Data on the purchase activity of the various types of financial institutions is shown in Table III–20, while Table III–21 presents corresponding information on sales. In both tables, the data reflect resales.

Home mortgages comprised 86 percent of the total amount of transfers of FHA securities during 1957, project mortgages 10 percent, and property improvement loans 4 percent. Reflecting their leading roles in the transfer of FHA home mortgages, insurance companies, Federal agencies, and savings banks accounted for the largest amounts of purchases, and mortgage companies for the largest sales-volume of all types of FHA-insured obligations.

TABLE III–20.—*Purchases of FHA-insured mortgages and loans by type of institution, 1957*

[Dollar amounts in thousands]

Section	Type of institution								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
Number of mortgages and loans:									
Home programs:									
Sec. 8	4	8	24	18	20	16	8	4	102
Sec. 203	8,826	5,300	2,961	38,785	3,026	19,625	18,970	2,168	99,661
Sec. 213H	52		45			381	1,702	15	2,195
Sec. 220H				7			370		377
Sec. 221H					1		100		161
Sec. 222	95	135	64	2,739	106	996	2,332	135	6,662
Sec. 603	413	182	11	94	88	200		270	1,258
Sec. 809				19			281		300
Sec. 903		1	3		5	49	41		99
Total	9,390	5,626	3,108	41,662	3,306	21,267	23,864	2,592	110,815
Project programs:									
Sec. 207		2		4		7	1	6	20
Sec. 213 management							4	1	5
Sec. 220P		1							1
Sec. 608	1	1				14		5	21
Sec. 803 military				1		2	1		4
Sec. 803 armed services	2		2	1	1		7	5	18
Total	3	4	2	6	1	23	13	17	69
Property improvement loans:									
Sec. 2	46,590	47,414	3		3			8	94,027
Total all programs	55,992	53,044	3,113	41,668	3,310	21,290	23,877	2,617	204,911
Face amount of mortgages and loans:									
Home programs:									
Sec. 8	$23	$45	$133	$103	$105	$90	$40	$23	$562
Sec. 203	82,802	50,766	22,495	437,175	27,956	206,490	196,635	22,348	1,046,666
Sec. 213H	574		329			5,687	19,714	145	26,449
Sec. 220H				75			3,904		3,979
Sec. 221H					6		1,381		1,387
Sec. 222	1,196	2,015	681	38,570	2,180	14,614	29,389	1,875	90,520
Sec. 603	3,118	1,042	49	538	629	1,619		2,154	9,149
Sec. 809				279			3,391		3,671
Sec. 903		9	24		42	439	354		868
Total	87,712	53,878	23,710	476,741	30,917	228,939	254,808	26,545	1,183,251
Project programs:									
Sec. 207		513		5,549		16,775	700	6,233	29,770
Sec. 213 management							4,691	1,979	6,670
Sec. 220P		3,227							3,227
Sec. 608	176	87				14,008		6,576	20,847
Sec. 803 military				2,055		5,292	4,120		11,466
Sec. 803 armed services	6,727		6,727	2,890	2,284		16,797	22,071	57,504
Total	6,902	3,828	6,727	10,503	2,284	36,075	26,307	36,858	129,484
Property improvement loans:									
Sec. 2	27,064	28,923	1		4			2	56,594
Total all programs	122,279	86,629	30,438	487,244	33,205	265,014	281,115	63,405	1,369,329

TABLE III-20.—*Purchases of FHA-insured mortgages and loans by type of institutions, 1957*—Continued

Section	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
	Type of institution								
Percentage distribution of amount:									
Home programs:									
Sec. 8	4.1	8.1	23.7	18.2	18.7	16.0	7.1	4.1	100.0
Sec. 203	7.9	4.9	2.1	41.8	2.7	19.7	18.8	2.1	100.0
Sec. 213H	2.2		1.2			21.5	74.5	.6	100.0
Sec. 220H				1.9			98.1		100.0
Sec. 221H					.4		99.6		100.0
Sec. 222	1.3	2.2	.8	42.6	2.4	16.1	32.5	2.1	100.0
Sec. 603	34.1	11.4	.5	5.9	6.9	17.7		23.5	100.0
Sec. 809				7.6			92.4		100.0
Sec. 903		1.1	2.8		4.8	50.6	40.7		100.0
Total	7.4	4.6	2.0	40.3	2.6	19.4	21.5	2.2	100.0
Project programs:									
Sec. 207		1.7		18.6		56.4	2.4	20.9	100.0
Sec. 213 management							70.3	29.7	100.0
Sec. 220P		100.0							100.0
Sec. 608	0.8	.4				67.2		31.6	100.0
Sec. 803 military				17.9		46.2	35.9		100.0
Sec. 803 armed services	11.7		11.7	5.0	4.0		29.2	38.4	100.0
Total	5.3	2.9	5.2	8.1	1.8	27.9	20.3	28.5	100.0
Property improvement loans:									
Sec. 2	48.9	51.1	(1)		(1)			(1)	100.0
Total all programs	8.9	6.3	2.2	35.6	2.4	19.4	20.5	4.7	100.0
Number of Purchasing institutions:									
Home programs:									
Sec. 8	3	5	9	5	7	5	1	3	38
Sec. 203	265	310	132	226	246	167	1	55	1,402
Sec. 213H	2		1			1	1	1	6
Sec. 220H				1			1		2
Sec. 221H					1		1		2
Sec. 222	24	24	22	85	32	79	1	13	280
Sec. 603	11	16	2	4	9	12		2	56
Sec. 809				3			1		4
Sec. 903		1	2		1	2	1		7
Project programs:									
Sec. 207		2		4		5	1	3	15
Sec. 213 management							1	1	2
Sec. 220P		1							1
Sec. 608	1	1				4		3	9
Sec. 803 military				1		2	1		4
Sec. 803 armed services	1		1	1	1		1	4	9
Property improvement loans:									
Sec. 2	42	38	2		3			1	86

[1] Less than 0.05 percent.

TABLE III-21.—*Sales of FHA-insured mortgages and loans by type of institution, 1957*

[Dollar amounts in thousands]

Section	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
	Type of institution								
Number of mortgages and loans:									
Home programs:									
Sec. 8	9	16	46	1	10	18		2	102
Sec. 203	12,683	12,692	61,934	6,420	2,645	789	221	2,277	99,661
Sec. 213H	232	381	1,457	110				15	2,195
Sec. 220H		367	10						377
Sec. 221H	10		143	7	1				161
Sec. 222	433	523	5,209	189	176	8	7	117	6,662
Sec. 603	431	159	22	88	89	412	2	55	1,258
Sec. 809		22	278						300
Sec. 903	56	2	39			2			99
Total	13,854	14,162	69,138	6,815	2,921	1,229	230	2,466	110,815
Project programs:									
Sec. 207	2	9	6	1		2			20
Sec. 213 management		2	3						5
Sec. 220P						1			1
Sec. 608		3		3		15			21
Sec. 803 military	3		1						4
Sec. 803 armed services	9	6	2		1				18
Total	14	20	12	4	1	18			69

TABLE III-21.—*Sales of FHA-insured mortgages and loans by type of institutions, 1957*—Continued

Section	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
	Type of institution								
Property improvement loans:									
Sec. 2	26,306	47,897	15,847		571			3,316	94,027
Total all programs	40,264	62,070	84,907	6,810	3,493	1,247	230	5,782	204,911
Face amount of mortgages and loans:									
Home programs:									
Sec. 8	$50	$86	$258	$6	$49	$102		$10	$562
Sec. 203	125,921	125,794	668,743	67,488	20,081	7,372	$1,719	22,048	1,046,666
Sec. 213H	3,210	5,687	16,058	1,349				145	26,449
Sec. 220H		3,868	111						3,979
Sec. 221H	80		1,241	56	9				1,387
Sec. 222	5,459	6,705	71,785	2,604	2,333	97	87	1,440	90,520
Sec. 603	3,330	890	108	375	660	3,332	15	430	9,149
Sec. 800		255	3,416						3,671
Sec. 903	499	18	335			16			868
Total	138,548	143,313	762,055	71,878	30,032	10,920	1,821	24,683	1,183,251
Project programs:									
Sec. 207	521	23,829	2,519	1,500		1,402			29,770
Sec. 213 management		3,192	3,478						6,670
Sec. 220P						3,227			3,227
Sec. 608		6,265		2,267		12,314			20,847
Sec. 803 military	8,077		3,389						11,466
Sec. 803 armed services	29,791	18,703	6,727		2,284				57,504
Total	38,388	51,989	16,113	3,767	2,284	16,944			129,484
Property improvement loans:									
Sec. 2	13,956	29,858	10,642		342			1,796	56,594
Total all programs	190,893	225,160	788,810	75,645	32,658	27,863	1,821	26,479	1,369,329
Percentage distribution of amount:									
Home programs:									
Sec. 8	8.8	15.4	45.9	1.0	8.8	18.2		1.9	100.0
Sec. 203	12.0	12.0	63.9	6.4	2.6	.7	0.2	2.2	100.0
Sec. 213H	12.1	21.5	60.7	5.1				.6	100.0
Sec. 220H		97.2	2.8						100.0
Sec. 221H	5.8		89.5	4.1	.6				100.0
Sec. 222	6.0	7.4	79.3	2.9	2.6	.1	.1	1.6	100.0
Sec. 603	36.4	9.8	1.2	4.1	7.2	36.4	.2	4.7	100.0
Sec. 809		7.0	93.0						100.0
Sec. 903	57.5	2.1	38.6			1.8			100.0
Total	11.7	12.1	64.4	6.1	2.5	.9	.2	2.1	100.0
Project programs:									
Sec. 207	1.8	80.0	8.5	5.0		4.7			100.0
Sec. 213 management		47.9	52.1						100.0
Sec. 220P						100.0			100.0
Sec. 608		30.0		10.9		59.1			100.0
Sec. 803 military	70.4		29.6						100.0
Sec. 803 armed services	51.8	32.5	11.7		4.0				100.0
Total	20.6	40.2	12.4	2.9	1.8	13.1			100.0
Property improvement loans:									
Sec. 2	24.7	52.7	18.8		.6			3.2	100.0
Total all programs	14.0	16.5	57.6	5.5	2.4	2.0	.1	1.9	100.0
Number of selling institutions:									
Home programs:									
Sec. 8	4	6	15	1	3	1		2	32
Sec. 203	303	307	782	225	146	47	1	28	1,929
Sec. 213H	2	2	10	2				1	17
Sec. 220H		1	1						2
Sec. 221H	1		19	1	1				22
Sec. 222	59	58	364	48	32	5	2	12	580
Sec. 603	16	16	3	6	7	2	1	2	53
Sec. 809		1	7						8
Sec. 903	4	2	3			1			10
Project programs:									
Sec. 207	2	6	6	1		2			17
Sec. 213 management		1	1						2
Sec. 220P						1			1
Sec. 608		2		1		6			9
Sec. 803 military	3		1						4
Sec. 803 armed services	6	4	1		1				12
Property improvement loans:									
Sec. 2	31	58	7		3			7	106

Purchases and Sales of Home Mortgages.—Nearly 111,000 FHA-insured home mortgages amounting to $1,183 million were transferred during 1957, with 1,400 institutions making purchases and some 1,900 selling. Compared with 1956, the number of transfers was off by 27 percent, the amount by 21 percent. Of the total amount of home mortgages purchased and sold during 1957, Section 203 mortgages comprised 88 percent, Section 222 nearly 8 percent, and Section 213 about 2 percent.

Over four-fifths of the amount of FHA home mortgage purchases in 1957 were made by insurance companies ($477 million or 40 percent of total), Federal agencies ($255 million or 22 percent), and savings banks ($229 million or 19 percent). Reflecting the limited supply of mortgage funds, most of the different types of institutions curtailed their purchases of FHA home mortgages in 1957. The exceptions were Federal agencies which more than doubled the amount of their purchases, and mortgage companies whose purchase volume was one-eighth higher. The most significant decreases were those of the insurance companies whose purchases were down by 35 percent, and of savings banks whose purchases were 41 percent lower.

Table III–20 indicates that the different types of institutions accounted for varying proportions of purchases in each home mortgage program. Insurance companies did the largest share of buying under Sections 203 and 222. In the active special-purpose programs—Sections 213H, 220H, 221H, and 809—Federal agency (i. e., FNMA) purchases represented all but a small proportion of the total.

Although *sales* of FHA home mortgages declined significantly in 1957, the general pattern of distribution by the different types of institutions remained essentially the same. Mortgage companies maintained their predominance, accounting for 64 percent of the amount of the sales. State and national banks continued to rank next, each selling about 12 percent. (See Table III–21).

Most of the individual types of institutions sold fewer FHA home mortgages in 1957 than in the year before. Mortgage company sales dropped 21 percent to $762 million, those of State banks by 27 percent to $143 million, and those of national banks by 22 percent to $139 million. The only types of institutions which experienced gains in FHA home-mortgage sales were insurance companies (up 11 percent to nearly $72 million) and Federal agencies (up 4 percent to less than $2 million).

As shown in Table III–21, the largest volumes of sales in most of the individual home mortgage programs were made by the mortgage companies. Chief sellers of Section 220 mortgages were State banks; of Section 603 mortgages, national banks and savings banks; of Section 903 mortgages, national banks.

Purchases and Sales of Multifamily Housing Mortgages.—Project mortgage secondary market activity, continuing the decline of other recent years, fell 6 percent in 1957—totaling $129 million as compared with $137 million for 1956. Despite the general decline in transfers, Section 803 project mortgage activity rose sharply ($69 million over $37 million in 1956) and accounted for more than half of the 1957 volume. About one-sixth of the year's total for Section 803 and all the 1956 Title VIII transfers involved mortgages insured under the military (Wherry) housing provisions of the section. Data relative to secondary market operations by type of institution for the year 1957 are presented in Table III–20 for purchases and Table III–21 for sales of FHA-insured multifamily housing mortgages.

Miscellaneous-type institutions in 1957 purchased more project mortgages—29 percent of the total amount—than any other type of mortgagee, the first instance in which these mortgagees have predominated since summarization of this data was initiated in 1950. Over half of this year's volume of purchases by these institutions represented investments of retirement systems in multifamily housing mortgages. Savings banks, normally ranking first in purchases, dropped to second place (29 percent), while insurance companies, generally second most active, fell to only 8 percent of the total. Federal agency purchases rose to third place (20 percent) in 1957 as a result of FNMA special assistance functions involving to a large extent transfers of Section 803 armed services housing (Capehart) mortgages.

State banks led in sales of FHA-insured project mortgages during 1957 (two-fifths of the total dollar volume), as has been the case for all earlier years. These mortgagees have also led in originations, except for 1955 and 1956 when they ranked a close second, and have generally retained relatively few mortgages for their own portfolios. At the end of 1957 they held only one-tenth of the total face amount of all project mortgages with insurance in force. The same situation existed with national banks, which ranked second in sales for all years except 1955 and 1956 and second in originations each year but 1955 and 1956 when they predominated in project mortgage financing. By the end of 1957 they had retained only 5 percent (amount) of all currently insured project mortgages. In each case a portion of the holdings probably resulted from purchases of project mortgages, since both types of mortgagees have accounted for minor proportions of this phase of the secondary market operations in each year. Savings banks in 1957 dropped to third place (13 percent) in project mortgage sales. In 1955 and 1956 they ranked second, but in prior years they sold relatively little of the total volume for each year.

Purchases and Sales of Property Improvement Loans.—The summary of secondary market transactions presented in Tables III–20 and III–21 indicates the limited volume of trading in Title I notes. Only 86 financial institutions purchased and 106 sold these loans during 1957. Involved were 94,000 notes with outstanding proceeds of $56.6 million. National banks ($27.6 million) and State banks ($28.9 million) accounted for practically all purchases, while national banks with $13.9 million, State banks, $30.0 million, and mortgage companies, $10.6 million accounted for all but $2.0 million of total sales.

TERMINATIONS, DEFAULTS, AND CLAIMS PAID

This section of the report deals with terminations and defaults of FHA-insured home and multifamily project mortgages, and claims paid on defaulted Title I property improvement loans. As shown in Table III–3, FHA-insured mortgages and loans terminated through December 31, 1957 totaled over $20.6 billion, or 44 percent of the cumulative face amount of insurance written. Of the terminated amount, $11.2 billion represented home mortgages, $0.9 billion multifamily project mortgages, and $8.6 billion property improvement loans. Insurance terminated in 1957 totaled $1.8 billion—$857 million in home mortgages, $94 million in multifamily project mortgages, and $853 million in Title I property improvement loans.

Terminations of Home and Project Mortgages by Type

An FHA mortgage-insurance contract is terminated when one of the following events occurs:

1. The loan is paid off at maturity.
2. The loan is prepaid prior to maturity. If prepaid without refinancing or with the proceeds of a non-FHA mortgage involving the same or a new mortgagor, it is classified as a *prepayment in full*. If the prepayment involves refinancing with a new FHA-insured mortgage, it is classified as a *prepayment by supersession.*
3. The mortgage is foreclosed and title to the property is acquired by mortgagee. The mortgagee may either (1) transfer title to FHA in exchange for debentures and a certificate of claim for those foreclosure expenses not covered by the debentures, or (2) "withdraw" from the FHA insurance contract and forego the insurance privileges, in order to be free to market the property. Also classified as "withdraw-

TABLE III–22.—*Termination of FHA-insured home mortgages, by type, 1935–57*

[Dollar amounts in thousands]

	Total [1]		Sec. 8		Sec. 203		Sec. 213		Sec. 220		Sec. 221	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	4, 348, 490	$30, 682, 472	38, 345	$204, 260	3, 577, 538	$25, 722, 041	16, 703	$172, 392	512	$5, 485	536	$4, 636
Mortgages terminated:												
Prepaid in full	1, 637, 273	8, 900, 354	2, 011	9, 848	1, 340, 538	7, 310, 487	352	3, 297	1	11	----------	----------
Prepaid by supersession	343, 007	1, 972, 330	599	2, 941	256, 450	1, 515, 898	55	441	----------	----------	----------	----------
Matured loans	21, 400	72, 187	----------	----------	21, 384	72, 118	----------	----------	----------	----------	----------	----------
Properties acquired by mortgagee:												
Transferred to FHA	28, 178	199, 142	488	2, 656	8, 679	57, 545	151	1, 114	----------	----------	----------	----------
Retained by mortgagee	7, 544	46, 757	35	179	5, 145	32, 269	2	18	----------	----------	----------	----------
Other terminations	721	3, 507	2	9	570	2, 866	----------	----------	----------	----------	----------	----------
Total terminations	2, 038, 123	11, 104, 276	3, 135	15, 633	1, 632, 766	9, 000, 184	500	4, 870	1	11	----------	----------
Mortgages in force	2, 310, 367	19, 488, 196	35, 210	188, 627	1, 944, 772	16, 721, 858	16, 143	167, 522	511	5, 473	536	4, 636

	Sec. 222		Sec. 603		Sec. 603–610		Sec. 611		Sec. 809		Sec. 903	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	28, 881	$385, 676	624, 053	$3, 645, 217	3, 363	$16, 109	75	$556	728	$8, 831	57, 156	$517, 270
Mortgages terminated:												
Prepaid in full	287	3, 737	291, 500	1, 545, 236	795	3, 218	6	44	----------	----------	1, 783	15, 475
Prepaid by supersession	113	1, 382	85, 121	446, 786	176	720	2	15	----------	----------	491	4, 147
Matured loans	----------	----------	16	69	----------	----------	----------	----------	----------	----------	----------	----------
Properties acquired by mortgagee:												
Transferred to FHA	4	46	11, 542	73, 458	13	46	----------	----------	----------	----------	7, 301	64, 277
Retained by mortgagee	----------	----------	2, 359	14, 272	1	3	----------	----------	----------	----------	2	16
Other terminations	----------	----------	149	632	----------	----------	----------	----------	----------	----------	----------	----------
Total terminations	404	5, 165	390, 687	2, 080, 452	985	3, 987	8	59	----------	----------	9, 577	83, 915
Mortgages in force	28, 477	380, 511	233, 966	1, 564, 764	2, 378	12, 121	67	497	728	8, 831	47, 579	433, 355

[1] Excludes Sec. 2 home mortgages and Sec. 225 open-end advances.

als" are cases where the mortgage is foreclosed and the property is purchased by a party other than the mortgagee.

Over 2.0 million or 47 percent of all *home mortgages* insured by FHA had been terminated by the close of 1957. The proportions of terminations varied in the different programs from a high of 63 percent in the expired Section 603 program to a low of 1 percent in Section 222, with none under Sections 221 and 809. The 46 percent of the Section 203 cases which were terminated represented 80 percent of the total under all home mortgage programs.

Prepayments accounted for nearly all of the FHA home mortgage terminations through 1957—80 percent through prepayment in full and 17 percent through prepayment by supersession. As shown in Table III–22, prepayment was the chief reason for termination in all FHA home mortgage programs except Section 903, where foreclosures predominated.

Foreclosures were responsible for only 1.8 percent of FHA home mortgage terminations through 1957, with 1.4 percent resulting in transfer of the properties to FHA. The greatest number of foreclosures occurred under Section 603 and Section 203, each accounting for 39 percent of the total. These, however, represented less than 1 percent of total terminations under Section 203 and only 4 percent under Section 603. Section 903 had the highest proportion of foreclosures—76 percent of total terminations; therefore, although this program produced only 1 percent of the FHA-insured home-mortgages, it accounted for about 20 percent of total foreclosures under these programs.

In the majority (79 percent) of the foreclosure terminations, the mortgagees transferred the properties to FHA under terms of the insurance contracts. The disposition of these 28,200 properties is shown in Table III–23. Some 41 percent of the properties were originally insured under Section 603, 31 percent under Section 203, and 26 percent under Section 903. Through the end of 1957, three-fourths of the properties acquired under all sections had been sold—over one-eighth for all cash and nearly five-eighths for cash and notes. Most of the properties acquired under Section 203 (82 percent) and Section 603 (96 percent) had been sold, but two-thirds of the Section 903 properties were still on hand, probably reflecting the more recent acquisition of these properties. More detailed information on FHA financial experience with acquired properties is presented in Section 5 of this report.

Mortgagees relinquished their FHA insurance privileges in 7,500 or 21 percent of the foreclosure cases, preferring to dispose of the properties themselves. Two-thirds of these "withdrawal" cases involved Section 203 properties and the other one-third Section 603 properties.

A total of 1,872 FHA project mortgage insurance contracts with original face amounts of $857 million (about one-seventh of the total amount insured) had been terminated by the end of 1957. Insurance remaining in force at the year end covered 7,249 projects with original face amounts of $4,829 million.

Table III–24 indicates that the greater proportion of these terminations ($537 million) had resulted from prepayment of the mortgage prior to the maturity of the obligation (including those cases totaling about $17 million prepaid by supersession with another insured mortgage).

Default on the part of mortgagors accounted for nearly all of the remaining terminations. Default terminations occur when the mortgagee, in exchange for FHA debentures, assigns the mortgage to FHA without foreclosing, or forecloses and transfers title to the property to FHA. Also, the mortgagee may foreclose, withdraw from the mortgage insurance contract, and retain title to the property. To date, 608 project mortgages have been terminated as a result of default—372 with property titles transferred to FHA, 227 assigned to FHA without foreclosure, and 9 with property titles retained by the mortgagees. In 1957 the first mortgage (Section 207) was terminated through maturity of the obligation.

During 1957, 222 project mortgages were prepaid in full. The bulk (168) of these terminations were attributable to the Section 213 sales-type cooperative program, with the properties being released from the lien of the blanket mortgage upon completion of the project and conveyed to the individual members. This action dissolves the mortgagor corporation originally organized for the purpose of constructing single-family dwellings for members of the cooperative and constitutes prepayment in full of the project mortgage. There were 68 default terminations

TABLE III–23.—*Disposition of FHA-acquired home properties, Dec. 31, 1957*

Section	Total number acquired	Number of properties sold: Total	Sold for all cash	Sold for cash and notes [1]	Sold for notes only	Number of properties on hand
8	488	352	5	346	1	136
203	8,670	7,137	1,003	6,117	17	1,542
213	151	90	6	84		[2] 62
222	4	3		3		1
603 [3]	11,555	11,046	2,449	8,463	134	509
903	7,301	2,472	234	2,238		4,829
Total	28,178	21,100	3,697	17,261	152	7,079

[1] Or contracts of deed.
[2] Reflects FHA repossession of 1 property.
[3] Includes Sec. 603–610 cases.

TABLE III–24.—*Termination of FHA-insured multifamily housing mortgages, by type, 1935–57*

[Dollar amounts in thousands]

Disposition	Total [1]		Sec. 207		Sec. 213				Sec. 220	
					Sales		Management			
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	9,121	$5,685,418	821	$494,027	528	$207,441	147	$251,695	25	$69,304
Mortgage insurance terminated:										
Prepayments in full	1,219	519,237	333	133,424	363	155,345	1	201		
Prepayments by supersession	30	17,310	13	8,032						
Matured loans	1	500	1	500						
Default terminations:										
Mortgages assigned by mortgagee:										
Mortgage held or sold by FHA	227	142,551	7	8,300	2	1,974	1	700		
Title acquired by FHA	178	71,185	5	1,990	1	219				
Titles acquired by mortgagee:										
Property transferred to FHA	194	101,737	23	18,317			1	247		
Property retained by mortgagee	9	1,639	7	1,407						
Other terminations	14	2,598	9	938						
Total terminations	1,872	856,757	398	172,907	366	157,537	3	1,147		
Mortgages in force, Dec. 31, 1957	7,249	4,828,661	423	321,120	162	49,904	144	250,547	25	69,304

Disposition	Sec. 608		Sec. 608–610		Sec. 803				Sec. 908	
					Military		Armed Services			
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	7,045	$3,440,017	23	$8,360	274	$683,143	136	$456,015	97	$63,427
Mortgage insurance terminated:										
Prepayments in full	488	216,419	9	1,859						
Prepayments by supersession	17	9,278								
Matured loans										
Default terminations:										
Mortgages assigned by mortgagee:										
Mortgage held or sold by FHA	180	110,820			10	8,014			18	12,134
Title acquired by FHA	164	57,844			4	9,006			4	2,127
Titles acquired by mortgagee:										
Property transferred to FHA	161	78,254	1	263	4	3,014			4	1,042
Property retained by mortgagee	2	232								
Other terminations	5	1,660								
Total terminations	1,026	474,516	10	2,121	18	21,235			26	15,303
Mortgages in force, Dec. 31, 1957	6,019	2,965,501	13	6,238	256	661,908	136	456,015	71	48,124

[1] Total includes 25 projects for $11,990,630 insured under Sec. 611 which have been terminated.

TABLE III–25.—*Disposition of FHA-acquired multifamily housing properties and mortgages, December 31, 1957*

Section	FHA-acquired multifamily housing properties [1]					
	Total	Properties sold by FHA: Total	With reinsurance	Without reinsurance	With mortgage held by FHA	On hand
Number of projects:						
Section 207	28	24	7	6	11	4
Section 213 Sales	1	1			1	
Section 213 Mngt	1					1
Section 608	325	249	3	31	215	76
Section 608–610	1	1		1		
Section 803 Mil	8	1	1			7
Section 908	8	1			1	7
Total	372	277	11	38	228	95
Number of units:						
Section 207	4,231	3,704	1,491	852	1,361	527
Section 213 Sales	26	26			26	
Section 213 Mngt	22					22
Section 608	19,792	13,937	820	1,640	11,477	5,855
Section 608–610	150	150		150		
Section 803 Mil	1,523	125	125			1,398
Section 908	424	54			54	370
Total	26,168	17,996	2,436	2,642	12,918	8,172

Section	Mortgage notes assigned to FHA						
	Total	Mortgage note disposition: Total	Sold with reinsurance	Sold without reinsurance	Paid off	Foreclosed with property acquired by FHA	On hand
Number of projects:							
Section 207	12	6	1			5	6
Section 213 Sales	3	2		1		1	1
Section 213 Mngt	1						1
Section 608	353	166		1	1	164	187
Section 803 Mil	14	4				4	10
Section 908	22	4				4	18
Total	405	182	1	2	1	178	223
Number of units:							
Section 207	1,762	1,320	1,102			218	442
Section 213 Sales	211	170		144		26	41
Section 213 Mngt	70						70
Section 608	23,112	8,114		42	16	8,056	14,998
Section 803 Mil	2,172	1,069				1,069	1,103
Section 908	1,910	274				274	1,636
Total	29,237	10,947	1,102	186	16	9,643	18,290

[1] Includes projects acquired by FHA after assignment of mortgage notes to FHA.

TABLE III–26.—*Terminations of FHA-insured home mortgages, by years, 1950–57*

Year	Insurance written		Total terminations			Foreclosures [1]			FHA acquisitions		
	Number of cases for the period	Cumulative through end of year	Number for the period	Cumulative through end of year		Number for the period	Cumulative through end of year		Number for the period	Cumulative through end of year	
				Number	Percent of total insured		Number	Percent of total insured		Number	Percent of total insured
Total: [2]											
1950	341,032	2,628,197	131,833	1,116,795	42.50	2,610	16,301	0.62	1,860	12,707	0.48
1951	252,669	2,880,866	109,795	1,226,590	42.58	1,523	17,824	.62	1,142	13,849	.48
1952	234,426	3,115,292	101,134	1,327,724	42.62	1,478	19,302	.62	893	14,742	.47
1953	261,541	3,376,833	123,624	1,451,348	42.98	1,132	20,434	.61	733	15,475	.46
1954	214,237	3,591,070	131,910	1,583,258	44.09	3,415	23,849	.66	1,573	17,048	.47
1955	310,870	3,901,940	177,746	1,761,004	45.13	4,021	27,870	.71	3,796	20,844	.53
1956	248,121	4,150,061	159,458	1,920,462	46.28	5,268	33,138	.80	4,677	25,521	.61
1957	198,429	4,348,490	117,661	2,038,123	46.87	3,405	36,543	.84	2,657	28,178	.65
Section 8:											
1951	6,179	6,388	2	2	.03						
1952	5,815	12,203	89	91	.75	5	5	.04	2	2	.02
1953	4,379	16,582	193	284	1.71	64	69	.42	55	57	.34
1954	15,897	32,479	283	567	1.75	45	114	.35	25	82	.25
1955	5,714	38,103	754	1,321	3.46	79	193	.51	46	128	.34
1956	139	38,332	935	2,256	5.89	174	367	.96	141	269	.70
1957	8	38,345	879	3,135	8.18	217	584	1.52	219	488	1.27
Section 203:											
1950	338,125	2,000,812	97,144	880,845	44.02	677	6,324	.32	225	4,333	.22
1951	245,454	2,246,266	85,506	966,351	43.02	760	7,084	.32	407	4,740	.21
1952	212,748	2,459,014	81,301	1,047,652	42.60	684	7,768	.32	282	5,022	.20
1953	231,445	2,690,459	101,832	1,149,484	42.72	741	8,509	.32	263	5,285	.20
1954	175,698	2,866,157	105,603	1,255,087	43.70	1,131	9,640	.34	427	5,712	.20
1955	294,772	3,160,929	144,937	1,400,024	44.29	1,096	10,736	.34	485	6,197	.20
1956	234,929	3,395,858	133,083	1,533,107	45.16	2,089	12,825	.38	1,572	7,769	.23
1957	181,680	3,577,538	99,659	1,632,766	45.64	1,514	14,339	.40	910	8,679	.24
Section 213:											
1952	3,235	3,548	1	1	.03						
1953	2,689	6,237	10	11	.18						
1954	4,502	10,739	22	33	.31	4	4	.04	3	3	.03
1955	1,054	11,793	106	139	1.18	46	50	.42	14	17	.14
1956	677	12,470	216	355	2.85	62	112	.90	63	80	.64
1957	4,233	16,703	205	560	3.35	55	167	1.00	71	151	.90
Section 220:											
1957	455	512	1	1	.20						
Section 222:											
1955	6,635	6,645	13	13	.20						
1956	11,457	18,102	133	146	.81	1	1	.01			
1957	10,779	28,881	258	404	1.40	7	8	.03	4	4	.01
Section 603: [3]											
1950	2,698	627,176	34,689	235,950	37.62	1,933	9,977	1.59	1,635	8,374	1.34
1951	589	627,893	24,287	260,237	41.45	763	10,740	1.71	735	9,109	1.45
1952	45	627,942	19,743	279,980	44.59	789	11,529	1.84	609	9,718	1.55
1953	72	628,014	21,425	301,405	47.99	305	11,834	1.88	412	10,130	1.61
1954	1	628,016	25,113	326,518	51.99	1,114	12,948	2.06	427	10,557	1.68
1955		628,016	28,496	355,014	56.53	492	13,440	2.14	717	11,274	1.80
1956		628,016	21,633	376,647	59.97	317	13,757	2.19	101	11,375	1.81
1957		628,016	15,025	391,672	62.37	195	13,952	2.22	180	11,555	1.84
Section 903:											
1953	22,956	35,466	161	161	.45	22	22	.06	3	3	.01
1954	18,128	53,594	889	1,050	1.96	1,121	1,143	2.13	691	694	1.29
1955	2,695	56,289	3,438	4,488	7.97	2,308	3,451	6.13	2,534	3,228	5.73
1956	834	57,123	3,456	7,944	13.91	2,625	6,076	10.64	2,800	6,028	10.56
1957	33	57,156	1,633	9,577	16.76	1,416	7,492	13.11	1,273	7,301	12.77

[1] Includes terminations with titles transferred to FHA or retained by mortgagee; also foreclosed properties held by mortgagees pending redemption period or final disposition—61 under Sec. 8, 515 under Sec. 203, 14 under Sec. 213, 1 under Sec. 221, 4 under Sec. 222, 37 under Sec. 603, 189 under Sec. 903.

[2] Includes Sec. 221, 611, and 809 home mortgages and excludes Sec. 2, home loans.

[3] Includes Sec. 603–610 cases.

reported in 1957 which resulted in acquisition of the mortgage note or property by FHA. Included were 49 under the Section 608 program, 11 under Section 803, 7 under Section 908, and 1 Section 213 management type project.

The disposition of projects and mortgage notes acquired by FHA is shown in Table III–25. While the number of properties acquired by FHA through the end of 1957 increased to 372, sales were consummated on 89 properties during the year, leaving only 95 projects on hand.

This compares to 149 projects on hand at the end of 1956. Mortgage notes on hand, however, increased to 223 at the year end as compared to 190 as of December 31, 1956.

Terminations of Home and Project Mortgages by Years

The yearly and cumulative-to-date volumes of FHA home mortgage terminations, foreclosures, and FHA property acquisitions for the period 1950–57 are shown in Table III–26, together with their percentage relationship to insurance written. Continuing a downward trend, FHA home

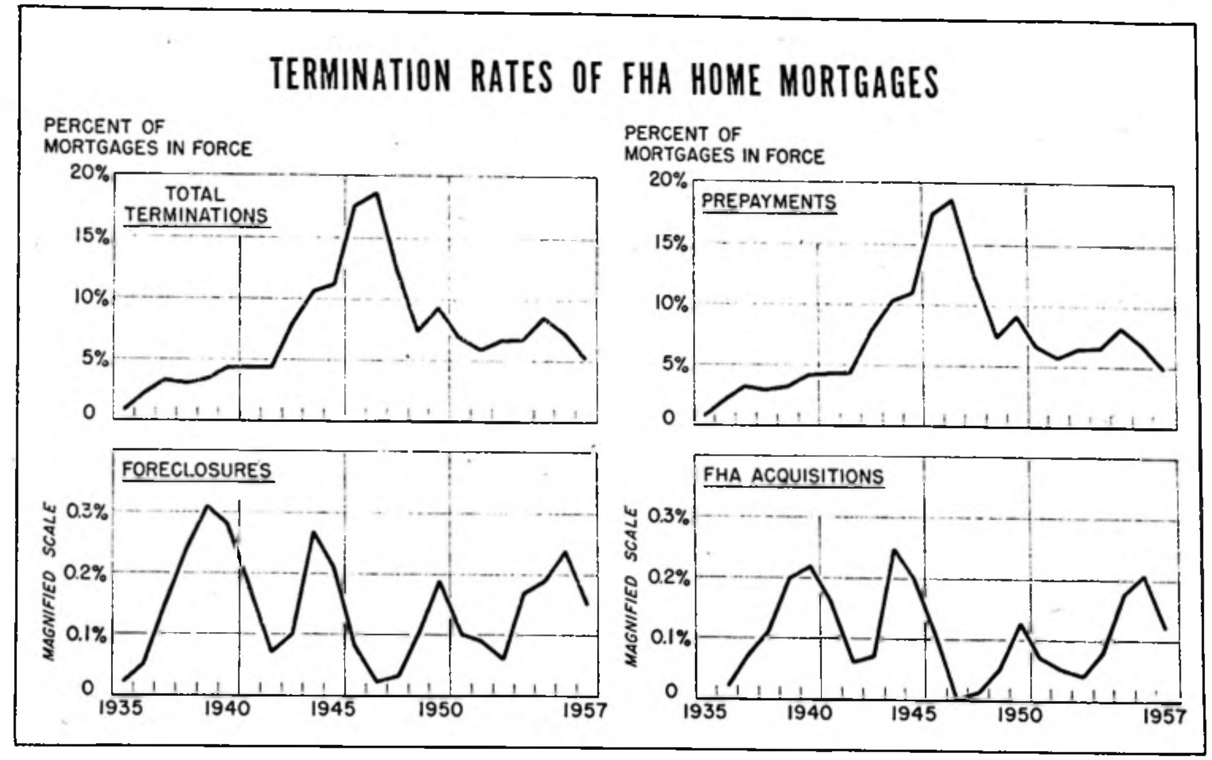

CHART III–12

mortgage terminations decreased 26 percent in 1957 to 117,700 cases. This decline reflected reductions of 25 percent in Section 203 and 31 percent in Section 603, with terminations under these sections comprising over 97 percent of the year's total. All but 5 percent of the FHA home mortgage terminations in 1957 resulted from prepayments; these predominated in all home mortgage sections except Section 903.

Foreclosures of FHA home mortgages declined in 1957—for the first time in four years—35 percent to 3,400. (Included are some 800 foreclosed properties being held by mortgagees pending expiration of redemption period or decision to transfer the property to FHA.) Some 1,500 or 44 percent of the foreclosures occurred under Section 203, and 1,400 or 41 percent under Section 903. The only programs in which the number of foreclosures rose in 1957 were Sections 8 and 222. (Table III–26).

Despite the decrease in the number of foreclosures, the ratio of cumulative foreclosures to insurance written continued to creep up in 1957—one percent from 0.80 to 0.84—because of the greater proportionate decrease in the volume of insurance. Foreclosure ratios in each of the individual home mortgage programs also registered increases—the largest occurring under Sections 8, 213, and 903.

Reversing a four-year uptrend, FHA acquisitions of home properties in 1957 dropped substantially (43 percent) to 2,700. With nearly half of these acquisitions occurring under Section 903 and one-third under Section 203, the overall decline stemmed from decreases of 55 and 42 percent, respectively, in the number of acquisitions under these two programs. In all other home mortgage programs, the number of properties transferred to FHA increased during 1957. Table III–26 shows that mortgagees have transferred properties to FHA after foreclosure in only 65 of every 10,000 cases endorsed for insurance through the end of 1957. This proportion varied in the different porgrams, e. g., 24 per 10,000 in Section 203, 184 per 10,000 in Section 603, and 1,277 per 10,000 in Section 903.

Chart III–12 delineates the trends in the yearly rates of terminations, prepayments, foreclosures, and FHA acquisitions under the home mortgage programs. These rates are the relationship between the specified termination items and the average number of home mortgages in force during the year.

With prepayments accounting for all but a small proportion of terminations each year, the trend in the termination rate has almost duplicated the trend in prepayments; the only difference was the minutely lower level of the prepayment rates. Similarly, the trend of FHA property acquisitions has paralleled that of foreclosures with a rate consistently somewhat lower than that of foreclosures, reflecting the transfer

TABLE III-27.—*Terminations of FHA-insured multifamily housing mortgages, by years, 1950–57*

Year	Total terminations					Default terminations [1]				
	Number for the period		Cumulative through end of year			Number for the period		Cumulative through end of year		
	Number of mortgages	Number of units	Number of mortgages	Dwelling units: Number	Dwelling units: Percent of total insured	Number of mortgages	Number of units	Number of mortgages	Dwelling units: Number	Dwelling units: Percent of total insured
Total: [2]										
1950	137	10,961	553	52,232	10.54	66	2,646	112	9,005	1.82
1951	151	10,436	704	62,668	11.00	82	4,306	194	13,311	2.34
1952	99	8,321	803	70,989	11.65	39	3,162	233	16,473	2.70
1953	139	12,239	912	83,228	13.00	68	5,395	301	21,868	3.42
1954	187	12,013	1,129	95,241	14.25	76	5,548	377	27,416	4.10
1955	290	16,991	1,419	112,232	16.56	98	6,900	475	34,325	5.06
1956	162	16,022	1,581	128,254	18.62	65	7,536	540	41,861	6.08
1957	291	10,824	1,872	[3] 139,078	18.99	68	4,286	608	46,147	6.30
Section 207:										
1950	18	2,883	327	37,252	81.16	—	—	25	4,483	9.77
1951	6	527	333	37,779	74.38	—	—	25	4,483	8.83
1952	10	733	313	38,512	67.76	1	20	26	4,503	7.92
1953	9	968	352	39,480	61.68	3	159	29	4,662	7.28
1954	12	1,136	364	40,616	53.83	1	214	30	4,876	6.46
1955	20	1,710	384	42,326	52.54	10	887	40	5,763	7.15
1956	9	763	393	43,089	53.00	2	360	42	6,123	7.53
1957	5	203	398	[3] 43,292	50.48	—	—	42	6,123	7.14
Section 213 sales:										
1951	9	268	9	268	3.24	—	—	—	—	—
1952	10	1,794	19	2,062	11.42	1	144	1	144	.80
1953	23	4,028	42	6,090	23.76	2	67	3	211	.82
1954	55	2,874	97	8,964	78.12	—	—	3	211	1.84
1955	89	3,029	186	11,903	99.03	—	—	3	211	1.74
1956	12	420	198	12,413	92.88	—	—	3	211	1.58
1957	168	3,083	366	15,496	80.49	—	—	3	211	1.10
Section 213 Management:										
1954	1	12	1	12	.06	—	—	—	—	—
1955	1	44	2	56	.26	—	—	—	—	—
1956	1	70	3	126	.55	1	70	1	70	.30
1957	1	22	3	104	.40	1	22	2	92	.36
Section 608:										
1950	114	7,018	221	13,920	3.25	66	2,646	87	4,522	1.00
1951	131	9,168	352	23,088	4.99	82	4,306	169	8,828	1.91
1952	67	5,112	419	28,200	6.05	37	2,998	206	11,826	2.54
1953	105	6,925	524	35,125	7.54	63	5,169	269	16,995	3.65
1954	109	7,347	633	42,472	9.12	70	5,026	339	22,021	4.73
1955	165	10,300	798	52,772	11.33	75	4,200	414	26,230	5.63
1956	128	13,223	926	65,995	14.17	53	5,608	467	31,838	6.84
1957	100	6,343	1,026	[3] 72,338	15.53	49	3,047	516	34,885	7.49
Section 608–610:										
1950	4	960	4	960	24.58	—	—	—	—	—
1951	—	—	4	960	24.52	—	—	—	—	—
1952	1	10	5	970	24.78	—	—	—	—	—
1953	—	—	5	970	24.78	—	—	—	—	—
1954	1	10	6	980	25.03	—	—	—	—	—
1955	1	150	7	1,130	28.86	1	150	1	150	3.83
1956	3	48	10	1,178	30.09	—	—	1	150	3.83
1957	—	—	10	1,178	30.09	—	—	1	150	3.83
Section 803 Military:										
1954	1	55	1	55	.07	1	55	1	55	.07
1955	4	1,069	5	1,124	1.35	4	1,069	5	1,124	1.35
1956	2	550	7	1,674	1.99	2	550	7	1,674	1.99
1957	11	952	18	2,626	3.09	11	952	18	2,626	3.09
Section 908:										
1954	4	253	4	253	3.02	4	253	4	253	3.02
1955	8	594	12	847	9.08	8	594	12	847	9.08
1956	7	948	19	1,795	21.15	7	948	19	1,795	21.15
1957	7	265	26	2,060	24.28	7	265	26	2,060	24.28

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

[2] Includes Sec. 611.

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

to FHA of most of the properties acquired by mortgagees after default and foreclosure. The sharper fluctuation of the foreclosure and acquisition rates, it should be noted, is caused by their having been plotted on a magnified scale.

Prepayment (and hence total termination) rates were at an all-time high during the early postwar years when many mortgagors prepaid their obligations through accumulated savings, refinancing on more favorable terms, or upon sale of their homes to new owners. Prepayments were also at a high level during 1955–56—only 3 percent less than the number in 1946–47—but the rates were kept lower by the substantially greater size of the insurance-in-force volume.

The marked effect of economic conditions on FHA home mortgage foreclosure rates is indicated by the sharp rise during and following the 1937–38 recession and the 1948–49 inventory adjustment. Foreclosure rates also tend to mount following periods of peak-activity in special purpose programs, as in 1944–45 in the Section 603 war housing program and 1954–56 in the Section 903 defense housing program.

Table III-27 presents data showing the trend of multifamily housing mortgage contract terminations for the years 1950 through 1957. Mortgages securing nearly one-fifth of all dwelling units insured under these programs had been terminated by the end of 1957, with about one-third of the total number of units covered by terminated contracts being attributable to default on the part of mortgagors. The ratio of terminations to mortgage insurance written (based on units) did not change appreciably during 1957, reflecting both a marked decline in the number of units covered by terminated insurance contracts and an increased volume of insurance written. The increased number of mortgages terminated during the year reflected Section 213 sales-type cooperative operations in which termination occurs soon after insurance, the projects characteristically involving only small numbers of units. It may also be noted that the rising trend in the project termination ratio from 1950 through 1956 is at least partially attributable to the decline in the volume of insurance written during this period.

The Section 207 termination ratio during the period from 1950 through 1957 declined concurrently with the rise in the insuring activity under this program. Virtually all terminations reported under this program involved mortgages insured under the prewar provisions of the section. Some 96 percent of these prewar insured units have been accounted for by terminated insurance contracts.

More than one-half of all project terminations through 1957 resulted from the Section 608 program, though still involving but one-sixth of insured units under this section. Included are terminated mortgages representing over one-half of the dwelling units insured under the war housing provisions of the section which, in turn, represent 28 percent of all Section 608 terminations. Default terminations accounted for nearly one-half of all Section 608 terminations, stemming for the most part from mortgages insured under the postwar provisions of the program.

Section 611 is the only program for which all insured mortgages have been terminated. The volume of operations under this program, however, were negligible—less than $\frac{3}{10}$ of 1 percent of all dwelling units covered by project mortgage insurance. Section 908, also a relatively small program involving only 1 percent of the total project units insured, reported terminated insurance contracts which represented one-fourth of the program. These resulted solely from default on the part of mortgagors.

Defaults of Home and Project Mortgages by Years

As shown in Chart III-13, defaults of FHA-insured home mortgages continued to decline during 1957. Mortgagees reported that some 10,300 FHA home mortgages were delinquent as of the year end—14 percent less than in 1956 and (except for November 1957) the lowest number in over four years. These defaults represented only $\frac{45}{100}$ of 1 percent of the insured cases in force—the lowest ratio on record.

Table III-28 shows year-end trends for the period 1950–57 of total FHA home-mortgage defaults, those in the "foreclosure in process" stage, and those in the "mortgagee inventory" stage (i. e. completed foreclosure transactions on which FHA insurance was still in force pending expiration of redemption periods or mortgagee's decisions on disposition of the property). Most—three-fourths—of the FHA-insured home-mortgages in default at the end of 1957 were insured under Section 203; but these represented only $\frac{4}{10}$ of 1 percent of the insured cases in force under this section. Section 903 accounted for one-tenth of total defaults and had the highest default ratio (2.15 percent). Section 603, with one-eleventh of total defaults, had a default ratio of just under $\frac{4}{10}$ of 1 percent. In all FHA home mortgage programs, except Section 222, the number of delinquencies and the delinquency ratios at year end 1957 were below the comparable 1956 levels.

Foreclosure was in process at the close of 1957 on about 1,000 or one-tenth of the defaulted FHA home mortgages; these represented just over $\frac{4}{100}$ of 1 percent of the total number in force. In the "mortgagee inventory" category were another 800 or 8 percent of the defaulted mortgages, on which foreclosure had been completed; these represented slightly less than $\frac{4}{100}$ of 1 percent of the mortgages in force.

TABLE III-28.—*Default status of FHA-insured home mortgages, by years, 1950–57*

As of year end	Morgages in force	Defaults and potential FHA acquisitions: Total defaults — Number	Total defaults — Percent of in force	Foreclosures in process — Number	Foreclosures in process — Percent of in force	Mortgagee inventory[2] — Number	Mortgagee inventory[2] — Percent of in force
Total:[1]							
1950	1,511,402	17,058	1.13	1,167	0.08	050	0.06
1951	1,654,276	18,007	1.09	890	.05	607	.04
1952	1,787,568	10,502	.59	646	.04	513	.03
1953	1,925,485	10,778	.56	822	.04	299	.02
1954	2,007,812	16,231	.81	1,091	.05	1,371	.07
1955	2,140,936	14,988	.70	2,755	.13	807	.04
1956	2,229,509	11,973	.54	1,731	.08	695	.03
1957	2,310,307	10,333	.45	1,013	.04	821	.04
Section 8:							
1950	209	----	----	----	----	----	----
1951	6,386	7	.11	1	.02	----	----
1952	12,112	87	.72	5	.04	3	.02
1953	16,298	90	.55	12	.07	8	.05
1954	31,912	207	.65	19	.06	21	.07
1955	36,872	418	1.13	47	.13	49	.13
1956	36,076	533	1.48	75	.21	73	.20
1957	35,210	470	1.33	57	.16	61	.17
Section 203:							
1950	1,119,967	9,480	.85	502	.04	306	.03
1951	1,279,915	11,087	.87	515	.04	225	.02
1952	1,411,362	7,141	.51	438	.03	176	.01
1953	1,540,975	6,737	.44	511	.03	210	.01
1954	1,611,070	8,966	.56	681	.04	387	.02
1955	1,760,905	8,866	.50	1,515	.09	430	.02
1956	1,862,751	7,985	.43	830	.04	422	.02
1957	1,944,772	7,790	.40	803	.04	515	.03
Section 213:							
1951	313	----	----	----	----	----	----
1952	3,547	----	----	----	----	----	----
1953	6,226	40	.64	3	.05	----	----
1954	10,706	84	.78	16	.15	1	.01
1955	11,654	133	1.14	12	.10	33	.28
1956	12,115	145	1.20	27	.22	31	.26
1957	16,143	98	.61	20	.12	14	.09
Section 220:							
1956	57	----	----	----	----	----	----
1957	511	----	----	----	----	----	----
Section 221:							
1956	16	----	----	----	----	----	----
1957	536	1	.19	----	----	1	.19
Section 222:							
1954	10	----	----	----	----	----	----
1955	6,632	1	.02	----	----	----	----
1956	17,956	18	.10	1	.01	1	.01
1957	28,477	25	.09	4	.01	4	.01
Section 603:[3]							
1950	391,226	7,578	1.94	665	.17	614	.16
1951	367,656	6,913	1.88	383	.10	382	.10
1952	347,962	3,317	.95	203	.06	334	.10
1953	326,609	2,309	.71	178	.05	62	.02
1954	301,498	2,810	.93	190	.06	513	.17
1955	273,002	1,739	.64	200	.07	72	.03
1956	251,369	1,362	.54	96	.04	121	.05
1957	236,344	924	.39	69	.03	37	.02
Section 609:							
1956	12	----	----	----	----	----	----
1957	728	----	----	----	----	----	----
Section 903:							
1952	12,510	17	.14	----	----	----	----
1953	35,305	1,602	4.54	118	.33	19	.05
1954	52,544	4,164	7.92	185	.35	449	.85
1955	51,801	3,831	7.40	081	1.80	223	.43
1956	49,170	1,930	3.92	702	1.43	47	.10
1957	47,579	1,025	2.15	60	.13	189	.40

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

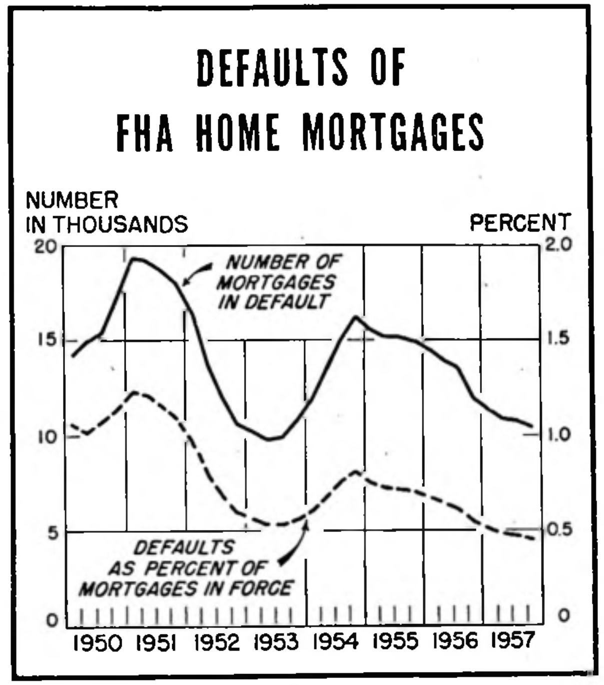

CHART III–13

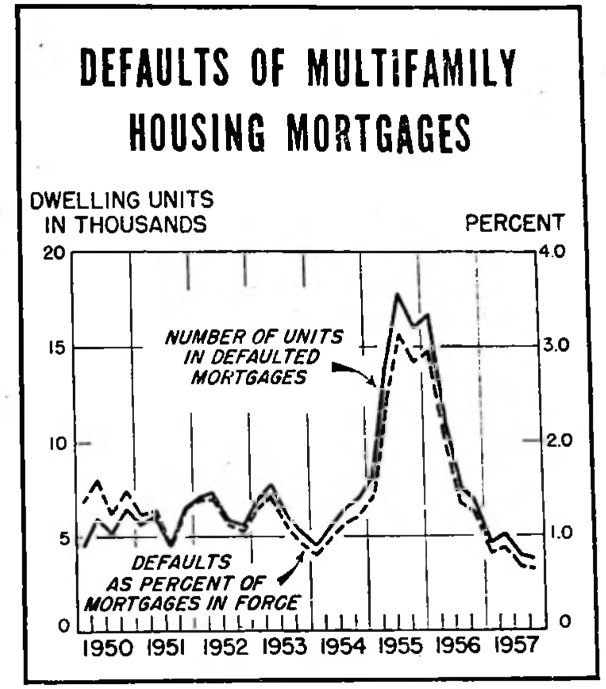

CHART III–14

Chart III-13 indicates that FHA home mortgage defaults have been falling—both in number and rate—since late 1954. A major factor in this development has been the shift of many of the delinquent mortgages from the "in force" to the "terminated" category as a result of foreclosure; over 13,200 mortgages were terminated as a result of foreclosure from December 1954 through December 1957. The high levels of employment and personal income during most of this period have also contributed to the improvement in the default situation, enabling most mortgagors to meet their obligations when due or to reinstate their mortgages after minor delinquency.

The default ratio for multifamily housing mortgages in force at the end of 1957 was $\frac{6}{10}$ of 1 percent—the lowest shown for any period covered by the recordation of these data.

The trend of insured project mortgages in force, those in default, defaulted mortgages in process of assignment to FHA, and properties being acquired by mortgages is shown in Table III–29 for each year end, 1950 through 1957. Of the 7,249 mortgages (593,500 units) covered by insurance in force at the end of 1957, only 34 involving 3,700 units were shown in default—4 of which were in the process of mortgage assignment or title transfer. Defaulted project mortgages together with cumulative FHA acquisitions (mortgage notes and property titles transferred to FHA) accounted for less than 7 percent of units covered by insurance written through 1957.

Acquisitions of mortgages and properties by FHA tend to decrease the default ratio by removing "sick" mortgages from those being considered. However the decreased default ratio at the end of 1957 did not result wholly from this. Of the 6,962 units covered by defaulted mortgages at the end of 1956, less than one-fourth involved mortgage note or property title transfers to FHA in 1957—the remainder, except for one project of 40 units which was still in default, returned to good standing. The largest proportion (three-fifths) of the mortgage note and title transfers to FHA during 1957 resulted from defaults reported during this same period.

Chart III-14 shows graphically the trend of project defaults. Generally the default ratio depicts the experience of the Section 608 program which accounted for two-thirds of all units at the end of 1957, decreasing proportionally each year from more than nine-tenths of project units covered by insurance in force in 1950. The bulk of all defaulted units during this period involved Section 608 mortgages except in 1954 (just over one-half) and 1955 and 1957 when less than one-half of the total were accounted for.

Terminations and Defaults by States

The FHA home mortgage termination and default situation in each State and Territory through the end of 1957 is indicated by the data in Table III–30. The first four columns show the total number of mortgages insured, the percent of these terminated, the percent foreclosed, and the percent of cases in which properties were transferred. The fifth column indicates the

Table III-29.—*Status of FHA-insured multifamily housing mortgages in force, by years, 1950–57*

Year	Insured mortgages in force		Insured mortgages in default			Mortgage notes being assigned to FHA			Projects being acquired by mortgagee		
	Number of mortgages	Number of units	Number of mortgages	Number of units	Percent of units in force	Number of mortgages	Number of units	Percent of units in force	Number of mortgages	Number of units	Percent of units in force
Total:[1]											
1950	6,673	443,106	113	6,495	1.47	12	212	0.05	30	1,033	0.44
1951	7,008	506,877	76	6,471	1.28	4	193	.04	8	916	.18
1952	7,149	538,395	70	5,585	1.04	2	208	.04	17	526	.10
1953	7,225	556,857	52	5,154	.93	6	446	.08	9	655	.12
1954	7,321	573,101	90	6,959	1.21	12	962	.17	21	1,314	.23
1955	7,112	565,541	80	15,966	2.82	11	1,242	.22	12	1,044	.18
1956	7,045	560,696	52	6,962	1.24	2	224	.04	9	485	.09
1957	7,249	593,481	34	3,728	.63	2	32	.01	2	404	.07
Section 207:											
1950	76	8,650	1	800	9.25						
1951	136	13,013									
1952	193	18,323	2	42	.23						
1953	266	24,530	1	214	.87				1	214	.87
1954	354	34,836	7	886	2.51	1	104	.30	2	150	.43
1955	381	38,234	8	2,532	6.62	1	299	.78	2	538	1.41
1956	384	38,207									
1957	423	42,467	3	454	1.07				2	404	.05
Section 213 sales:											
1950	6	285									
1951	11	1,945									
1952	24	3,832									
1953	12	1,719									
1954	76	2,510	1	274	10.92						
1955	4	117									
1956	39	951									
1957	162	3,757									
Section 213 management:											
1951	21	6,067									
1952	57	12,160									
1953	91	17,824									
1954	109	20,367									
1955	115	21,232	6	1,235	5.82						
1956	125	22,917	1	22	.10				1	22	.10
1957	144	25,609									
Section 220:											
1956	5	1,051									
1957	25	6,202									
Section 608:											
1950	6,510	413,909	112	5,695	1.38	12	212	.05	30	1,033	.47
1951	6,678	439,404	76	6,471	1.47	4	193	.04	8	916	.21
1952	6,630	437,749	67	5,524	1.26	2	208	.05	17	526	.12
1953	6,522	430,555	43	4,191	.97	6	446	.10	4	291	.07
1954	6,412	423,211	65	3,875	.92	8	616	.15	14	814	.19
1955	6,247	412,902	44	7,177	1.74	7	373	.09	5	156	.04
1956	6,119	399,679	38	5,689	1.42	1	24	.01	3	192	.05
1957	6,019	393,336	23	1,799	.46	2	32	.01			
Section 608–610:											
1950	18	2,945									
1951	19	2,955									
1952	18	2,945									
1953	18	2,945									
1954	17	2,935	1	150	5.11	1	150	5.11			
1955	16	2,785									
1956	13	2,737									
1957	13	2,737									
Section 803 military:											
1950	56	16,669									
1951	128	42,352									
1952	186	59,585									
1953	230	71,766									
1954	259	81,021	4	708	.87				1	200	.25
1955	263	82,213	14	4,212	5.12	1	350	.43	1	200	.24
1956	265	82,645	7	968	1.17	1	200	.24	2	109	.24
1957[2]	256	82,257	7	1,435	1.74						
Section 803 Armed Services:											
1955	1	420									
1956	17	5,819									
1957	136	30,691									
Section 908:											
1952	36	3,207									
1953	80	7,097	8	749	10.55				4	150	2.11
1954	92	8,126	12	1,066	13.12	2	92	1.13	4	150	1.85
1955	85	7,638	8	810	10.60	2	220	2.88	4	150	1.96
1956	78	6,690	6	283	4.23				3	72	1.08
1957	71	6,425	1	40	.62						

[1] Includes Sec. 611.
[2] Includes 63 projects involving 19,448 units acquired by the Department of Defense; of these, 3 projects (372 units) were in default status.

Table III-30.—*Terminations and default status of FHA-insured home mortgages, by States, as of Dec. 31, 1957*

State	Total mortgages insured 1935–57	Terminations, 1935–57: Total	Foreclosures[1]	FHA acquisitions	Insured mortgages in force Dec. 31, 1957	Defaults as of Dec. 31, 1957: Total	Foreclosures in process	Mortgagee inventory[2]	Insured mortgages in good standing Dec. 31, 1957
		As percent of insured				As percent of in force			
Alabama	50,784	42.38	1.72	1.51	20,264	0.18	0.01	(3)	29,210
Arizona	62,027	26.15	2.18	1.90	45,808	.56	.04	0.17	45,553
Arkansas	43,239	39.69	1.92	1.58	26,078	.46	.07	.02	25,958
California	702,161	51.28	.26	.15	342,106	.42	.03	.01	340 682
Colorado	49,183	46.03	.44	.32	26,546	.20	.02	.03	26,494
Connecticut	53,830	42.81	3.15	2.98	30,790	.36	.06		30.678
Delaware	9,701	49.40	.59	.20	4,909	.20	.04	.02	4,899
District of Columbia	7,215	61.79	.39	.07	2,757	1.31	.11	.18	2,721
Florida	130,899	31.13	.66	.46	90,156	.29	.02	.01	89,896
Georgia	74,713	39.86	2.18	1.96	44.936	.90	.04	.08	44,531
Idaho	24,311	47.26	.35	.23	12,822	.27	.03	.05	12,787
Illinois	182,482	61.69	.22	.09	69,917	.41	.05	.07	69,628
Indiana	140,177	49.24	.54	.31	71,148	.48	.08	.13	70,807
Iowa	43,181	48.49	.52	.39	22,241	.58	.05	.08	22,112
Kansas	80,655	42.24	1.44	1.15	46,588	.54	.07	.08	46,338
Kentucky	41,190	47.23	.30	.18	21,735	.23	.02	(3)	21,686
Louisiana	71,978	40.60	1.68	1.40	42,754	.57	.03	.04	42,509
Maine	16,307	47.64	2.62	2.16	8,570	1.55	.21		8,437
Maryland	63,012	52.08	2.20	1.97	29,626	.36	.03	.02	29,520
Massachusetts	31,851	46.69	2.02	1.61	16,979	.75	.11	.04	16,851
Michigan	294,702	46.04	.63	.32	159,019	.26	.03	.03	158,613
Minnesota	42,761	53.76	.84	.65	19,774	.52	.01	.04	19,672
Mississippi	30,219	39.79	.62	.44	18,195	.45	.02	.02	18,113
Missouri	114,121	48.51	.42	.35	58,757	.28	.01	.01	58,590
Montana	16,245	48.58	.10	.03	8,353	.23		.02	8,334
Nebraska	43,138	48.75	.57	.31	22,110	.70	.13	.03	21,956
Nevada	14,766	31.13	1.05	1.00	10,169	.46	.06	.03	10,122
New Hampshire	6,300	57.49	2.54	1.52	2,682	4.29	.11	.04	2,567
New Jersey	155,045	55.88	1.26	.93	68,676	.71	.13	.03	68,191
New Mexico	26,142	29.13	.15	.03	18,526	.20	.03	.05	18,489
New York	223,319	42.51	.95	.63	128,389	.63	.07	.02	127,582
North Carolina	52,456	38.56	.72	.54	32,231	.42	.03	.01	32,097
North Dakota	5,104	41.99	.39	.10	2,961	.88		.34	2,935
Ohio	213,910	54.32	.74	.65	97,710	.44	.07	.01	97,277
Oklahoma	102,114	41.57	1.04	.88	59,665	.38	.07	.05	59,441
Oregon	61,788	43.50	.67	.52	34,853	.53	.06	.08	34,670
Pennsylvania	210,418	56.37	.24	.09	91,805	.44	.02	.02	91,400
Rhode Island	12,580	41.90	1.26	.91	7,309	1.18	.03		7,223
South Carolina	37,795	40.23	5.11	4.78	22,591	1.22	.24	.17	22.316
South Dakota	15,368	48.07	.33	.12	7,980	.78	.03	.23	7,918
Tennessee	82,949	39.35	.61	.47	50,312	.20	.02	(3)	50,209
Texas	271,071	36.01	1.09	.88	173,454	.26	.03	.04	173,000
Utah	42,295	49.31	1.07	.95	21,441	.61	.01	.01	21.310
Vermont	5,674	58.92	1.43	.85	2,331	1.33	.04	.09	2,300
Virginia	95,382	42.14	1.44	1.30	55,187	.27	.01	.01	55,040
Washington	171,236	51.95	.45	.25	82,277	.53	.02	.04	81,842
West Virginia	26,477	55.89	1.28	1.13	11,678	.17			11,658
Wisconsin	36,564	59.63	.62	.48	14,761	.77	.02	.02	14,648
Wyoming	13,818	55.44	.25	.12	6,157	.42		.18	6,131
Alaska	3,321	31.23	8.19	8.16	2,284	3.63	1.31		2,201
Hawaii	14,451	33.26	.04	.02	9,644	.45			9,601
Puerto Rico	23,442	17.14	.24	.12	19,424	.33	.05	.02	19,359
Virgin Islands	19	5.26			18				18
Guam	274	4.01			263				263
Total[4]	4,344,855	46.91	.84	.65	2,306,732	.45	.04	.04	2,296,399

[1] Includes terminations with titles transferred to FHA or retained by mortgagees; and foreclosed properties in mortgagee inventory.
[2] Titles to foreclosed properties subject to redemption or held by mortgagees pending final disposition.
[3] Less than 0.005 percent.
[4] Cases tabulated in Washington through Dec. 31, 1957, excluding Title I, Sec. 2, homes.

number of FHA home mortgages in force at the year end. The percentages of these in default, in process of foreclosure, and in the "mortgagee inventory" are presented in the next three columns, while the last column lists the numbers of FHA home mortgages in good standing in each State.

Terminations in most of the States ranged between 40 and 60 percent of the cumulative number of mortgages insured. In 10 States and 2 Territories, the termination ratio was between 20 and 40 percent, and less than 20 percent only in the 3 Territories, where most of the insured cases are of comparatively recent origin. Only in the District of Columbia and Illinois did terminations exceed the 60 percent mark.

Foreclosures in the majority of the States affected less than 10 of every 1,000 FHA-insured home-mortgages, and less than 5 per 1,000 in over one-fourth of the States. Only 11 States had more than 15 foreclosures for each 1,000 insured cases, and only 8 States more than 20 per 1,000.

FHA home property acquisitions after foreclosure were at a somewhat lower rate, representing in the majority of the States less than 7 of each 1,000 insured cases and less than 5 per 1,000 cases in over two-fifths of the States. Acquisition ratios exceeded 10 of every 1,000 cases in less than one-third of the States and 20 of every 1,000 cases in only 3 States. Alaska had the highest FHA acquisition ratio—more than 80 of every 1,000 insured mortgages.

As shown in Table III-30, FHA home mort-

TABLE III-31.—*Terminations and default status of FHA-insured multifamily housing mortgages, by State location, as of December 31, 1957*

State	Total units covered by insurance 1935-57	Units in terminated mortgages 1935-57: Total	Default terminations: Total [1]	Default terminations: Mortgage notes assigned and held by FHA [2]	Default terminations: Property titles transferred to FHA	Units covered by mortgages in force as of Dec. 31, 1957	Units in default as of Dec. 31, 1957: Total	Units in default as of Dec. 31, 1957: Potential acquisitions [3]	Units covered by insured mortgages in good standing Dec. 31, 1957
		As percent of insured units					As percent of units in force		
Alabama	12,982	16.51	10.02	4.48	6.04	10,839	0.22	—	10,815
Arizona	7,833	39.42	2.18	.92	1.26	4,745	—	—	4,745
Arkansas	3,641	34.22	13.05	1.76	11.29	2,395	—	—	2,395
California	53,757	26.58	4.27	1.65	.57	39,469	.95	—	39,093
Colorado	3,836	21.25	2.50	2.50	—	3,021	—	—	3,021
Connecticut	7,461	16.57	1.88	1.88	—	6,225	—	—	6,225
Delaware	4,655	4.21	.80	—	.86	4,459	14.08	—	3,831
District of Columbia	21,102	32.05	5.44	1.94	3.51	14,338	.55	—	14,259
Florida	17,377	19.45	16.15	4.90	11.24	13,998	.07	—	13,988
Georgia	24,836	14.95	7.61	4.06	3.48	21,122	—	—	21,122
Idaho	1,136	46.21	46.21	19.28	26.94	611	—	—	611
Illinois	23,256	26.83	.21	—	.21	17,017	—	—	17,017
Indiana	9,859	15.61	8.69	6.53	2.16	8,320	.19	0.19	8,304
Iowa	1,985	9.02	—	—	—	1,806	—	—	1,806
Kansas	6,682	14.26	6.14	2.57	3.41	5,729	—	—	5,729
Kentucky	8,710	17.14	12.84	1.62	11.22	7,217	—	—	7,217
Louisiana	12,227	39.91	29.59	10.40	19.19	7,347	4.14	4.14	7,043
Maine	2,676	9.68	6.69	—	6.69	2,417	—	—	2,417
Maryland	44,803	15.69	2.02	.60	1.42	37,774	3.97	—	36,275
Massachusetts	5,641	17.46	12.64	—	12.64	4,656	—	—	4,656
Michigan	14,275	21.09	1.01	—	—	11,265	.36	—	11,225
Minnesota	6,363	23.24	11.50	2.67	8.68	4,884	—	—	4,884
Mississippi	3,202	33.82	33.14	8.31	24.83	2,119	—	—	2,119
Missouri	11,341	29.72	10.23	—	10.14	7,071	—	—	7,971
Montana	837	5.97	5.07	5.97	—	787	—	—	787
Nebraska	2,926	11.89	—	—	—	2,578	—	—	2,578
Nevada	2,483	23.84	—	—	—	1,891	—	—	1,891
New Hampshire	1,344	13.10	12.20	—	12.20	1,168	.68	—	1,160
New Jersey	60,000	18.37	6.94	4.83	2.06	48,979	—	—	48,979
New Mexico	3,295	13.32	—	—	—	2,850	—	—	2,850
New York	134,620	10.60	2.04	.71	1.09	120,347	.25	—	120,050
North Carolina	21,340	11.37	4.30	.20	4.10	18,013	—	—	18,913
North Dakota	154	43.51	43.51	43.51	—	87	—	—	87
Ohio	22,031	18.02	1.85	1.74	.10	18,798	—	—	18,798
Oklahoma	4,662	45.86	27.82	13.21	14.61	2,524	—	—	2,524
Oregon	5,415	16.92	8.03	8.03	—	4,490	2.47	—	4,388
Pennsylvania	26,905	20.11	3.98	3.28	.70	21,495	.57	—	21,373
Rhode Island	1,028	3.50	—	—	—	902	—	—	992
South Carolina	8,454	30.91	27.38	13.57	13.82	5,841	—	—	5,841
South Dakota	1,231	3.74	—	—	—	1,185	—	—	1,185
Tennessee	10,577	13.30	2.92	.95	1.98	9,170	—	—	9,170
Texas	35,437	15.96	9.92	.05	8.93	29,782	.17	—	29,730
Utah	1,754	28.05	25.88	24.40	1.48	1,262	—	—	1,262
Vermont	193	29.02	22.80	—	22.80	137	—	—	137
Virginia	46,558	23.24	5.13	.45	4.68	35,739	.13	—	35,693
Washington	10,575	27.91	14.71	3.73	10.89	7,624	.21	.21	7,608
West Virginia	806	31.14	9.55	3.97	5.58	555	—	—	555
Wisconsin	4,120	10.39	1.00	1.00	—	3,692	—	—	3,692
Wyoming	611	11.95	—	—	—	538	—	—	538
Alaska	3,853	13.83	13.83	10.54	3.30	3,320	3.01	3.01	3,220
Hawaii	4,561	3.86	—	—	—	4,385	—	—	4,385
Puerto Rico	6,253	26.55	26.55	25.36	1.18	4,593	—	—	4,593
Total	732,559	18.99	6.30	2.50	3.57	593,481	.63	.07	589,753

[1] Includes mortgage notes and property titles transferred to FHA and 9 projects involving 385 units retained by mortgagees with termination of FHA mortgage insurance contracts.

[2] Excludes mortgage notes foreclosed with title transferred to FHA and mortgage notes sold by FHA.

[3] Includes mortgage notes in process of assignment to FHA and property titles in process of acquisition by mortgagees.

gages were in default in every State and Territory except the Virgin Islands and Guam. In most States and Territories, defaults represented less than ½ of 1 percent of the insured mortgages in force. Default ratios exceeded 1 percent only in the District of Columbia, Maine, New Hampshire (with highest ratio of 4.29 percent), Rhode Island, South Carolina, Vermont, and Alaska.

Included in the total default category were cases in process of foreclosure and those where foreclosure had been completed with properties being held by mortgagees pending final disposition. At the end of 1957, home mortgage foreclosures in process exceeded 1 of every 1,000 insured cases in only 6 States, the District of Columbia, and Alaska, and only in the latter territory did the number of these foreclosure-in-process cases exceed 10 per 1,000. Mortgagee inventories of foreclosed properties awaiting further disposition was extremely low in most States and Territories. Only 6 States and the District of Columbia had more than one of every 1,000 cases in this category; and in none of these did the number exceed 4 per 1,000.

By the end of 1957 terminations of project mortgage insurance had been reported in all States.

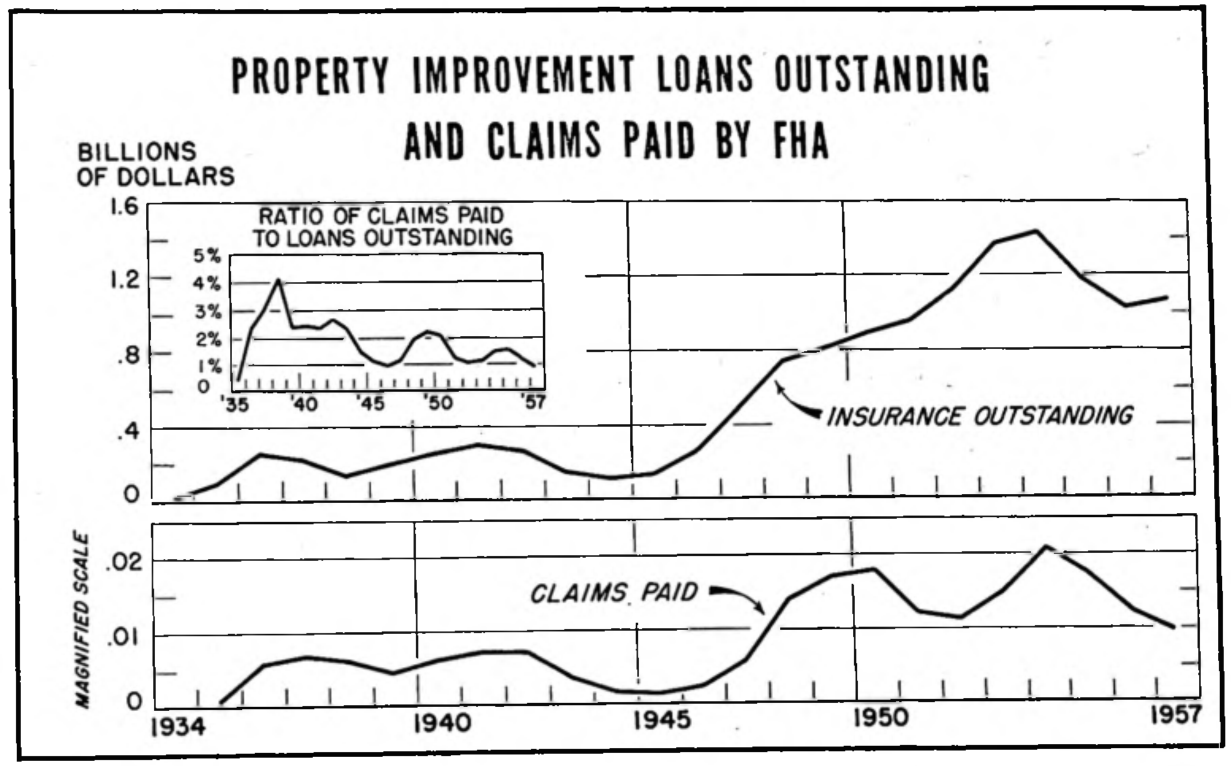

CHART III-15

As shown in Table III-31, 15 States, the District of Columbia, and Puerto Rico reported terminated mortgages covering more than one-fourth of all insured units in their respective areas. The highest ratio, 46 percent, was reported in the States of Idaho and Oklahoma. Only 6 States and Hawaii have reported less than 10 percent of their total insured project units as terminated to date.

Default terminations have been reported for all but 7 States and Hawaii. All terminations reported for 3 States, Alaska, and Puerto Rico resulted from defaults on the part of project mortgagors, while 17 States, Alaska, and Hawaii show one-tenth or more of all insured units in this category. However, nationally, only a little more than 6 percent of all insured units were involved in default terminations—3½ percent resulting in property acquisitions by FHA.

Insured-mortgage defaults were reported in 15 States, the District of Columbia, and Alaska at the end of 1957. In comparison, at the end of 1956, 22 States, the District of Columbia, Alaska, and Puerto Rico had defaulted project mortgages. Defaults in only one State—Delaware, with 14 percent—exceeded 4 percent of currently insured dwelling units, and this resulted from the experience of one project, since this is a relatively low-volume State. As of December 31, 1957, less than 1/10 of 1 percent of all units covered by insurance in force were involved in defaults that were considered potential FHA acquisitions.

Claims Paid on Property Improvement Loans

The average total net proceeds of the Title I loans outstanding during 1957 exceeded $1 billion for the sixth straight year (see Table III-32), increasing 4 percent over 1956 but still 25 percent below the 1954 peak when outstanding loans reached $1.4 billion. A 20 percent decline from 1956 brought claim payments down to $9.7 million in 1957, the lowest in 10 years.

Trend.—The combination of this substantial decrease in claim payments (a trend which has now persisted for four consecutive years) and the small increase in the average total net proceeds outstanding resulted for the second time in the history of Title I in a disruption of the usual general relationship between the volume of claims paid and loans outstanding. (See Chart III-15.)

Allowing for about a one-year lag, the volume of claims paid followed the trend of insurance outstanding from 1935 until the Korean crisis in 1950. From 1950 through 1952, while the volume of insurance in force continued to rise, claims paid were decreasing, primarily because of the relative prosperity prevailing during that time. In 1953 the original pattern was reestablished,

TABLE III–32.—*Property improvement loans outstanding and claims paid by FHA, 1934–57*

[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			1946	$262,376	$2,434	0.93
1935	93,582	$447	0.48	1947	501,171	5,830	1.16
1936	253,218	5,885	2.32	1948	748,438	14,346	1.02
1937	224,861	6,891	3.06	1949	803,203	17,494	2.18
1938	144,449	6,016	4.17	1950	889,433	18,148	2.04
1939	199,347	4,649	2.33	1951	959,394	12,086	1.26
1940	253,676	6,115	2.41	1952	1,130,827	11,524	1.02
1941	303,149	7,071	2.33	1953	1,377,679	14,995	1.09
1942	265,583	6,998	2.64	1954	1,430,558	21,047	1.47
1943	155,667	3,588	2.30	1955	1,175,670	17,648	1.50
1944	115,153	1,670	1.45	1956	1,029,367	12,242	1.19
1945	140,247	1,524	1.09	1957	1,072,848	9,723	.91

TABLE III–33.—*Claims paid on FHA property improvement loans, by State location, 1957 and 1934–57*

State	Claims paid, 1957			Claims paid, 1934–57			Percent of claims paid to loans insured
	Number	Amount	Average	Number	Amount	Average	
Alabama	394	$122,799	$312	10,702	$2,810,445	$263	2.12
Arizona	324	140,837	435	4,476	1,880,520	420	2.02
Arkansas	407	164,307	404	6,750	2,018,920	299	3.05
California	1,198	323,229	270	66,776	22,305,806	334	2.36
Colorado	311	129,016	415	4,371	1,603,538	381	1.72
Connecticut	88	32,882	374	6,022	2,178,085	362	2.37
Delaware	11	1,736	158	676	243,631	360	3.43
District of Columbia	296	93,865	317	4,424	1,428,018	323	2.47
Florida	650	266,481	410	14,789	5,427,537	367	2.00
Georgia	372	116,468	313	10,430	3,085,048	296	2.49
Idaho	179	91,759	513	3,798	1,620,310	427	2.38
Illinois	1,481	704,533	476	29,696	10,550,898	355	1.56
Indiana	905	290,264	321	22,370	6,458,522	289	2.00
Iowa	423	152,884	361	8,170	2,847,626	349	2.00
Kansas	440	151,511	344	6,351	1,863,762	293	1.87
Kentucky	360	120,183	334	6,754	2,151,704	319	1.96
Louisiana	401	144,447	360	7,063	1,917,007	271	1.73
Maine	103	33,909	329	3,551	1,161,717	327	2.80
Maryland	1,014	318,078	314	13,330	3,950,891	296	1.85
Massachusetts	473	171,296	362	16,622	5,685,393	342	2.16
Michigan	1,678	618,695	369	48,669	15,208,523	314	1.83
Minnesota	653	231,913	355	10,318	3,607,477	350	1.48
Mississippi	328	80,961	247	8,219	2,113,345	257	3.47
Missouri	755	243,069	322	15,505	4,514,558	289	1.82
Montana	83	52,107	628	1,579	696,135	441	1.96
Nebraska	158	70,620	447	3,147	1,082,608	344	1.79
Nevada	50	27,600	552	721	405,882	563	2.24
New Hampshire	95	31,728	334	2,561	842,149	329	3.40
New Jersey	820	341,841	417	27,685	9,621,896	348	2.31
New Mexico	51	24,371	478	1,552	618,337	398	1.92
New York	3,043	1,490,531	493	66,593	29,138,682	438	1.99
North Carolina	323	104,737	324	6,690	1,970,988	296	1.85
North Dakota	67	29,319	438	1,572	570,378	367	2.72
Ohio	1,154	388,224	336	29,437	9,876,791	336	1.69
Oklahoma	440	169,302	385	8,176	2,405,941	294	1.69
Oregon	235	111,968	476	7,302	2,681,203	363	2.25
Pennsylvania	985	291,848	296	34,346	10,807,380	315	2.11
Rhode Island	34	11,920	351	1,800	571,303	317	1.80
South Carolina	154	46,684	303	4,221	1,176,537	279	2.61
South Dakota	96	42,441	442	1,297	538,811	415	2.36
Tennessee	385	111,933	291	10,744	3,144,530	293	1.75
Texas	2,569	816,018	318	37,117	10,104,116	272	1.64
Utah	253	104,402	413	5,071	2,240,144	442	2.14
Vermont	45	14,590	324	1,709	644,536	377	5.83
Virginia	454	150,929	332	7,046	2,676,948	337	1.85
Washington	587	262,728	448	12,801	4,238,222	331	1.63
West Virginia	104	36,746	353	3,240	1,256,204	388	2.30
Wisconsin	208	96,343	463	7,169	2,504,992	362	1.97
Wyoming	18	11,664	648	585	311,177	532	2.53
Alaska	7	6,663	952	84	55,800	664	1.64
Hawaii	5	1,158	232	29	13,085	482	.45
Puerto Rico	17	11,743	691	4,479	1,314,385	293	3.83
Guam				3	1,347	449	.37
Total [1]	25,806	9,723,180	377	619,947	208,371,674	336	1.98

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

though without the one-year lag, and continued through 1956. During 1957, with the aggregate proceeds of loans outstanding increasing and claim payments decreasing, this pattern was broken for the second time, with the ratio of claims to average outstandings falling to 0.91 percent, the first time since 1946 and the second time in FHA history that it had been reported below one percent.

Since 1934, the insurance of over $10.5 billion under this program has been accompanied by claim payments to lenders of only $208 million—a ratio of 1.98 percent.

Of this $208 million total claims payment, FHA had effected cash recoveries amounting to $95 million by the end of 1957; additional expected future recoveries of $15 million would reduce the net claim payment total to $100 million, representing a cumulative loss ratio of only 0.94 percent, the lowest ratio reported since 1935. In 1957, FHA recovered $9.2 million on claims paid lenders of previously defaulted notes, which was only one-half a million less than total claim payments for the year.

All claims and operating expenses under the property improvement program have been paid by FHA out of income, with no cost to the government with respect to insurance written since July 1, 1939, when insurance premiums were first authorized under this program. Since that time an insurance reserve of $63 million over losses and operating expenses has been built up.

State Distribution.—The number and amount of claims paid on property improvement loans for the year 1957 and cumulatively since 1934 are shown in Table III–33 by State location of property. In 1957, defaulted notes involving claim

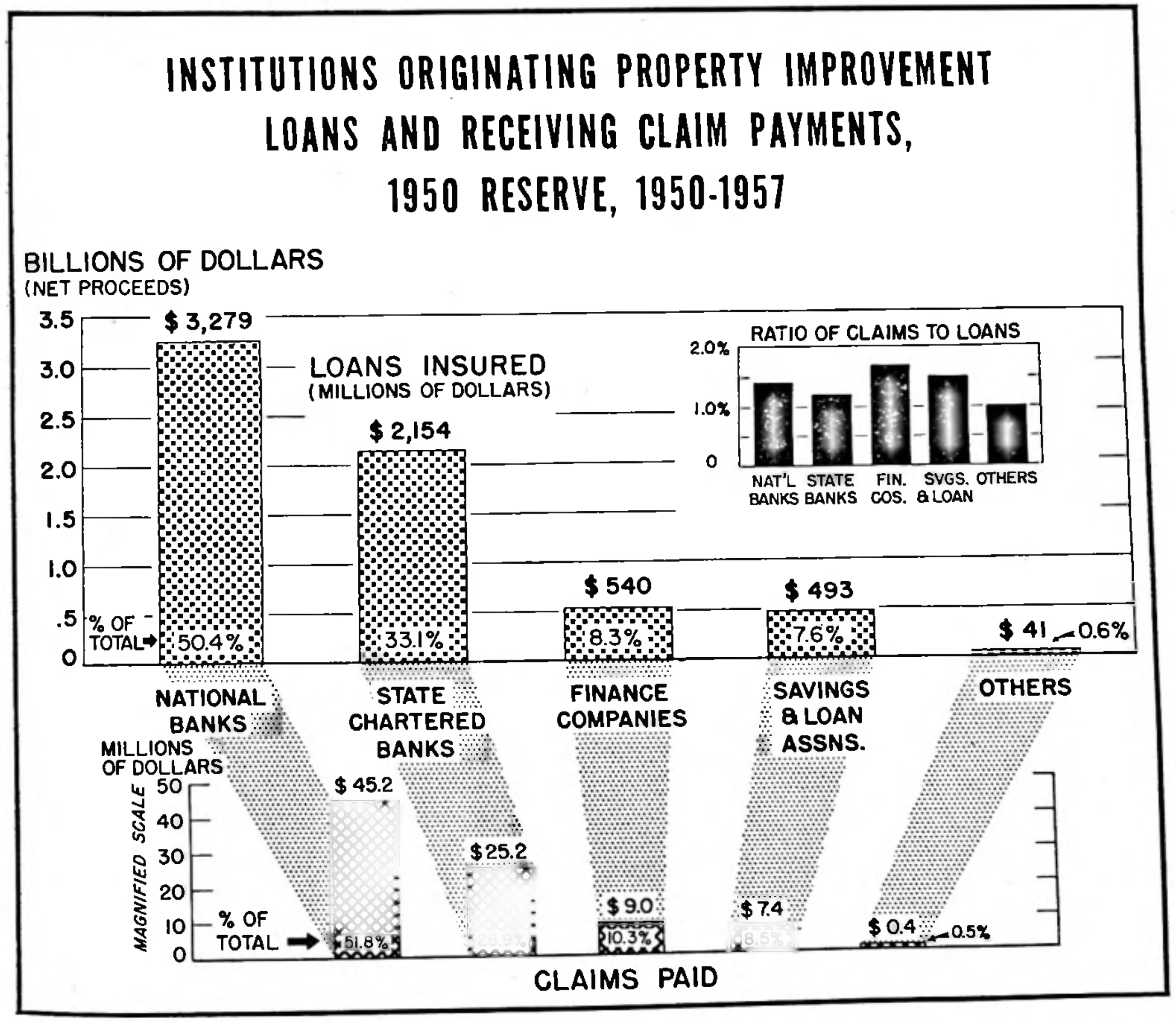

CHART III–16

payments ranged from a low in Deleware of 11 notes for $1,700 to a high in New York of 3,043 notes for $1.5 million. Texas with 2,569 notes for $816,000 had the second largest volume of claims. Illinois ranked third in dollar volume ($704,000) but in number (1,481) was outranked by Michigan with 1,678 claims amounting to $619,000.

Since the beginning of the Title I program, claims paid in New York ($29.1 million), California ($22.3 million), and Michigan ($15.3 million) have accounted for nearly one-third of all claims paid under this program. In relation to the volume of insurance written in these States, the volume of claims paid represents in New York 1.99 percent, California 2.36 percent, and Michigan 1.83 percent, as compared with the national average of 1.98 percent.

Financing Institutions.—During 1957, there were about 8,000 financial institutions approved as Title I lenders eligible for insurance under the 1950 Reserve. More than 5,000 of these lenders have been active at some time since 1950 with an average of 3,450 lenders a month reporting activity in 1957.

Table III-34 shows the distributions by type of institution of the claims paid during and through 1957 under the 1950 Reserve and, for purposes of comparison, a summation of insurance written under this reserve by each type of lender. (See Chart III-16.) Total claims paid in 1957 amounted to $9.7 million, or one-fifth less than the $12.2 million reported in 1956, with national and State banks receiving three out of every four claim dollars disbursed. Savings and loan associations (12 percent) accounted for about one-half of the remainder, and other institutions (11 percent) for the remainder of claim payments during the year. On a cumulative basis, claims paid compared to insurance written through 1957

TABLE III-34.—*Claims paid on FHA-insured property improvement loans by type of institution, 1957 and 1950 reserve and insurance written under 1950 reserve*

Type of institution	Claims paid			
	Number	Amount (000)	Percent of amount	Average claim
Claims paid 1957:				
National bank	11,148	$4,234	43.6	$380
State bank	7,973	2,978	30.6	374
Mortgage company	202	100	1.0	495
Insurance company				
Savings and loan association	3,009	1,200	12.4	402
Savings bank	356	132	1.4	371
Federal agency				
All other	3,118	1,070	11.0	343
Total	25,806	9,723	100.0	377
Claims paid to date 1950 reserve:				
National bank	109,942	$45,289	53.1	$411
State bank	56,661	23,908	27.4	422
Mortgage company	752	394	.4	524
Insurance company	3	2	(1)	704
Savings and loan association	16,176	7,418	7.7	459
Savings bank	2,645	1,086	1.3	411
Federal agency	3	1	(1)	354
All other	20,812	9,267	10.1	445
Total	206,994	87,365	100.0	422
Insurance written under 1950 reserve:				
National bank	5,658,098	$3,279,460	50.4	$580
State bank	3,366,403	2,015,594	31.0	604
Mortgage company	40,412	33,048	.5	818
Insurance company	386	258	(1)	667
Savings and loan association	783,852	493,383	7.6	629
Savings bank	209,353	120,725	1.9	577
Federal agency	270	153	(1)	565
All other	858,991	564,910	8.6	658
Total	10,917,765	6,507,531	100.0	596

[1] Less than 0.05 percent.

under the 1950 Reserve shows the same general pattern prevailing except that national and State banks' participation in both insurance written and claims paid has accounted for about $4 out of $5 of total activity.

TABLE III-35.—*Number of payments received prior to default by term of property improvement loans, 1957*

TOTAL CLASS 1 AND 2 LOANS

Number of payments received prior to default	Term of defaulted loan—percentage distribution					Percentage distribution		Average claim paid
	6–11 months	12–23 months	24–35 months	36 months	37 or more months	Total number	Total amount	
0	30.1	10.4	5.2	3.3	9.9	4.2	7.9	$706
1–5	68.4	32.6	18.9	13.7	28.0	15.8	26.0	614
6–11	1.5	40.2	23.0	16.0	14.0	17.9	24.1	504
12–17		16.1	24.0	15.4	6.6	16.2	17.3	401
18–23		.6	19.6	15.3	7.0	14.8	11.8	299
24–29		.1	8.5	18.2	6.1	15.8	8.5	202
30–35			.8	17.7	5.9	14.5	3.4	88
36 or more				.4	22.5	.8	1.0	489
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	377
Percent of total	0.5	5.1	11.7	80.6	2.1	100.0		
Median	2.5	7.0	12.7	18.6	11.2	16.5		

Payments Received Prior to Default.—Table III-35 shows a distribution of the number of installments paid by borrowers prior to default on loans of various durations which resulted in claim payments in 1957, and Chart III-17 shows graphically the percentage distribution by six-month intervals of the total number and amount of claim payments. Nearly 4 out of 10 defaulting borrowers had made fewer than 12 payments, accounting for 58 percent of the total amount of claims paid. This group averaged $572 for each claim, compared to the $377 average for all claims.

Loans originally calling for 36 monthly payments (the typical duration for those insured in 1957 and other recent years) continued to account for 8 out of every 10 claims, with the median default date occurring between 16 and 17 months. Chart III-17 shows that 4 percent of the loans resulting in claims, representing 8 percent of the total volume and averaging $706 for each claim, were cases in which the borrower had made no payments. Nearly three out of five claim dollars were in connection with notes on which fewer than 18 payments had been made prior to default.

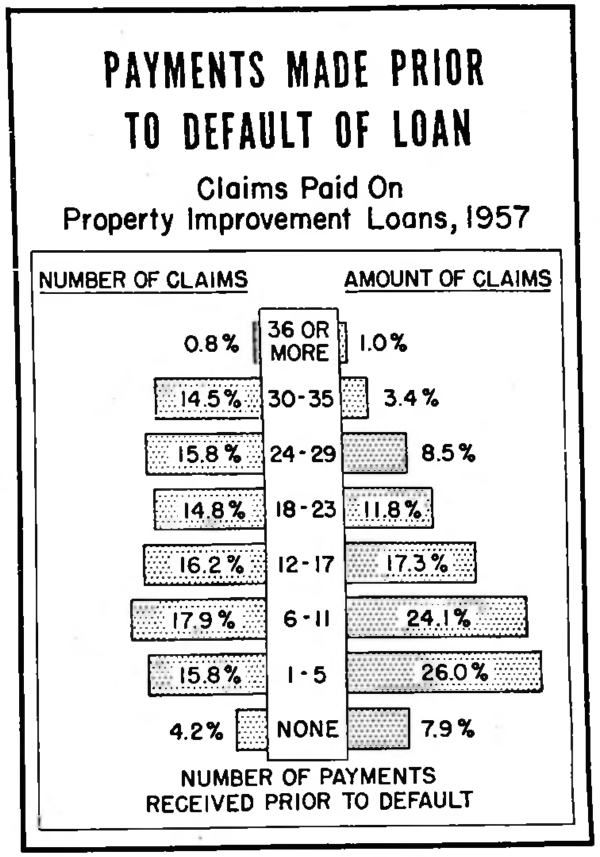

CHART III-17

Characteristics of Mortgage and Loan Transactions Insured by FHA in 1957

This section of the report presents statistical analyses of the principal features of the transactions—home, multifamily project, and property improvement—insured by FHA during 1957.

SECTION 203 HOME MORTGAGE TRANSACTIONS

During 1957, slightly less than 1 million new privately-financed dwelling units were started in the nonfarm areas of the country. Construction and sale of most of these units was made possible by funds advanced by privately owned financial institutions. More than 168,400 units or about 17 percent of the total were in structures approved for FHA mortgage insurance before start of construction and subject to FHA compliance inspections during construction. Of these, 146,900 units or all but one-eighth were in 1- to 4-family homes approved under the provisions of Section 203. The remainder were in large-scale rental and co-operative housing projects or were built under one of the other home mortgage programs.

Completions in 1957 under Section 203 totaled almost 137,700 units, including some approved and started in 1956. The total number of transactions closed with insurance under the Section 203 program in 1957 involved 70,300 new units and an additional 115,500 units in existing properties, or about 92 percent of the total number of units in FHA home mortgage transactions insured in 1957.

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

The tables in this section of the report have been limited to an analysis of national FHA activity. For the benefit of those interested in FHA-insured mortgage characteristics by States and Standard Metropolitan Areas, tables containing 1956 and 1957 data similar to those published in the 1955 report are available upon request from the Division of Research and Statistics, Federal Housing Administration, Washington 25, D. C.

During 1957, virtually all (99.3 percent) of the new-home Section 203 mortgages and a slightly smaller share (95.7) of the existing-home mortgages were secured by single-family dwellings, as indicated by Table III–36. Of the 2- to 4-family transactions, 11 percent of the 2-family homes and about one-third of the 3- and 4-family transactions involved rental properties.

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

Units per structure	New homes					Existing homes				
	1957	1956	1954	1950	1946	1957	1956	1954	1950	1946
	Structures—Percentage distribution									
1	99.3	99.6	98.1	99.0	98.7	95.7	96.8	96.2	95.5	93.6
2	.7	.3	1.6	.9	1.0	3.9	2.8	3.2	4.1	5.8
3	(1)	(1)	.1	(1)	.1	.3	.3	.3	.2	.3
4	(1)	.1	.2	.1	.2	.1	.1	.3	.2	.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Dwelling units—Percentage distribution									
1	98.5	99.1	95.9	97.7	96.9	91.3	93.4	91.9	90.1	87.4
2	1.4	.5	3.1	1.8	2.1	7.5	5.4	6.1	7.8	10.9
3	(1)	.1	.3	.1	.2	.9	.7	1.0	.7	.7
4	.1	.3	.7	.4	.8	.3	.5	1.0	1.4	1.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	1.01	1.01	1.02	1.01	1.02	1.05	1.04	1.05	1.06	1.07

[1] Less than 0.05 percent.

As noted in the following table, more than 98 percent of the new single-family homes and almost all (99.7 percent) of the existing homes were owner-occupied at the time of insurance.

Type of mortgagor	New homes				Existing homes			
	1957	1956	1955	1954	1957	1956	1955	1954
Owner-occupant	98.3	98.1	98.2	93.8	99.7	99.5	99.5	98.8
Landlord	0.2	0.3	0.7	3.7	0.3	0.5	0.5	1.2
Builder	1.5	1.6	1.1	2.5	(1)	(1)	(1)	(1)
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Less than 0.05 percent.

Builders were the initial mortgagors in 1.5 percent of the new-home transactions, while landlords accounted for the remaining fractional share of new-home transactions.

Compared with 1956, the owner-occupant share of the total increased while the landlord and builder share declined, for both new- and existing-home mortgage transactions.

The bulk of the new-home mortgage transactions (90 percent) involved the purchase by an owner-occupant of a home constructed by a commercial builder. Only about 1 of every 10 mortgages secured by new homes involved construction of a house by or for the mortgagor on his own lot. For existing homes, the pattern was somewhat different. Almost 94 percent of the existing-home mortgages were used to finance the acquisition of a home, while most of the remainder (5 percent of the total) were for refinancing an existing loan. Only a fractional share of the total covered the financing of improvements.

1-family amenity income cases

Purpose of loan	New homes				Existing homes			
	1957	1956	1955	1954	1957	1956	1955	1954
Financing new construction	9.7	12.7	12.4	17.0	1.2	1.6	1.5	2.1
Financing purchase	90.3	87.3	87.6	83.0	93.7	89.8	86.7	83.9
Refinancing existing loan	(1)	(1)	(1)	(1)	4.8	8.1	11.2	13.0
Financing improvements	(1)	(1)	(1)	(1)	0.3	0.5	0.6	1.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Not applicable.

Trends of Typical Section 203 Home Mortgage Transactions

Medians and averages (arithmetic means) of the principal characteristics of the Section 203 new- and existing-home transactions insured during 1957 may be compared with those of selected earlier years by referring to Table III–37. For purposes of this discussion, "Typical" transactions are usually delineated in terms of medians.

As in other recent years, the development of an upward trend continued in 1957 with a rise in the level of most of the new- and existing-home buyer characteristics.

Although marked increases can be noted for most items characterizing both new and existing transactions, the typical new-home increases were generally considerably larger than those for similar transactions involving existing construction.

The typical new-home transaction insured in 1957 involved a mortgage of $11,823 representing 85 percent of property value, to be repaid over a period of 25½ years with total monthly payments of $90.29, including property taxes and hazard and FHA insurance premiums in addition to debt service. Securing this typical mortgage was a single-family property appraised by FHA at $14,261, including a lot with a market price of $2,148. The house was a single-family structure containing 1,105 square feet and providing 5.8 rooms, including 3 bedrooms. More than 3 out of every 4 of these new homes had some garage facilities.

The annual effective income of the typical new-home buyer was $6,632 or one-tenth more than was typical during 1956. Of that income, one-fifth or $115.17 each month was required for total estimated housing expense (monthly mortgage payment plus cost of household operation and property maintenance and repairs).

Compared with the typical new-home transaction insured in 1956, the 1957 mortgage amount was 7 percent higher, which—together with the fact that the average duration remained unchanged at 25.5 years—was reflected in an 11 percent increase in the monthly mortgage payment. Despite the increased mortgage amounts, the typical loan-value ratio declined 1½ percentage points as the median property value increased by 8 percent. Land market price, likewise, increased by 14 percent, bringing the site-value ratio to 14.9 percent, almost a full point above 1956 and markedly higher than the 11½ percent site-value ratio that was typical of 1946, but still less than comparable prewar ratios. The structures were larger by 4 percent in calculated area, reflecting a 2 percent rise in room count and a 3 percent increase in number of bedrooms. Garage facilities were reported in over ¾ of the cases—about 5 percent more than during 1956.

In the typical 1957 existing-home transaction, the mortgage amounted to $10,498—$485 more than in 1956. The average duration was 22.5 years and the typical loan-value ratio was 84.9 percent. The typical monthly mortgage payment amounted to $85.54—9 percent above the comparable figure reported for 1956. The typical existing property was valued by FHA at $12,572, of which 15.7 percent or $2,041 represented the price of the site. The typical house had a calculated area of 1,060 square feet included 5.8 rooms, of which 3 were

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

Median [1]	1957	1956	1955	1954	1952	1950	1948	1946
NEW HOMES								
Mortgage:								
Amount	$11,823	$11,010	$10,034	$8,862	$8,273	$7,101	$7,058	$5,504
Term in years [2]	25.5	25.5	25.0	22.9	21.7	24.1	20.1	21.0
Loan-value ratio (percent)	85.1	86.0	88.7	85.3	83.7	88.0	81.0	87.0
Total monthly payment [3]	$90.29	$81.63	$74.14	$68.62	$64.16	$54.31	$58.08	$40.18
Property:								
FHA-estimated value	$14,261	$13,203	$11,742	$10,678	$10,022	$8,286	$8,721	$6,558
Market price of site [2]	$2,148	$1,887	$1,626	$1,456	$1,227	$1,035	$1,049	$761
Site-value ratio (percent) [2]	14.9	14.1	13.4	13.1	12.0	12.0	11.7	11.5
Percent with garages [2]	76.6	72.8	69.8	66.6	53.4	48.7	55.1	58.1
Structure:								
Calculated area (sq. ft.)	1,105	1,064	1,022	961	923	838	912	(4)
Number of rooms	5.8	5.7	5.6	5.4	5.3	4.9	5.4	5.5
Number of bedrooms	3.5	3.4	3.4	3.3	3.1	(4)	(4)	(4)
Mortgagor: [3]								
Annual effective income	$6,632	$6,054	$5,484	$5,139	$4,811	$3,861	$4,000	$3,313
Monthly housing expense	$115.17	$104.48	$95.70	$88.91	$83.16	$75.41	$78.64	$62.85
Expense-income ratio (percent) [2]	19.7	19.5	19.7	19.6	19.6	21.6	21.7	20.9
EXISTING HOMES								
Mortgage:								
Amount	$10,498	$10,013	$9,603	$9,030	$8,047	$6,801	$5,969	$4,697
Term in years [2]	22.5	22.5	22.7	20.1	19.7	20.2	19.3	18.9
Loan-value ratio (percent)	84.9	82.9	85.0	78.5	77.9	77.8	77.9	78.4
Total monthly payment [3]	$85.54	$78.62	$74.57	$74.34	$65.08	$56.65	$49.76	$40.83
Property:								
FHA-estimated value	$12,572	$12,261	$11,555	$11,549	$10,289	$8,865	$7,570	$5,934
Market price of site [2]	$2,041	$1,931	$1,707	$1,591	$1,296	$1,150	$970	$833
Site-value ratio (percent) [2]	15.7	15.1	14.2	13.3	12.3	12.4	12.0	13.3
Percent with garages [2]	78.5	81.1	79.9	79.6	70.7	70.6	70.5	83.4
Structure:								
Calculated area (sq. ft.)	1,060	1,060	1,030	1,035	992	1,006	972	(4)
Number of rooms	5.8	5.7	5.6	5.6	5.5	5.6	5.6	5.9
Number of bedrooms	3.2	3.2	3.1	3.1	3.1	(4)	(4)	(4)
Mortgagor: [3]								
Annual effective income	$6,296	$6,033	$5,660	$5,696	$4,938	$4,274	$3,731	$3,101
Monthly housing expense	$110.12	$102.00	$97.34	$97.41	$86.63	$78.99	$71.00	$58.11
Expense-income ratio (percent) [2]	19.9	19.2	19.4	19.4	19.4	20.3	20.4	20.3

[1] Throughout this report, medians are computed on the assumption that distributions of all characteristics are represented by continuous data within groups. For definition of sample and terms see page 102.
[2] Average (arithmetic mean).
[3] Throughout this report, data relating to monthly mortgage payment, mortgagor's income, and housing expense are based on 1-family occupant cases only.
[4] Not available.

bedrooms. More than 78 percent of the existing homes insured in 1957 had garages; however, this represents a decline from 81 percent reporting this facility in 1956.

The annual effective income of the existing-home buyer increased 4 percent over 1956 to $6,296. One-fifth of this income or $110.12 monthly was required to meet the estimated housing expense contemplated in the typical transaction. Although many of the characteristics of existing-home cases were higher than in 1956, the most significant changes were the 9 percent increase in the monthly mortgage payment and the 6 percent rise in the price of land. No change was registered in term of mortgage or in calculated area of the structure. The critical income-expense ratio rose to almost 20 percent, reflecting the 8 percent rise in housing expense accompanied by only a 4 percent rise in income. Chart III-18, which is plotted on a semi-logarithmic scale in order to reflect relative changes, portrays the post-war trend of selected characteristics of typical new- and existing-home cases.

A continuation of the upward trend in property values, mortgage amounts, mortgagors' incomes, and land prices in 1957 is manifested in the curves representing new- and existing-home transactions. With the exception of the existing-home mortgage amount, proportional gains were not as sharp as those registered during 1956, but were still significant. Relatively larger increases were indicated for new homes.

The uptrend in FHA mortgage amount (7 percent for new homes and 5 percent for existing) was roughly comparable to the 6 percent increase in the average amount of mortgages guaranteed by the Veterans Administration. However, during the same period, the average amount for total non-farm mortgage recordings of $20,000 or less was down fractionally. It should be noted that the decline in the average mortgage recorded may have been influenced by the increased use of second mortgages in conventionally financed transactions.

Several factors have been responsible for the rise in FHA new-home valuations. First, the increases in area and room count reflect a continuing demand for more spacious homes. Secondly, construction costs again advanced to record levels. This gain was not only evident in the peak established by the Boeckh index of construction cost, but also in the all-time-high average earnings of building construction workers as well as in the average construction cost for new private 1-family houses started as estimated by the Bureau of Labor Statistics. A third factor was the increasing costs of land acquisition and development. Higher insurable loan-value ratios available during 1957 also had some effect, since smaller down payments put higher-valued homes within the reach of a larger potential market.

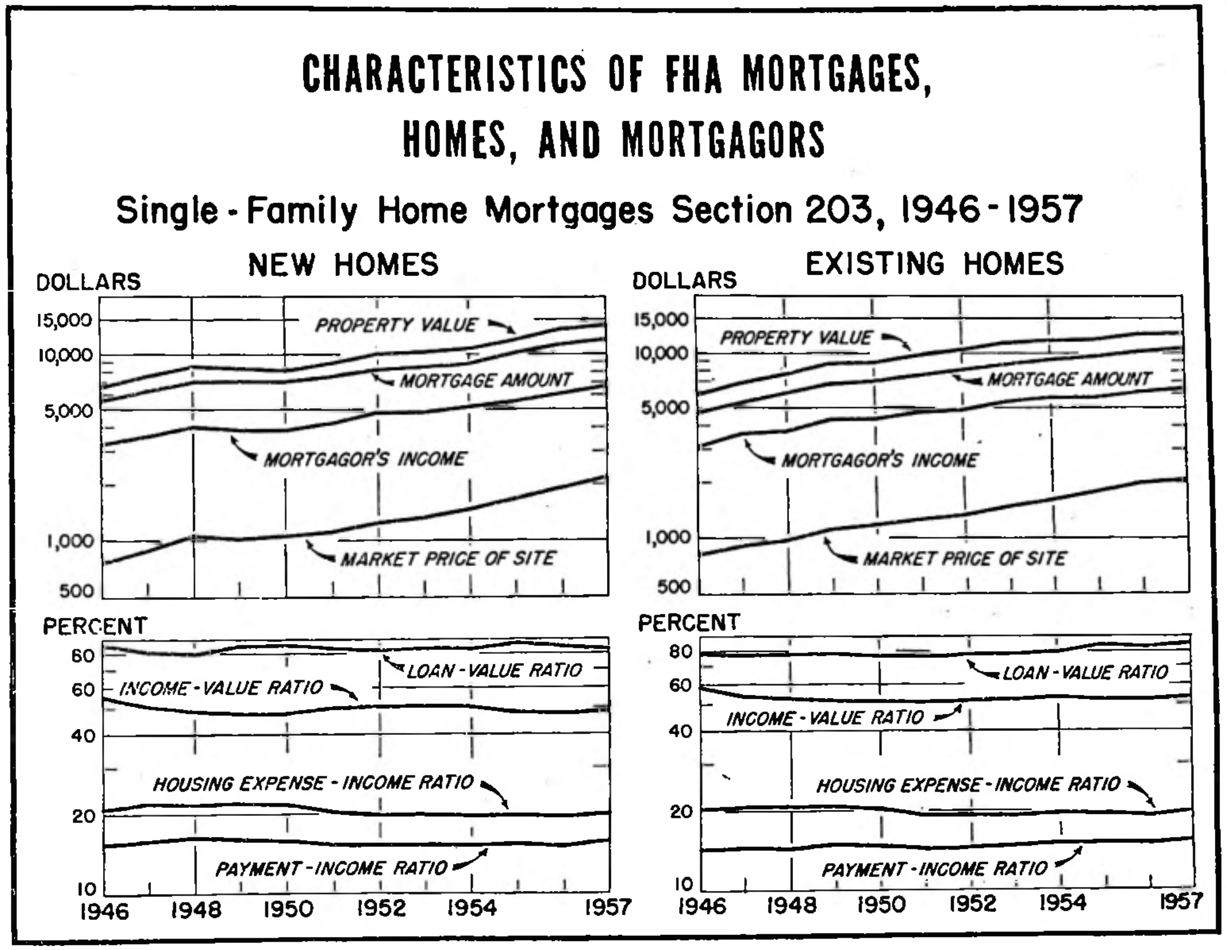

CHART III-18

During 1957, the typical mortgage amount for existing-home transactions was up almost 5 percent—somewhat less than the increase registered for a corresponding new-home case. Similarly, typical property values, income, and land prices showed relatively smaller changes, indicating the constancy in size of structures and stability in existing-home prices.

Perhaps the most striking change in the period covered by Chart III-18 has been the sharp increase in land prices. For example, land prices for new homes rose from $761 in 1946 to $2,148 in 1957. Not only did they increase markedly, but they are representing a larger share of the total value as reflected by the site-value ratio, which has advanced from 11½ percent in the early postwar period to almost 15 percent in 1957. This ratio is less, however, than the 16.4 percent and 15.3 percent reported in 1936 and 1937 respectively. The same pattern applies to existing-home land prices, although their climb has not been as high or as rapid. From 1946 through 1957, property values and mortgagors' incomes for both new- and existing-home transactions have more than doubled.

The major factors in the uptrend of property and land values and of home buyers' incomes have been the scarcity of building sites and high development costs, the demand for larger and better equipped homes, the availability of mortgage money, and the general inflation of prices and the rise in personal income characterizing the last decade.

Mortgage amounts have kept pace with the trend of property values, reflecting the upward revisions in Section 203 maximum amounts authorized by Congress in recognition of rising construction and land costs.

The lower section of the chart shows the trend of several critical items in the insurance system: the ratios of mortgage amount to property value, mortgagor's income to property value, mortgagor's payment to income, and housing expense to income. Despite the changing conditions during the 11 year period covered (i. e. postwar adjustment, recession, "local war," and inflation), these characteristics are amazingly stable which can be more clearly seen by the data in Table III-37.

Technical Notes

Size of Sample.—Data presented in this section of the report are based on 27,400 new-home and 46,200 existing-home cases. These cases represent a 60 percent sample of the cases insured under Section 203 (b) during the first 10 months of 1957, selected on the basis of case number in order to assure random distribution.

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

Calculated Area is the area of spaces in the main building above basement or foundations, measured at the outside surfaces of exterior walls. Garage space, finished spaces in attics, and areas with ceiling heights of less than 5 feet are excluded.

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

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

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

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

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

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

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

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

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

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

Total 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.

Mortgage Characteristics

Amount of Mortgage Distribution.—Table III–38 shows the distributions by mortgage amount for the mortgages insured during 1957 and selected earlier years. These data demonstrate the sustained upward trends in the average and median amounts and the corresponding upward shift in the proportions of mortgages in each mortgage amount group between the early postwar period and recent years. For example, in the 11-year period covered by the table, both the average and median amounts have doubled and the proportion of mortgages in the $12,000 or more category increased from insignificant fractions to almost half of the new-home and a third of the existing-home transactions. Chart III–19 and Table III–38 also show that, during 1957, more than half of the new- and existing-home mortgages insured were for amounts of from $9,000 to $12,999. In addition, one-third of the new homes and about one-fifth of the existing homes secured insured mortgages of $13,000 or more. The larger proportion of new-home mortgages in the higher amount groups is also demonstrated by the $1,325 differential between the typical mortgage for new homes ($11,823) and for existing homes ($10,498). These data indicate that the generally higher price level of new homes shown in Table III–43 is not due to more favorable terms for new-home buyers, since legislation enacted August 7, 1956 made the terms for existing properties (other than those completed less than one year) comparable to those for new homes.

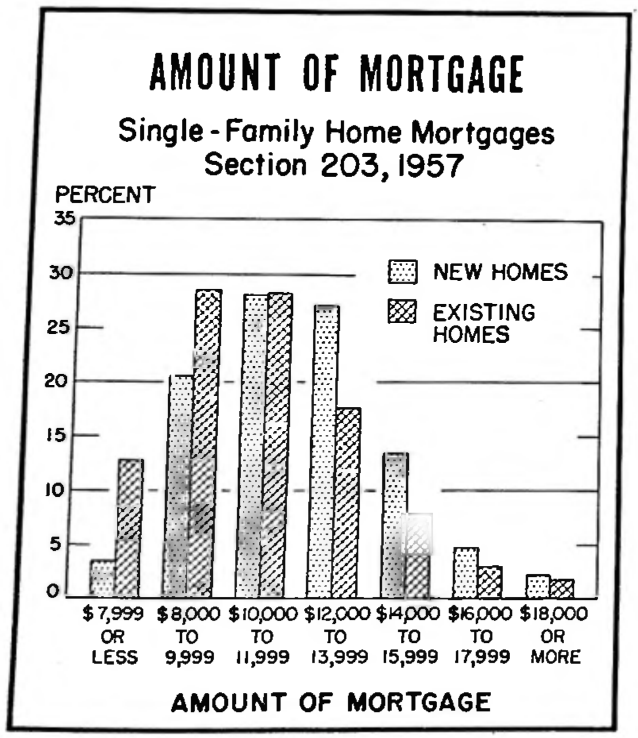

CHART III–19

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

Amount of mortgage	Percentage distribution				
	1957	1956	1954	1950	1946
NEW HOMES					
Less than $4,000	(1)	0.1	0.1	0.4	8.3
$4,000 to $4,999	0.1	.1	.1	1.1	22.6
$5,000 to $5,999	.2	.5	.7	9.0	31.4
$6,000 to $6,999	.7	1.3	5.2	33.0	25.0
$7,000 to $7,999	2.5	4.0	23.3	28.5	9.5
$8,000 to $8,999	9.1	11.9	22.8	16.0	2.4
$9,000 to $9,999	11.5	15.1	22.8	8.3	.4
$10,000 to $10,999	13.8	16.7	10.6	1.9	.2
$11,000 to $11,999	14.4	15.6	6.1	.8	.2
$12,000 to $12,999	15.1	13.6	3.9	.5	(1)
$13,000 to $13,999	12.0	9.0	1.8	.2	----------
$14,000 to $14,999	8.5	5.4	1.1	.1	----------
$15,000 to $16,999	8.1	4.6	1.1	.2	----------
$17,000 to $19,999	3.4	1.8	.3	----------	----------
$20,000	.6	.3	.1	----------	----------
Total	100.0	100.0	100.0	100.0	100.0
Average	$11,910	$11,149	$9,143	$7,307	$5,548
Median	$11,823	$11,010	$8,862	$7,101	$5,504
EXISTING HOMES					
Less than $4,000	0.4	0.1	0.4	4.4	27.8
$4,000 to $4,999	.4	.5	1.1	8.3	29.0
$5,000 to $5,999	1.1	1.8	3.6	16.3	21.3
$6,000 to $6,999	3.3	4.7	9.5	22.0	11.0
$7,000 to $7,999	7.6	10.2	15.8	18.6	4.7
$8,000 to $8,999	13.8	15.2	18.5	13.0	2.7
$9,000 to $9,999	14.8	17.0	16.0	7.2	1.2
$10,000 to $10,999	15.9	16.1	12.7	4.5	1.1
$11,000 to $11,999	12.4	11.9	7.4	1.9	.2
$12,000 to $12,999	10.4	8.2	6.0	1.7	.4
$13,000 to $13,999	7.3	5.4	3.2	.7	.1
$14,000 to $14,999	4.8	3.3	2.6	.7	.2
$15,000 to $16,999	4.8	3.4	2.9	.7	.3
$17,000 to $19,999	2.5	1.8	.2	----------	(1)
$20,000	.5	.4	.1	----------	----------
Total	100.0	100.0	100.0	100.0	100.0
Average	$10,752	$10,238	$9,283	$7,102	$4,929
Median	$10,498	$10,013	$9,030	$6,801	$4,697

[1] Less than 0.05 percent.

Reflecting the revocation of credit restrictions in April 1957, new-home mortgages averaged 7 percent higher than in 1956 and those on existing homes 5 percent more. As indicated in Table III–38 these higher levels of mortgage amounts resulted principally from increases in the proportions of new-home mortgages in the $12,000-or-more brackets and of existing homes with mortgages of $10,000 or more. Only 4 percent of the new-home mortgages were for less than $8,000, while 13 percent of the existing-home mortgages fell in this category.

Term of Mortgage in Years. Mortgages insured by FHA under Section 203 may have terms as long as 30 years or three-fourths of the remaining economic life, whichever is less, and are written for terms of 10, 15, 20, 25, or 30 years.

As indicated by Table III–39, most of the Section 203 cases insured during 1957 were for terms of 25 years. This group included 62 percent of the new-home cases and 46 percent of those involving existing homes, with almost as large a share (40 percent) of the latter group having durations of 20 years. The maximum term of 30 years was reported for 1 out of 4 new-home transactions but in only 6 percent of existing-home cases, possibly reflecting estimates of shorter economic life of those properties.

The 20-year mortgage predominated for existing-home cases with mortgage amounts less than $9,000. Mortgages with 25-year terms made up the bulk of the new-home transactions for all but the less-than-$5,000 and the $20,000 groups; for existing-home cases, the 25-year term was most popular in the $9,000 to $19,999 classes. Thirty-year mortgages were more numerous for new homes than for existing in all mortgage amounts groups.

Total Monthly Mortgage Payment Distribution.—Chart III–20 graphically presents the distributions of total monthly payments called for in the new and existing single-family home mortgage transactions insured under Section 203 during 1957. In addition to principal amortization and interest, the total monthly payment covers the monthly instalments for property taxes and special assessments, hazard and FHA mortgage premiums, and ground rent, if any. In the chart the curves for new and existing homes reach their

TABLE III–39.—*Term of mortgage by amount of mortgage, 1-family homes, Sec. 203, 1957*

Amount of mortgage	Percentage distribution	Median term in years	Term of mortgage—Percentage distribution					Total
			10 years	15 years	20 years	25 years	30 years	
NEW HOMES								
Less than $5,000	0.1	22.5	25.8	12.9	22.6	22.6	16.1	100.0
$5,000 to $5,999	.2	25.5	7.7	7.7	30.8	35.4	18.4	100.0
$6,000 to $6,999	.7	26.2	1.0	8.7	28.1	47.0	14.6	100.0
$7,000 to $7,999	2.5	26.6	.6	1.8	30.9	51.1	15.6	100.0
$8,000 to $8,999	9.1	27.3	.2	1.0	21.1	60.8	16.9	100.0
$9,000 to $9,999	11.5	27.5	.1	1.1	18.8	59.4	20.6	100.0
$10,000 to $10,999	13.8	27.8	.1	1.2	13.4	62.3	23.0	100.0
$11,000 to $11,999	14.4	28.0	(1)	.6	11.5	62.6	25.3	100.0
$12,000 to $12,999	15.1	28.4	----------	.7	8.3	60.6	30.4	100.0
$13,000 to $13,999	12.0	28.3	----------	.7	7.8	63.6	27.9	100.0
$14,000 to $14,999	8.5	28.4	----------	.5	7.7	62.2	29.6	100.0
$15,000 to $16,999	8.1	28.2	----------	.6	8.0	64.7	26.7	100.0
$17,000 to $19,999	3.4	28.0	----------	.5	10.1	66.6	22.8	100.0
$20,000	.6	27.9	----------	1.2	22.2	45.6	31.0	100.0
Total	100.0	28.0	.1	.9	12.6	61.5	24.9	100.0
Median mortgage	$11,823	----------	$7,125	$10,611	$10,641	$11,899	$12,251	----------
EXISTING HOMES								
Less than $5,000	0.8	20.6	13.0	30.8	54.4	1.5	0.3	100.0
$5,000 to $5,999	1.1	20.5	3.3	41.7	47.4	6.8	.8	100.0
$6,000 to $6,999	3.3	22.1	1.3	25.3	55.9	16.9	.6	100.0
$7,000 to $7,999	7.6	23.3	.6	14.7	52.9	30.3	1.5	100.0
$8,000 to $8,999	13.8	24.3	.2	8.8	48.0	40.7	2.3	100.0
$9,000 to $9,999	14.8	25.0	.2	6.2	44.0	45.7	3.9	100.0
$10,000 to $10,999	15.9	25.6	.1	4.9	39.3	49.5	6.2	100.0
$11,000 to $11,999	12.4	26.1	.1	3.4	34.2	54.1	8.2	100.0
$12,000 to $12,999	10.4	26.3	.1	4.1	31.7	54.1	10.0	100.0
$13,000 to $13,999	7.3	26.5	.1	3.2	30.1	55.5	11.1	100.0
$14,000 to $14,999	4.8	26.2	.1	2.6	33.9	55.0	8.4	100.0
$15,000 to $16,999	4.8	26.2	(1)	3.7	33.1	53.4	9.8	100.0
$17,000 to $19,999	2.5	26.3	----------	3.4	32.9	54.5	9.2	100.0
$20,000	.5	24.8	----------	3.7	47.9	40.9	7.5	100.0
Total	100.0	25.3	.3	7.1	40.2	46.4	6.0	100.0
Median mortgage	$10,498	----------	$6,050	$8,721	$10,027	$10,998	$11,979	----------

[1] Less than 0.05 percent.

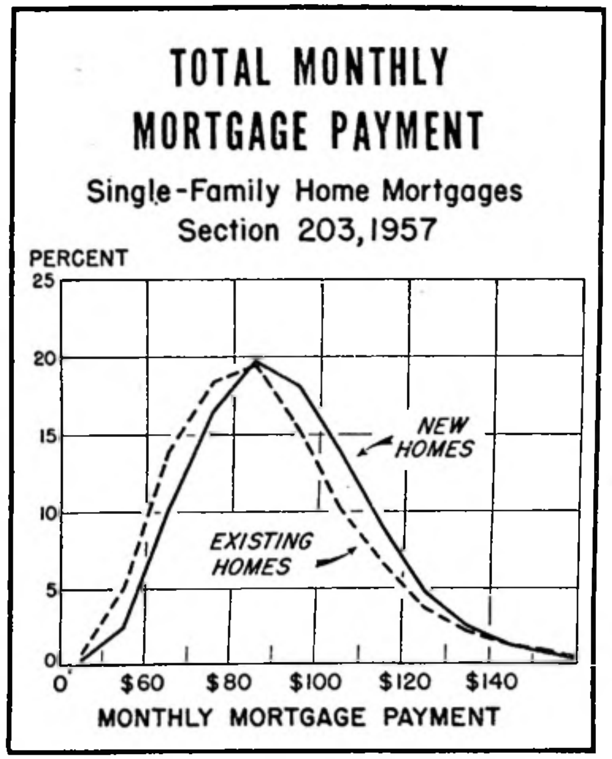

CHART III–20

peak in the $80–$89 range where one-fifth of the transactions were reported. However, these curves and the data shown in Table III–40 reflect the larger proportions of existing-home mortgage payments in the lower-than-$80 range and the predominance of new-home mortgage payments in the higher ranges. Payments of $100 or more were stipulated in one-third of the new and one-fourth of the existing-home transactions.

Percentage distributions for 1957 and selected prior years are also shown in Table III–40 and, as compared with 1956, the typical monthly payment, reflecting higher mortgage amounts insured, rose 11 percent for new homes and 9 percent for existing homes. The principal changes from 1956 in the mortgage payment distribution were declines in the new-home proportions of less than $90 and gains in the proportion above that point, and, for existing homes, decreases in the proportion of cases involving monthly payments of less than $80 and increases in the $90-or-more intervals.

Ratio of Loan to Value.—Most of the mortgages included in the sample for the first 10 months of 1957 were processed under the relaxed credit regulations of March 29, 1957. These regulations applied equally to new- and existing-home transactions. They raised the maximum loan-value ratios 2 percentage points, to 95 percent of the first $9,000 plus 75 percent of the additional value in excess of $9,000, to the maximum mortgage of $20,000, for 1- and 2-family owner-occupant

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

Total monthly mortgage payment	Percentage distribution				
	1957	1956	1954	1950	1946
NEW HOMES					
Less than $30	0.1	0.1	0.1	0.2	5.4
$30 to $39	.1	.1	.1	4.0	25.0
$40 to $49	.3	.9	3.3	29.8	31.1
$50 to $59	2.5	6.2	20.5	35.2	27.1
$60 to $69	10.2	16.9	30.0	20.4	9.0
$70 to $79	16.5	21.9	23.3	7.2	1.8
$80 to $89	19.8	22.5	11.5	1.7	.3
$90 to $99	18.2	15.0	6.0	.7	.2
$100 to $109	13.8	8.3	2.8	.4	.1
$110 to $119	8.8	4.2	1.3	.2	----
$120 to $129	4.8	1.9	.6	.1	----
$130 or more	4.9	2.0	.5	.1	----
Total	100.0	100.0	100.0	100.0	100.0
Average	$91.91	$83.00	$71.36	$55.39	$46.06
Median	$90.29	$81.63	$68.62	$54.31	$46.18
EXISTING HOMES					
Less than $30	0.3	0.1	0.2	2.3	14.5
$30 to $39	.2	.2	.7	7.7	34.3
$40 to $49	.8	2.0	4.3	21.8	26.9
$50 to $59	5.1	9.1	13.8	27.2	12.8
$60 to $69	14.0	19.0	21.5	19.3	5.7
$70 to $79	18.5	22.6	21.3	10.2	2.8
$80 to $89	19.7	19.4	15.3	5.3	1.2
$90 to $99	15.3	11.8	9.4	2.6	.6
$100 to $109	10.3	6.8	5.9	1.6	.4
$110 to $119	6.7	3.8	3.6	.9	.4
$120 to $129	3.8	2.3	2.2	.6	.1
$130 or more	5.3	2.9	1.8	.5	.3
Total	100.0	100.0	100.0	100.0	100.0
Average	$88.17	$81.24	$77.10	$58.94	$43.25
Median	$85.54	$78.62	$74.34	$56.65	$40.83

properties approved prior to construction or for construction completed one year or more.[1] Further liberalization in downpayments was made on August 7, 1957, but it is not probable that many cases processed under these regulations entered the sample.

The bulk of the Section 203 mortgages insured during 1957 were at or near the maximum amount permitted under legislation and applicable administrative rules. However, a significant portion of the mortgages insured involved less than the maximum amount. This is indicated in Table III–41 which shows loan-value distributions and median loan-value ratios by property value groups.

In the new-home distribution, the greatest proportion of cases clustered at the highest available amounts for the individual property value groups. For new homes, the tendency is to concentrate in the highest allowable loan-value ratio group, but Table III–41 indicates a slight spread in 1957, reflecting the change in maximum ratios during the year. Although the median loan-value ratios for new homes were lower than in 1956, nevertheless they were higher than for the corresponding existing-home value groups, despite the fact that maximum loan-value ratios for

[1] Properties not approved for insurance prior to the beginning of construction and less than 1 year old were subject to the following regulations: (1) Appraised value of $9,000 or less; 90 percent of value. (2) Appraised value over $9,000; 90 percent of $9,000 of value and 75 percent of value in excess of $9,000.

TABLE III–41.—*Ratio of loan to value by property value, 1-family homes, Sec. 203, 1957*

FHA estimate of property value	Percentage distribution	Median loan-value ratio	Ratio of loan to value—percentage distribution									
			50 percent or less	51 to 60 percent	61 to 70 percent	71 to 75 percent	76 to 80 percent	81 to 85 percent	86 to 90 percent	91 to 95 percent	96 to 97 percent	Total
NEW HOMES												
Less than $8,000	0.4	92.0	----	----	0.9	1.7	6.1	6.9	22.6	60.9	0.9	100.0
$8,000 to $8,999	2.4	94.3	1.1	0.2	.9	1.2	2.9	1.6	14.8	74.1	3.2	100.0
$9,000 to $9,999	6.7	92.2	.3	.4	1.0	1.1	2.7	3.6	19.5	67.4	4.0	100.0
$10,000 to $10,999	7.9	90.2	.5	.6	1.5	1.5	5.2	5.9	54.3	27.1	3.4	100.0
$11,000 to $11,999	8.1	88.7	.6	.6	1.7	3.2	4.8	9.3	67.7	11.1	1.0	100.0
$12,000 to $12,999	10.0	87.4	.4	1.1	2.0	4.6	6.7	15.1	64.8	5.3	----	100.0
$13,000 to $13,999	11.0	86.2	.8	.9	3.1	6.9	7.5	25.0	51.8	4.0	----	100.0
$14,000 to $14,999	11.0	85.3	1.1	1.0	4.0	6.2	9.1	47.0	27.3	4.3	----	100.0
$15,000 to $15,999	11.2	84.4	1.0	1.3	5.2	6.0	11.1	57.2	15.7	2.5	----	100.0
$16,000 to $16,999	9.0	83.6	1.1	1.3	5.6	8.6	12.3	58.8	9.8	2.5	----	100.0
$17,000 to $17,999	7.0	83.0	1.3	1.8	5.4	6.3	14.9	64.5	5.2	.6	----	100.0
$18,000 to $19,999	8.4	82.3	1.5	2.1	7.5	6.7	16.7	62.8	2.7	----	----	100.0
$20,000 to $21,999	3.7	81.3	1.6	3.2	6.8	8.7	21.8	56.7	1.2	----	----	100.0
$22,000 to $24,999	2.4	80.3	2.5	3.2	8.3	9.7	42.9	31.8	1.6	----	----	100.0
$25,000 and over	.8	76.1	3.5	5.8	14.7	25.3	50.7	----	----	----	----	100.0
Total	100.0	85.1	1.0	1.3	4.0	5.6	10.6	35.3	30.0	11.5	.7	100.0
EXISTING HOMES												
Less than $8,000	4.9	91.6	.3	.4	1.3	1.8	7.1	10.1	26.8	50.7	1.5	100.0
$8,000 to $8,999	7.1	93.3	.2	.3	1.1	2.2	4.1	7.2	23.1	59.6	2.2	100.0
$9,000 to $9,999	9.1	91.3	.2	.3	1.9	1.8	5.3	9.9	28.0	51.2	1.4	100.0
$10,000 to $10,999	10.7	89.4	.4	.5	2.2	3.2	8.1	16.8	39.1	28.3	1.4	100.0
$11,000 to $11,999	10.4	87.2	.5	.5	2.7	3.9	10.5	24.1	47.4	9.9	.5	100.0
$12,000 to $12,999	11.0	85.2	.6	.7	3.1	5.0	13.6	30.8	43.5	2.7	----	100.0
$13,000 to $13,999	9.8	83.9	.6	.6	4.5	6.1	15.5	40.3	30.6	1.8	----	100.0
$14,000 to $14,999	8.8	83.0	.5	1.0	5.2	7.8	15.7	45.6	22.2	2.0	----	100.0
$15,000 to $15,999	7.4	82.2	.6	1.0	5.5	8.6	21.5	46.4	14.9	1.5	----	100.0
$16,000 to $16,999	5.9	81.6	.8	1.0	6.4	10.7	21.7	48.3	9.6	1.5	----	100.0
$17,000 to $17,999	4.3	81.1	.9	2.2	6.0	9.5	30.1	47.1	3.6	.6	----	100.0
$18,000 to $19,999	5.1	80.6	1.2	2.1	7.3	10.0	35.7	40.5	3.2	----	----	100.0
$20,000 to $21,999	2.6	79.9	1.4	2.0	10.1	12.0	36.8	35.4	2.3	----	----	100.0
$22,000 to $24,999	2.0	79.2	1.9	4.3	9.9	13.3	45.5	23.5	1.6	----	----	100.0
$25,000 and over	.9	75.2	3.6	0.4	21.9	20.4	47.7	----	----	----	----	100.0
Total	100.0	84.9	.6	.9	4.1	6.0	15.8	29.3	26.4	16.3	.6	100.0

existing homes were generally comparable to those for new homes.

As indicated in the existing-home portion of Table III–41, the effects of the more liberal regulations for existing homes are reflected in the higher median loan-value ratios in all value groups. It is also evident that the existing-home loan-value ratios were characteristically more widely distributed but still remained close to the allowable maxima. This pattern is probably due to the inclusion of refinanced transactions and the more conservative attitude of lenders on existing properties.

As indicated in Table III–42, the average loan-value ratio for existing homes was higher than for new homes. Compared with 1956, the average ratio for new-home transactions declined from 83 to 82 percent while the average for existing homes rose to from 80 to almost 83 percent during 1957. The increase in the typical loan-value ratio for existing homes was caused by the greater proportion of homes in the lower value groups and also the immediate reaction to more favorable credit terms. On the other hand, the typical new-home loan-value ratio declined because of increased activity in the higher value groups which called for a lower loan-value relationship, automatically off-

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

Ratio of loan to value (percent)	Percentage distribution				
	1957	1956	1954	1950	1946
NEW HOMES					
50 or less	1.0	0.9	0.8	0.6	0.6
51 to 55	.5	.3	.4	.4	.8
56 to 60	.8	.8	.7	.5	.8
61 to 65	1.3	1.3	1.4	.9	1.3
66 to 70	2.7	2.5	2.6	1.6	3.3
71 to 75	5.6	5.2	5.1	3.2	4.8
76 to 80	10.6	8.5	28.8	8.8	11.8
81 to 85	35.3	25.6	11.8	10.9	14.1
86 to 90	30.0	36.8	25.6	57.1	62.5
91 to 95	11.5	18.1	22.8	16.0	----
96 to 97	.7	----	----	----	----
Total	100.0	100.0	100.0	100.0	100.0
Average	82.3	83.2	82.2	85.0	84.1
Median	85.1	86.6	85.3	88.0	87.0
EXISTING HOMES					
50 or less	0.6	0.7	1.1	2.1	1.3
51 to 55	.3	.5	.8	1.4	.9
56 to 60	.6	.8	1.6	2.2	1.2
61 to 65	1.1	1.6	2.8	3.7	2.8
66 to 70	3.0	4.4	7.7	8.8	5.8
71 to 75	6.0	7.2	9.8	13.5	8.8
76 to 80	15.8	19.6	52.2	51.5	60.7
81 to 85	29.3	37.6	7.3	4.4	3.6
86 to 90	26.4	21.2	10.8	9.8	14.9
91 to 95	16.3	6.4	5.9	2.6	----
96 to 97	.6	----	----	----	----
Total	100.0	100.0	100.0	100.0	100.0
Average	82.5	80.3	77.8	76.4	78.6
Median	84.9	82.9	78.5	77.8	78.4

setting the benefits of the more liberal credit terms.

In the new-home distribution for 1957, two-thirds of the transactions involved mortgages between 81 and 90 percent of appraised value while another one-eighth were insured with loan-value ratios between 91 and 95 percent. This pattern is in contrast with 1956 when 62 percent of the mortgages were closed with 81 to 90 percent loan-value ratios and 18 percent insured in the 91 to 95 percent category, thus indicating the trend into higher valued homes where more stringent credit terms are prescribed. On the other hand, the proportion of existing-home mortgages insured with loan-value ratios of 91 to 95 percent advanced significantly from 6 percent in 1956 to 16 percent in 1957. In addition, another one-fourth were reported with 86 to 90 percent ratios. Most of the contraction is noted in the next lower intervals, 81 to 85 percent and 76 to 80 percent respectively. These shifts signify the quick reaction to the lowering of the downpayment schedule as well as equal treatment with new-home mortgages.

Property Value Characteristics

An important part of the FHA underwriting procedure is the determination of an estimate of value for each property proposed as security in an application for mortgage insurance. In the preparation of these estimates, consideration is given

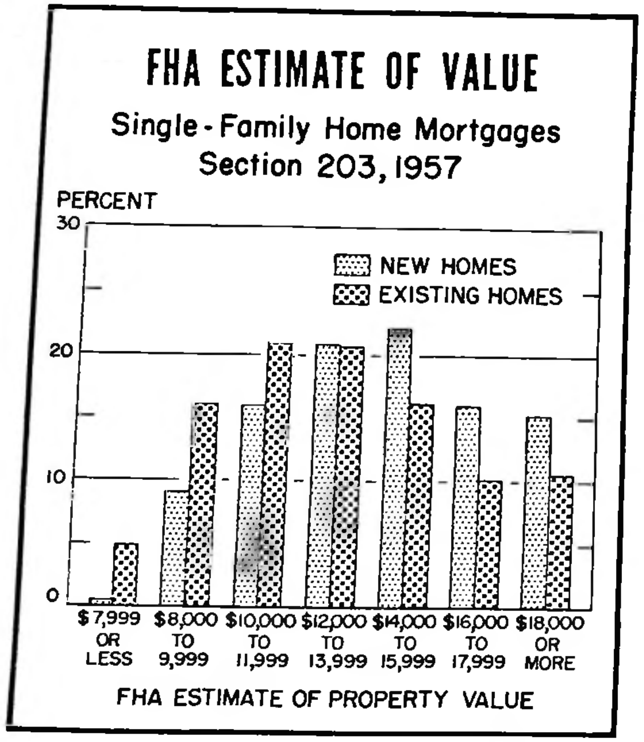

CHART III–21

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

FHA estimate of property value	Percentage distribution				
	1957	1956	1954	1950	1940
NEW HOMES					
Less than $4,000				(1)	2.3
$4,000 to $4,999				0.4	10.0
$5,000 to $5,999			(1)	1.6	20.3
$6,000 to $6,999	(1)	0.1	0.6	18.3	27.8
$7,000 to $7,999	0.4	1.4	6.0	20.8	22.4
$8,000 to $8,999	2.4	3.0	18.8	22.5	11.1
$9,000 to $9,999	6.7	9.4	15.7	15.9	3.4
$10,000 to $10,999	7.0	10.4	12.4	10.0	1.5
$11,000 to $11,999	8.1	10.5	12.8	4.7	.5
$12,000 to $12,999	10.0	11.4	10.1	2.3	.3
$13,000 to $13,999	11.0	12.5	7.8	1.4	.2
$14,000 to $14,999	11.0	10.8	5.5	.7	.1
$15,000 to $15,999	11.2	9.3	3.8	.5	.1
$16,000 to $16,999	9.0	7.0	2.5	.3	
$17,000 to $17,999	7.0	4.5	1.3	.2	(1)
$18,000 to $19,999	8.4	5.2	1.4	.2	
$20,000 to $21,999	3.7	1.8	.8	.2	
$22,000 to $24,999	2.4	1.4	.3	(1)	
$25,000 and over	.8	.4	.2	(1)	
Total	100.0	100.0	100.0	100.0	100.0
Average value	$14,464	$13,399	$11,120	$8,594	$6,597
Median value	$14,261	$13,203	$10,678	$8,286	$6,558
EXISTING HOMES					
Less than $4,000	0.2	(1)	(1)	1.2	9.0
$4,000 to $4,999	.1	0.1	0.2	1.4	16.8
$5,000 to $5,999	.3	.3	.4	4.2	24.6
$6,000 to $6,999	1.1	1.1	2.0	10.7	20.3
$7,000 to $7,999	3.2	3.4	5.5	15.8	12.1
$8,000 to $8,999	7.1	7.0	10.1	17.1	7.0
$9,000 to $9,999	9.1	10.7	11.1	14.5	3.4
$10,000 to $10,999	10.7	11.7	12.6	11.3	2.5
$11,000 to $11,999	10.4	11.2	12.1	7.6	1.1
$12,000 to $12,999	11.0	11.7	11.8	5.7	1.2
$13,000 to $13,999	9.8	10.2	9.1	3.3	.5
$14,000 to $14,999	8.8	8.5	6.6	2.0	.3
$15,000 to $15,999	7.4	6.7	5.8	1.7	.4
$16,000 to $16,999	5.9	5.1	4.1	1.1	.2
$17,000 to $17,999	4.3	3.4	2.0	.8	.1
$18,000 to $19,999	5.1	4.3	3.1	.9	.2
$20,000 to $21,999	2.6	2.2	1.9	.4	.3
$22,000 to $24,999	2.0	1.6	.5	.2	(1)
$25,000 and over	.9	.8	.2	.1	(1)
Total	100.0	100.0	100.0	100.0	100.0
Average value	$13,028	$12,756	$11,934	$9,208	$6,269
Median value	$12,572	$12,261	$11,549	$8,865	$5,934

[1] Less than 0.05 percent.

to such items as the estimated replacement cost of the property, its rental value, sales prices of comparable houses, neighborhood, market price of site, materials and quality of construction, size of the house, and garage capacity. The following pages are devoted to an analysis of some of the interrelationships of the significant characteristics of properties involved in Section 203 insured mortgage transactions during 1957.

Property Value Distribution.—About 3 out of every 4 homes securing mortgages insured during 1957 were valued by FHA appraisers between $9,000 and $16,999. More than half of the new homes were valued between $12,000 and $16,999, while existing-home valuations centered in the $9,000 to $13,999 range (Chart III–21 and Table III–43). New-home valuations were relatively more frequent in the value classes above $13,000, while existing homes predominated in the lower valuation groupings. In fact, one-eighth of the existing homes were distributed in the less-than-$9,000 range, while only 3 percent of the new homes had comparable valuations. On the other hand, more than one-fifth of the new homes were appraised for more than $17,000 while only 15 percent of the existing homes had valuations in this range.

Compared with 1956, both new- and existing-home values moved upward, reflecting the rising prices of land and building costs. Property values for new homes averaged 8 percent higher than in the preceding year, compared with only a 2 percent increase reported for existing homes. As evidenced by Table III–43, the marked upward trend disclosed larger proportions in the $14,000-or-more categories in contrast with the contraction taking place in the lower valuation brackets. For existing homes the shifts were on a smaller scale, although all value groups above $14,000 showed small gains.

Comprehensive summaries of selected characteristics of Section 203 cases insured in 1957 are presented by value groups in Table III–44 (Transaction Characteristics), Table III–45 (Property Characteristics), and Table III–47 (Financial Characteristics). These data not only reveal the relationship between property value and selected other items, but also indicate the nature of the property and the financial requirements necessary to acquire property in the particular value class.

Selecting the $14,000 value class, for example, since the average new home was valued at $14,464 during 1957, it is indicated in Table III–44 that the average property value for these cases was $14,416, of which 82.6 percent or $11,913 was provided through the FHA insured mortgage. In the majority of cases, represented by purchase type transactions, the average sale price was $14,554 which together with incidental closing costs of $309 (excluding prepayable expenses) brought the average total requirements to $14,863.

The annual average income of these home buyers was $6,883, or slightly less than one-half of property value and total requirements. The estimated replacement cost was $14,861, or 3 percent more than appraised value. Both replacement cost and property value included an average site cost of $2,067 which represented 14.3 percent of the property value. The structure had an average calculated area of 1,136 square feet and consisted of more than 5 rooms of which 3 were bedrooms. Garage facilities were provided in 3 out of 4 of these properties.

Transaction Characteristics.—It should be noted that total requirements and sale price are based on purchase-type transactions only and therefore have a slightly different basis than the property value and mortgage amount data, which are based on all single-family transactions. These include,

TABLE III–44.—*Transaction characteristics by property value, 1-family homes, Sec. 203, 1957*

FHA estimate of property value	Percentage distribution	Average						Ratio of loan to property value
		Property value	Total requirements[1]	Sale price[1]	Closing costs[1 2]	Amount of mortgage	Mortgagor's annual income	
NEW HOMES								
Less than $8,000	0.4	$7,567	$7,764	$7,571	$193	$6,868	$4,565	90.8
$8,000 to $8,999	2.4	8,556	8,798	8,557	241	7,852	4,638	91.8
$9,000 to $9,999	6.7	9,453	9,643	9,418	225	8,564	5,187	90.6
$10,000 to $10,999	7.9	10,436	10,718	10,457	261	9,175	5,587	87.9
$11,000 to $11,999	8.1	11,411	11,717	11,437	280	9,866	5,813	86.5
$12,000 to $12,999	10.0	12,439	12,788	12,504	284	10,576	6,192	85.0
$13,000 to $13,999	11.0	13,444	13,831	13,539	292	11,207	6,587	83.4
$14,000 to $14,999	11.0	14,416	14,863	14,554	309	11,913	6,883	82.6
$15,000 to $15,999	11.2	15,403	15,854	15,559	295	12,551	7,229	81.5
$16,000 to $16,999	9.0	16,410	16,890	16,566	324	13,200	7,753	80.4
$17,000 to $17,999	7.0	17,390	17,889	17,557	332	13,922	8,296	80.1
$18,000 to $19,999	8.4	18,772	19,419	19,077	342	14,816	9,078	78.9
$20,000 to $21,999	3.7	20,835	21,761	21,385	376	16,241	10,303	78.0
$22,000 to $24,999	2.4	23,100	24,150	23,677	473	17,687	11,278	76.6
$25,000 and over	.8	26,430	27,728	27,301	427	19,300	13,730	73.0
Total	100.0	14,464	14,842	14,541	301	11,010	7,112	82.3
EXISTING HOMES								
Less than $8,000	4.0	6,801	7,092	6,853	239	6,096	4,837	89.6
$8,000 to $8,999	7.1	8,424	8,778	8,525	253	7,612	5,244	90.4
$9,000 to $9,999	9.1	9,360	9,754	9,500	254	8,334	5,517	89.0
$10,000 to $10,999	10.7	10,361	10,801	10,520	281	8,986	5,839	86.7
$11,000 to $11,999	10.4	11,360	11,862	11,563	299	9,659	6,056	85.0
$12,000 to $12,999	11.0	12,352	12,860	12,563	297	10,335	6,405	83.7
$13,000 to $13,999	9.8	13,350	13,863	13,561	302	10,966	6,727	82.1
$14,000 to $14,999	8.8	14,343	14,916	14,604	312	11,681	7,154	81.4
$15,000 to $15,999	7.4	15,325	15,934	15,617	317	12,324	7,544	80.4
$16,000 to $16,999	5.9	16,317	16,939	16,604	335	13,003	8,070	79.7
$17,000 to $17,999	4.3	17,318	17,997	17,637	360	13,704	8,563	79.1
$18,000 to $19,999	5.1	18,714	19,550	19,162	388	14,653	9,326	78.3
$20,000 to $21,999	2.6	20,664	21,755	21,320	435	16,030	10,377	77.6
$22,000 to $24,999	2.0	22,900	24,134	23,655	479	17,478	11,483	76.0
$25,000 and over	.9	26,617	27,813	27,327	486	19,057	13,113	71.6
Total	100.0	13,028	13,507	13,201	306	10,752	6,853	82.5

[1] Data reflect purchase transactions only.

[2] Includes estimated costs to mortgagor for items incidental to financing purchase of property, but excluding prepayable expenses; existing home data may also reflect costs of some repairs or improvements.

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in addition to purchases, new homes built by or for owners on their own lots, existing-home transactions where existing indebtedness is being refinanced with no change in ownership, and existing-home transactions where a substantial portion of the mortgage funds is being used to finance improvement to the property. Although purchase transactions predominate for both new and existing homes, varying proportions of these transactions are included in the different valuation groups, and this sometimes results in relationships between the averages of FHA valuation and sale price or total requirements which diverge from a normal pattern.

A comparison of the new- and existing-home averages of the various characteristics for corresponding property value groups as indicated in Table III-44 reveals that mortgagors' incomes and incidental closing costs and, for the most part, sale prices and total requirements were higher for existing-home transactions, while mortgage amounts and ratios of loan to value were always higher for new-home buyers. New homes having property values below $25,000 had higher average valuations than did comparable existing homes. Incidental closing costs were consistently higher for existing-home transactions because in many transactions the cost of minor repairs and improvements was frequently included along with other customary items. The average new-home buyer had an income of $7,112—4 percent more than the typical existing-home buyer—but in comparable value ranges the income of existing-home mortgagors was higher in all valuation groups below $25,000. This is probably caused by the higher downpayment requirements as indicated by the lower loan-value ratio, and the necessity of being able to meet the comparatively larger monthly payment and total housing expense.

Property Characteristics.— As indicated in Table III-45, the FHA estimate of replacement cost averaged higher than the FHA appraisal of valuation in all value classes. This is in accordance with FHA underwriting procedure that the replacement costs establish an upper limit to value since a typical buyer acting intelligently would not be warranted in paying more for property than the cost of producing an equivalent property.

In new-home transactions replacement costs exceeded property values by only 3 percent, while in existing-home transactions the cost of replacing a structure was significantly higher, representing a variation of 14 percent. In specific value classes, the spread never exceeded 5 percent for new homes, while in the existing-home distribution replacement costs ranged from 43 percent more than FHA value in the less-than-$8,000 values to 7 percent in the more-than-$25,000 value class.

Market prices of building sites for new homes averaged $2,148 or almost 15 percent of total valuation, while similar sites for existing homes averaged $2,041 but a slightly higher relative share of the total—16 percent. As might be expected, land prices rose as property values increased in both new and existing transactions. In corresponding value groups, land prices and site-value ratios were generally higher for existing-home than for new-home transactions. Land prices in the higher valued properties—$15,000 or more—represented a larger relative share of the total compared with lower priced homes, presumably because of larger lots, better dimensions, and more desirable location. Frequently, the higher priced new homes are contract-built on lots available in fully developed areas and would undoubtedly have a higher market value.

The generally higher priced land sites for existing homes reflects not only the comparatively greater depreciation of existing structures as compared to land, but also increased values due to closeness to the centers of cities, thus providing better transportation, shopping, and community facilities. As indicated in Table III-45, garage facilities were provided in 3 out of every 4 homes insured during 1957. The proportion of garages was slightly higher for existing homes in comparable value groups with the proportionate share of both new and existing homes with garages increasing as property values grew.

Data relating to area, room count and bedroom count shown in Table III-45 provide information on the size of the structure and types of accommodations provided in each value group. A more detailed analysis of these items is presented in a subsequent portion of the report dealing with the size of FHA homes in 1957 and the relation of size to property value.

Market Price of Site.—Land price or the available market price of equivalent site as defined by FHA is the FHA estimated price for an equivalent site including street improvements or utilities, rough grading, terracing, and retaining walls, if any. Table III-46 shows a cross tabulation of the FHA estimate of value and available market price of equivalent site. This is the first time that such a table has been presented, and, as might be expected, land price rose as valuation grew.

As indicated in Table III-46, the typical land price for new- and existing-home mortgage transactions insured during 1957 represented slightly more than 14 percent of the total FHA valuation of the property. However, the typical land price for new homes was $2,055 or 11 percent more than the $1,847 which was typical for an equivalent existing-home site. Three out of every 5 homes had sites valued by FHA between $1,000 and $2,499, but new-home sites were found more frequently in the $2,000–$3,499 class, while existing-

TABLE III-45.—*Property characteristics by property value, 1-family homes, Sec. 203, 1957*

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	Average: Calculated area (square feet)	Average: Number of rooms	Average: Number of bedrooms	Percent of structures with garage
NEW HOMES									
Less than $8,000	0.4	$7,567	$7,881	$944	12.5	778	4.4	2.2	40.0
$8,000 to $8,999	2.4	8,556	8,955	1,325	15.5	815	4.5	2.6	52.1
$9,000 to $9,999	6.7	9,453	9,857	1,358	14.4	919	4.9	2.8	70.8
$10,000 to $10,999	7.9	10,436	10,900	1,424	13.6	976	5.0	2.9	68.6
$11,000 to $11,999	8.1	11,411	11,792	1,526	13.4	1,014	5.1	2.9	69.6
$12,000 to $12,999	10.0	12,439	12,881	1,710	13.7	1,065	5.2	2.9	75.3
$13,000 to $13,999	11.0	13,444	13,883	1,892	14.1	1,098	5.3	2.9	77.2
$14,000 to $14,999	11.0	14,416	14,861	2,067	14.3	1,136	5.3	3.0	75.9
$15,000 to $15,999	11.2	15,403	15,849	2,308	15.0	1,179	5.5	3.0	75.7
$16,000 to $16,999	9.0	16,410	16,801	2,454	15.0	1,231	5.5	3.0	81.0
$17,000 to $17,999	7.0	17,390	17,782	2,688	15.5	1,265	5.6	3.0	77.9
$18,000 to $19,999	8.4	18,772	19,221	3,005	16.0	1,357	5.7	3.1	84.9
$20,000 to $21,999	3.7	20,835	21,308	3,497	16.8	1,476	6.0	3.2	90.1
$22,000 to $24,999	2.4	23,100	23,500	3,879	16.8	1,580	6.1	3.2	92.2
$25,000 and over	.8	26,439	27,180	4,527	17.1	1,725	6.2	3.2	93.2
Total	100.0	14,464	14,894	2,148	14.9	1,146	5.3	3.0	76.6
EXISTING HOMES									
Less than $8,000	4.9	6,801	9,739	1,018	15.0	974	5.0	2.5	60.3
$8,000 to $8,999	7.1	8,424	10,587	1,265	15.0	940	4.9	2.4	71.6
$9,000 to $9,999	9.1	9,360	11,516	1,444	15.4	985	5.0	2.4	73.8
$10,000 to $10,999	10.7	10,361	12,260	1,576	15.2	1,011	5.1	2.5	75.0
$11,000 to $11,999	10.4	11,360	13,156	1,740	15.3	1,029	5.2	2.6	76.3
$12,000 to $12,999	11.0	12,352	14,107	1,886	15.3	1,062	5.3	2.7	78.1
$13,000 to $13,999	9.8	13,350	14,905	2,037	15.3	1,098	5.3	2.8	79.2
$14,000 to $14,999	8.8	14,343	15,893	2,212	15.4	1,146	5.4	2.8	78.5
$15,000 to $15,999	7.4	15,325	16,862	2,393	15.6	1,202	5.5	2.9	81.7
$16,000 to $16,999	5.9	16,317	17,771	2,610	16.0	1,243	5.6	2.9	84.4
$17,000 to $17,999	4.3	17,318	18,942	2,837	16.4	1,279	5.8	3.0	87.4
$18,000 to $19,999	5.1	18,714	20,290	3,058	16.3	1,367	5.9	3.0	88.4
$20,000 to $21,999	2.6	20,664	22,347	3,510	17.0	1,487	6.1	3.1	90.9
$22,000 to $24,999	2.0	22,990	24,686	3,914	17.0	1,574	6.3	3.2	90.8
$25,000 and over	.9	26,617	28,595	4,487	16.9	1,768	6.5	3.3	96.6
Total	100.0	13,028	14,846	2,041	15.7	1,116	5.3	2.7	78.5

TABLE III-46.—*Available market price of equivalent site by property value, 1-family homes, Sec. 203, 1957*

FHA estimate of property value	Percentage distribution	Median market price of site	Available market price of equivalent site—percentage distribution: Less than $500	$500 to $999	$1,000 to $1,499	$1,500 to $1,999	$2,000 to $2,499	$2,500 to $2,999	$3,000 to $3,499	$3,500 to $3,999	$4,000 to $4,499	$4,500 to $4,999	$5,000 or more
NEW HOMES													
Less than $8,000	0.4	$1,011	3.5	44.3	44.3	7.0	0.9	----	----	----	----	----	----
$8,000 to $8,999	2.4	1,278	.6	24.2	39.8	28.3	4.2	2.9	----	----	----	----	----
$9,000 to $9,999	6.7	1,292	.2	15.8	45.8	28.4	7.9	1.8	0.1	----	----	----	----
$10,000 to $10,999	7.9	1,431	.2	13.5	40.3	34.2	9.6	1.8	.3	0.1	----	----	----
$11,000 to $11,999	8.1	1,542	.2	8.2	35.2	40.2	12.7	2.6	.5	.4	(1)	----	----
$12,000 to $12,999	10.0	1,663	.1	4.2	25.4	37.3	24.3	6.6	1.7	.3	.1	----	----
$13,000 to $13,999	11.0	1,878	----	1.5	16.9	37.1	29.8	12.8	2.0	.6	.1	0.1	.1
$14,000 to $14,999	11.0	2,072	.2	.9	11.0	28.0	34.8	17.8	6.0	.7	.3	.1	.2
$15,000 to $15,999	11.2	2,328	.1	.7	6.5	19.1	31.1	29.4	11.0	2.3	.3	.1	.4
$16,000 to $16,999	9.0	2,520	----	.4	3.4	15.1	27.7	30.7	17.7	3.8	.8	.3	.1
$17,000 to $17,999	7.0	2,745	----	.2	1.9	9.5	20.4	29.7	28.2	6.9	2.2	.4	.6
$18,000 to $19,999	8.4	3,041	----	.3	1.3	5.8	13.9	21.6	29.1	14.4	9.0	3.4	1.2
$20,000 to $21,999	3.7	3,548	----	----	.7	3.0	7.7	12.5	21.8	19.4	18.9	8.7	7.3
$22,000 to $24,999	2.4	3,860	----	----	.3	2.0	5.6	8.1	15.7	20.7	20.0	10.3	17.3
$25,000 or more	.8	4,450	----	----	----	2.2	5.8	6.3	6.8	9.9	20.2	11.2	38.6
Total	100.0	2,055	.1	4.4	16.9	24.3	21.0	15.3	9.6	3.8	2.4	1.0	1.2
EXISTING HOMES													
Less than $8,000	4.0	1,001	2.0	47.8	37.6	10.3	1.7	.4	.2	----	----	----	----
$8,000 to $8,999	7.1	1,229	.4	22.0	46.0	23.5	5.8	2.0	.2	.1	----	----	----
$9,000 to $9,999	9.1	1,383	.1	12.6	40.5	30.3	9.9	5.1	1.2	.3	(1)	----	----
$10,000 to $10,999	10.7	1,543	.3	7.6	34.8	35.8	12.0	6.2	2.7	.4	.2	(1)	----
$11,000 to $11,999	10.4	1,639	.1	4.2	28.2	35.2	17.6	9.0	4.1	.7	.4	.2	.3
$12,000 to $12,999	11.0	1,811	(1)	2.8	21.0	34.8	20.7	11.6	6.1	1.8	.6	.2	.4
$13,000 to $13,999	9.8	2,009	.1	1.0	15.3	31.8	23.9	14.9	7.3	3.1	1.3	.4	.3
$14,000 to $14,999	8.8	2,090	.1	.9	10.9	26.2	25.8	18.3	9.6	4.8	2.2	.5	.7
$15,000 to $15,999	7.4	2,294	.1	.9	6.2	22.1	26.3	19.7	13.4	5.9	2.6	1.3	1.5
$16,000 to $16,999	5.9	2,551	----	.3	3.5	15.8	23.9	23.4	16.4	7.8	4.5	2.5	1.9
$17,000 to $17,999	4.3	2,747	----	.6	3.6	9.9	20.3	22.2	19.0	11.1	5.6	3.5	4.2
$18,000 to $19,999	5.1	3,036	----	.3	1.9	8.0	15.8	18.8	22.3	14.8	7.0	5.0	6.1
$20,000 to $21,999	2.6	3,518	----	.2	1.5	2.4	8.5	15.0	20.3	19.1	11.1	9.8	12.1
$22,000 to $24,999	2.0	3,700	----	.1	1.2	1.7	5.6	10.0	16.3	16.7	16.4	10.8	21.2
$25,000 or more	.9	4,300	----	----	1.6	1.8	5.0	6.5	8.1	15.7	13.1	9.7	38.5
Total	100.0	1,847	.2	7.0	21.2	25.2	16.8	12.0	7.9	4.2	2.2	1.3	2.0

[1] Less than 0.05 percent.

TABLE III-47.—*Financial characteristics by property value, 1-family homes, Sec. 203, 1957*

FHA estimate of property value	Percentage distribution	Average		Monthly average				
		Property value	Term of mortgage (years)	Property taxes	Total mortgage payment	Prospective housing expense	Mortgagor's income	Rental value
NEW HOMES								
Less than $8,000	0.4	$7,567	24.7	$7.23	$53.16	$71.33	$380.42	$62.27
$8,000 to $8,999	2.4	8,556	24.7	8.17	60.06	77.24	386.47	69.27
$9,000 to $9,999	6.7	9,453	24.8	9.44	66.00	85.65	432.25	76.91
$10,000 to $10,999	7.9	10,436	24.9	11.04	71.30	92.21	465.56	83.29
$11,000 to $11,999	8.1	11,411	25.1	11.25	75.79	97.77	484.45	90.34
$12,000 to $12,999	10.0	12,439	25.5	12.63	81.47	104.61	516.03	96.49
$13,000 to $13,999	11.0	13,444	25.5	14.01	86.32	110.65	548.95	103.60
$14,000 to $14,999	11.0	14,416	25.8	14.61	90.90	116.04	573.58	110.22
$15,000 to $15,999	11.2	15,403	26.0	16.31	96.35	121.92	602.45	118.97
$16,000 to $16,999	9.0	16,410	25.8	17.09	101.72	128.20	646.05	126.32
$17,000 to $17,999	7.0	17,390	25.9	18.41	107.26	134.57	691.34	133.05
$18,000 to $19,999	8.4	18,772	25.7	20.47	115.10	143.48	756.50	142.80
$20,000 to $21,999	3.7	20,835	25.6	22.60	125.70	156.31	858.50	156.32
$22,000 to $24,999	2.4	23,100	25.5	25.07	137.75	171.09	930.80	168.23
$25,000 and over	.8	26,439	25.2	29.03	154.03	191.79	1,144.19	195.60
Total	100.0	14,464	25.5	15.11	91.91	116.70	592.64	111.62
EXISTING HOMES								
Less than $8,000	4.9	6,801	19.7	7.99	54.32	76.09	403.12	59.43
$8,000 to $8,999	7.1	8,424	21.4	9.12	63.65	84.99	436.99	69.97
$9,000 to $9,999	9.1	9,360	21.8	10.18	68.89	91.01	459.74	77.87
$10,000 to $10,999	10.7	10,361	22.1	11.30	74.17	96.04	486.57	85.23
$11,000 to $11,999	10.4	11,360	22.5	12.34	79.19	102.08	504.68	90.80
$12,000 to $12,999	11.0	12,352	22.7	13.72	84.84	109.30	533.73	98.07
$13,000 to $13,999	9.8	13,350	22.9	14.40	89.44	114.69	560.61	103.73
$14,000 to $14,999	8.8	14,343	23.3	15.57	94.58	120.96	596.13	111.08
$15,000 to $15,999	7.4	15,325	23.5	16.61	99.71	126.91	628.67	117.99
$16,000 to $16,999	5.9	16,317	23.4	17.71	105.34	133.47	672.47	125.21
$17,000 to $17,999	4.3	17,318	23.4	18.68	111.09	139.90	713.59	131.85
$18,000 to $19,999	5.1	18,714	23.2	20.29	119.37	149.81	777.14	141.45
$20,000 to $21,999	2.6	20,664	23.3	22.61	130.87	162.87	864.73	154.74
$22,000 to $24,999	2.0	22,990	23.5	25.16	142.35	177.37	956.90	169.90
$25,000 and over	.9	26,617	22.4	28.99	160.50	198.79	1,092.73	198.05
Total	100.0	13,028	22.5	14.21	88.17	113.47	571.12	102.42

home sites were distributed more widely and predominated in practically all other ranges. A comparison of two FHA value groups shows the variation of site and value. For example, for homes valued in the $10,000 category, three-fourths of the new homes and slightly more than 70 percent of the existing homes had sites valued between $1,000 and $1,999. In the medium price range, the $15,000 home for instance, 61 percent of the new homes and 46 percent of the existing homes were on sites valued between $2,000 and $2,999. In the higher price brackets, $22,000 or more, the bulk of the home sites were valued at more than $3,500.

Financial Characteristics.—Table III-47 presents information on selected financial characteristics of new- and existing-home transactions by property value groups. For example, the table shows that the average mortgage in the $14,000 value class called for monthly outlays of $90.90 (including debt service, property taxes, and insurance) to repay this mortgage over an average term of almost 26 years. However, the total estimated monthly housing expense averaged $116.04 and included the mortgage payment as well as the probable costs for household operations (lighting, heating and cooking fuel, water, and refrigeration) and anticipated cost of maintenance and repairs.

On the average, the new-home mortgage was written for a duration of 25½ years while the existing-home mortgage had a term of 22½ years. Mortgage terms for new-construction transactions tended to average longer as value increased, to a maximum average of 26 years for the properties valued in the $15,000 class. As valuations increased beyond $15,000, the term of the mortgage receded slightly. Existing-home mortgage durations were more evenly spread and with minor exceptions grew with increasing valuations.

Longer amortization periods may have been extended to buyers of higher priced homes because of higher credit standing or in some cases to keep the monthly payments within the payment abilities of some buyers. Another factor may have been the longer remaining economic life assigned to higher-valued properties. This also accounted for the fact that the average term of new-home mortgages exceeded that for existing-home mortgages in the same value groups. It also may be noted that the spread in the average term of new- and existing-home mortgages tended to decrease as property values increased. This most likely reflects the larger proportional share of recently built properties having longer economic lives in the higher value classes of existing homes.

After principal and interest, real estate taxes and assessments constituted the largest share of total monthly payment—averaging about one-sixth of both new- and existing-home total payments. Property taxes are directly related to values and move upward with increases in prop-

erty values. Taxes on the average new home averaged about $1 a month more than for typical existing-home transactions but, within corresponding value groups, taxes on existing homes were generally higher than for new homes. This probably reflects higher tax rates in the older more developed communities where more services are provided.

Total monthly payments advanced with the rise in property, primarily resulting from the increased debt service on higher average mortgage amounts and partially from the increased taxes assessed on higher valued properties. Monthly mortgage payments for new homes ranged from $53 for homes valued at less than $8,000 to $154 for those valued at $25,000 or higher, while existing-home payments ranged slightly higher from $54 to almost $161 in the same value classes. However, the typical monthly payment of $92 for new homes was higher than the $88 reported for existing homes because of the larger proportionate share of new homes with longer mortgage durations and larger mortgage amounts.

Prospective housing expense, more than three-fourths of which is accounted for by mortgage payment, showed similar changes along with increases in property values, with averages ranging from $71 to $192 in the lowest and highest property value groups for new homes and from $76 to $199 for existing homes. Despite the higher expenses of existing homes for corresponding value groups, the typical new-home housing expense totaled almost $117 or about $3 a month more than for existing homes.

The monthly expense attributable to household operations and estimated cost of repair and maintenance averaged about $25 for both new and existing homes and, in line with higher costs of operating and maintaining the larger, more expensive properties, expenses ranged upward with increases in property values from $18 to $38 for new homes and $22 to $38 for existing homes.

Size of House Characteristics

This portion of the report deals with the size of the homes securing mortgages insured by FHA under Section 203 as indicated by calculated area (Table III-48), characteristics of 1957 properties by various area groups (Table III-49), and distributions of the 1957 homes by number of rooms and number of bedrooms, within specific property value classes (Table III-50).

Calculated Area Distribution.—The typical new single-family homes insured under Section 203 in 1957 had a calculated area of 1,105 square feet—4 percent more than during 1956—while the typical existing home had an area of 1,060 square feet, the same as a year earlier. The year 1957 was only the second in which the typical new home exceeded the typical existing home in area since the data were first tabulated in 1948. As indi-

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

Calculated area (square feet)	Percentage distribution				
	1957	1956	1954	1950	1948
NEW HOMES					
Less than 600	(1)	0.1	(1)	0.5	0.9
600 to 699	0.3	.6	2.4	7.6	4.6
700 to 799	3.8	4.6	11.5	30.0	20.6
800 to 899	8.5	12.1	20.5	25.4	22.0
900 to 999	16.1	18.9	23.1	13.0	16.2
1,000 to 1,099	20.3	19.7	18.0	9.9	11.2
1,100 to 1,199	15.5	14.6	11.8	5.3	8.7
1,200 to 1,299	12.5	11.7	6.9	3.2	6.4
1,300 to 1,399	8.5	7.5	2.6	2.0	3.4
1,400 to 1,499	5.2	4.3	1.6	.9	2.2
1,500 to 1,599	4.1	2.8	.7	.6	1.5
1,600 to 1,799	3.7	2.2	.6	.6	1.4
1,800 to 1,999	1.1	.6	.2	.2	.4
2,000 or more	.4	.3	.1	.2	.5
Total	100.0	100.0	100.0	100.0	100.0
Average	1,146	1,104	990	894	972
Median	1,105	1,064	961	838	912
EXISTING HOMES					
Less than 600	0.2	0.2	0.2	0.5	0.9
600 to 699	2.2	2.0	2.5	3.3	4.7
700 to 799	10.9	10.3	12.9	14.4	16.3
800 to 899	13.5	13.6	15.7	16.5	18.5
900 to 999	14.0	14.2	13.8	14.1	13.3
1,000 to 1,099	14.5	15.3	12.9	11.7	10.9
1,100 to 1,199	12.3	12.3	10.9	9.3	8.0
1,200 to 1,299	9.8	10.2	8.8	7.6	6.8
1,300 to 1,399	6.9	6.7	6.8	5.8	5.1
1,400 to 1,499	5.0	4.7	4.3	4.3	3.7
1,500 to 1,599	3.3	3.2	3.2	3.2	2.9
1,600 to 1,799	3.9	3.7	3.9	4.2	3.7
1,800 to 1,999	1.8	1.8	2.0	2.2	2.2
2,000 or more	1.7	1.8	2.1	2.9	3.0
Total	100.0	100.0	100.0	100.0	100.0
Average	1,115	1,117	1,104	1,100	1,075
Median	1,060	1,060	1,035	1,006	972

[1] Less than 0.05 percent.

cated by Chart III-22 and Table III-48, the distribution of existing homes by calculated area was more widely dispersed than that for new homes. More than 3 out of 5 new homes were concentrated in the 900 to 1,299 square-foot area with the largest proportion—one-fifth—in the 1,000–1,099 square-foot area size. On the other hand, only about one-half of the existing homes were found in the 900–1,299 square-foot class, the rest being more evenly spread over a larger range—700 to 1,299 square feet—reflecting the heterogeneous character of the inventory of existing homes.

For corresponding area groupings, new homes predominated in the middle ranges while relatively more existing homes were insured with smaller and larger areas—those under 800 and those more than 1,600 square feet.

New homes on the average were 4 percent larger in 1957 than in the previous year. This is indicated in Table III-48, which shows proportionally more new homes in the area grouping above 1,000 square feet and relatively fewer insured with smaller areas.

The existing-home distribution indicating small scattered changes remained roughly the same as for 1956, with the average existing-home size declining fractionally.

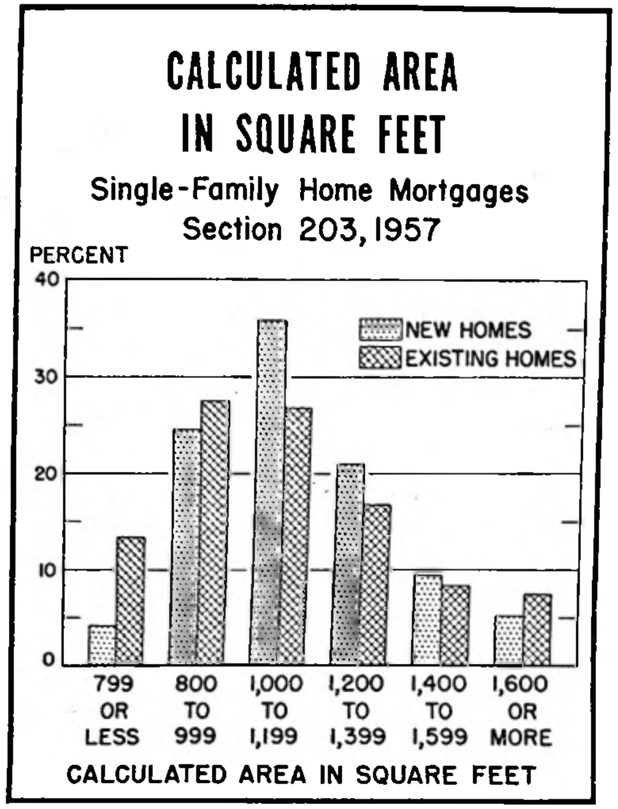

CHART III-22

Characteristics by Calculated Area.—Selected characteristics of FHA home transactions in 1957 are summarized by calculated area in Table III–49. The table indicates, for example, that the average new home in the 1,100 to 1,199 square-foot class had a calculated area of 1,145 square feet and included 5.4 rooms of which 3 were bedrooms. This structure and site had an average estimated property value of $14,708 and a monthly rental value of $113.12 a month. The prospective monthly housing expense, including the monthly mortgage payment and the probable cost of household operation, maintenance and repair, was estimated at an average of $117.86. For those transactions in which the mortgagors purchased new homes from builders the total requirements—sale price plus incidental closing cost—averaged $15,151. Four out of five homes in this group were provided with some type of garage facility. Table III–49 indicates that increases in area in new or existing homes were accompanied by increases in average property values, sale prices and thus total requirements, housing expense, rental values, room and bedroom count, and proportion with garages. Only in structures of 900 square feet or less did property values, total requirements, housing expense, and rental values averaged higher for existing homes than for corresponding new homes. The higher total requirements and property and rental values for existing homes probably reflect their location near the center of cities. It is also probable that structural and land improvements made to existing properties tended to raise prices and values. Where the area exceeded 900 square feet the situation was reversed—property values, total requirements, sale prices, and rental values being higher in new homes than for existing properties of corresponding size. This was probably caused by the fact that new construction can command higher prices and thus offset any advantages existing properties would gain through location. The greater age of existing structures and the effect of obsolence and shorter economic life on valuation were also factors. The higher monthly housing expenses for existing homes with less than 1,000 square-foot area presumably resulted from higher estimated costs for heating, repairs, and maintenance, usually associated with older properties. For larger homes, new-home expenses were higher because of larger mortgages and monthly mortgage payments.

For structures with 1,000 square feet or more, existing homes were larger than new homes in corresponding area classes. However, the average number of bedrooms for new homes was equal to or larger than existing homes in virtually all homes less than 1,800 square feet. Garages were reported more frequently for new homes when the calculated area was larger than 1,100 square feet.

TABLE III–49.—*Property characteristics by calculated area, 1-family homes, Sec. 203, 1957*

Calculated area (square feet)	Percentage distribution	Average								
		Calculated area (square feet)	Property value	Total requirements [1]	Sale price [1]	Monthly housing expense	Monthly rental value	Number of rooms	Number of bedrooms	Percent of structures with garage
NEW HOMES										
Less than 700	0.3	659	$8,771	$9,001	$8,779	$77.94	$70.51	4.0	1.9	39.6
700 to 799	3.8	752	9,987	10,165	9,890	86.88	79.02	4.4	2.5	38.9
800 to 899	8.5	852	11,218	11,538	11,264	95.51	87.25	4.8	2.6	55.3
900 to 999	16.1	950	12,204	12,533	12,264	102.15	94.66	5.0	2.9	61.4
1,000 to 1,099	20.3	1,047	13,840	14,215	13,926	111.73	106.79	5.2	3.0	67.5
1,100 to 1,199	15.5	1,145	14,708	15,151	14,843	117.86	113.12	5.4	3.0	82.7
1,200 to 1,299	12.5	1,247	15,731	16,253	15,942	124.43	121.28	5.5	3.1	89.3
1,300 to 1,399	8.5	1,345	16,474	16,985	16,673	120.64	127.80	5.7	3.1	92.3
1,400 to 1,499	5.2	1,444	17,661	18,449	18,100	138.76	135.48	5.9	3.1	95.1
1,500 to 1,599	4.1	1,542	18,209	18,955	18,619	142.09	139.41	6.1	3.2	97.0
1,600 to 1,799	3.7	1,679	18,831	19,403	19,036	147.87	142.78	6.2	3.3	94.8
1,800 to 1,999	1.1	1,891	20,983	22,003	21,523	162.31	161.78	6.2	3.2	94.3
2,000 or more	.4	2,210	23,291	24,211	23,784	178.19	171.55	6.6	3.5	91.9
Total	100.0	1,146	14,464	14,842	14,541	116.70	111.62	5.3	3.0	76.6
EXISTING HOMES										
Less than 700	2.4	661	9,507	9,866	9,631	89.93	77.11	4.2	2.0	61.2
700 to 799	10.9	754	10,656	11,098	10,827	96.94	86.32	4.4	2.2	65.8
800 to 899	13.5	848	11,187	11,614	11,343	100.05	89.06	4.7	2.3	72.0
900 to 999	14.0	949	11,892	12,361	12,076	104.77	93.63	5.0	2.5	72.8
1,000 to 1,099	14.5	1,046	12,837	13,357	13,061	110.25	100.49	5.3	2.7	77.9
1,100 to 1,199	12.3	1,145	13,432	13,984	13,664	115.01	104.60	5.5	2.8	82.0
1,200 to 1,299	9.8	1,244	14,261	14,849	14,514	121.23	111.35	5.7	2.9	85.6
1,300 to 1,399	6.9	1,345	14,677	15,296	14,952	125.61	114.72	5.9	3.0	86.9
1,400 to 1,499	5.0	1,444	15,223	15,777	15,427	130.34	117.69	6.1	3.1	88.4
1,500 to 1,599	3.3	1,544	16,187	16,932	16,584	137.15	125.69	6.3	3.2	90.1
1,600 to 1,799	3.9	1,687	16,666	17,293	16,033	142.14	129.71	6.5	3.3	88.6
1,800 to 1,999	1.8	1,879	16,770	17,310	16,948	145.70	130.76	6.8	3.4	89.8
2,000 or more	1.7	2,316	17,325	17,642	17,272	155.12	136.08	7.6	4.0	89.6
Total	100.0	1,115	13,028	13,507	13,201	113.47	102.42	5.3	2.7	78.5

[1] Data reflect purchase transactions only.

Relation of Size of House to Property Value

Rooms and Bedrooms by Property Value.—Table III–50 illustrates the relationship between property value and the number of rooms and bedrooms included in the structures covered by the sample. As indicated by the medians, the number of rooms and bedrooms provided generally rose as property values increased, with bedroom count less affected by value than room count. For new homes valued between $9,000 to $17,999 the room count gradually increased, while the bedroom count remained practically constant.

Although the new- and existing-home median room counts were the same (5.8 rooms) existing homes in all value classes above $16,000 contained more rooms than were reported for new dwellings in corresponding groups. On the other hand, the median number of bedrooms for new homes valued between $9,000 and $19,999 in virtually all classes exceeded those for existing homes, reflecting the continued demand for more bedrooms in

TABLE III–50.—*Number of rooms and bedrooms by property value, 1-family homes, Sec. 203, 1957*

FHA estimate of property value	Percentage distribution	Number of rooms						Number of bedrooms			
		Median number of rooms	Percentage distribution					Median number of bedrooms	Percentage distribution		
			4 or less	5	6	7	8 or more		1–2	3	4 or more
NEW HOMES											
Less than $8,000	0.4	4.9	56.5	40.0	3.5	----------	----------	2.7	63.4	36.6	----------
$8,000 to $8,999	2.4	5.0	47.5	50.3	2.2	----------	----------	3.2	34.3	65.7	----------
$9,000 to $9,999	6.7	5.4	15.9	76.0	8.1	----------	----------	3.4	19.7	79.9	0.4
$10,000 to $10,999	7.9	5.5	12.1	72.2	15.6	0.1	----------	3.4	14.4	83.1	2.5
$11,000 to $11,999	8.1	5.6	10.5	69.5	19.1	.9	(1)	3.4	13.5	83.7	2.8
$12,000 to $12,999	10.0	5.6	9.2	66.6	23.0	1.1	0.1	3.5	11.2	86.2	2.6
$13,000 to $13,999	11.0	5.7	7.5	61.3	20.0	1.4	.2	3.5	10.9	85.1	4.0
$14,000 to $14,999	11.0	5.7	4.3	61.5	32.0	2.1	.1	3.5	8.0	85.8	6.2
$15,000 to $15,999	11.2	5.9	2.8	52.1	41.1	4.0	----------	3.5	6.6	86.0	7.4
$16,000 to $16,999	9.0	6.0	2.3	49.6	42.7	5.3	.1	3.5	4.9	88.1	7.0
$17,000 to $17,999	7.0	6.1	2.1	43.4	47.3	6.8	.4	3.5	5.0	88.3	6.7
$18,000 to $19,999	8.4	6.3	1.3	34.2	53.8	10.4	.3	3.6	3.0	83.9	13.1
$20,000 to $21,999	3.7	6.5	.7	22.7	58.0	16.5	1.5	3.6	2.3	76.4	21.3
$22,000 to $24,999	2.4	6.6	.8	20.3	51.2	24.6	3.1	3.6	2.5	76.5	21.0
$25,000 and over	.8	6.7	1.3	13.4	51.8	29.0	4.5	3.7	4.5	68.7	26.8
Total	100.0	5.8	7.2	55.6	32.6	4.3	.3	3.5	9.7	83.9	6.4
Median value	$14,261	----------	$11,310	$13,504	$15,826	$18,297	$21,364	----------	$12,257	$14,038	$16,528
EXISTING HOMES											
Less than $8,000	4.9	5.3	42.5	25.9	21.4	6.5	3.7	2.8	63.3	27.6	9.1
$8,000 to $8,999	7.1	5.3	40.8	36.1	17.1	4.1	1.9	2.7	68.0	27.5	4.5
$9,000 to $9,999	9.1	5.4	33.0	39.8	20.4	5.1	1.7	2.8	58.9	36.1	5.0
$10,000 to $10,999	10.7	5.5	28.3	42.3	23.1	4.7	1.6	2.9	51.3	43.3	5.4
$11,000 to $11,999	10.4	5.6	22.5	45.8	25.6	4.7	1.4	3.1	43.4	50.7	5.9
$12,000 to $12,999	11.0	5.7	19.4	44.4	28.6	6.0	1.6	3.2	38.0	55.0	7.0
$13,000 to $13,999	9.8	5.7	13.8	49.1	20.2	6.0	1.9	3.3	31.0	62.9	6.1
$14,000 to $14,999	8.8	5.8	10.8	46.7	33.4	7.1	2.0	3.4	26.8	65.4	7.8
$15,000 to $15,999	7.4	5.9	7.8	44.3	36.2	9.1	2.6	3.4	21.9	69.2	8.9
$16,000 to $16,999	5.9	6.1	5.5	42.1	40.2	9.2	3.0	3.4	17.5	72.7	9.8
$17,000 to $17,999	4.3	6.2	4.1	35.9	41.9	15.1	3.0	3.5	14.4	73.8	11.8
$18,000 to $19,999	5.1	6.4	3.1	29.3	47.1	16.4	4.1	3.5	11.7	75.3	13.0
$20,000 to $21,999	2.0	6.6	1.4	20.3	50.7	20.8	6.8	3.6	7.3	75.0	17.7
$22,000 to $24,999	2.0	6.7	2.0	14.7	46.4	26.2	10.7	3.6	7.2	69.8	23.0
$25,000 and over	.9	6.9	2.1	10.9	41.9	31.1	14.0	3.7	8.6	63.7	27.7
Total	100.0	5.8	19.1	40.3	30.1	8.0	2.5	3.2	37.1	54.8	8.1
Median value	$12,572	----------	$10,519	$12,687	$13,920	$15,071	$14,744	----------	$10,962	$13,794	$14,354

[1] Less than 0.05 percent.

new homes coming on the market. For homes valued at $20,000 or more, both new and existing homes typically included the same number of bedrooms.

The bulk (56 percent) of new homes insured had 5 rooms, while another one-third had 6 rooms. In existing properties there were comparatively fewer 5- and 6-room houses (40 and 30 percent respectively) but more with 4 or less rooms (19 percent). One-tenth of the existing houses had 7 or more rooms, in contrast with less than 5 percent of the new structures.

The distribution of bedrooms shown in Table III–50 indicates that 3-bedroom homes predominated in the insured transactions involving either new or existing homes. However, the new homes were more highly concentrated, with 84 percent containing 3 bedrooms, in contrast with about 55 percent of the existing homes. In addition, 37 percent of the existing homes had 2 bedrooms, compared with only one-tenth of the new homes in this category.

Structures of practically all room and bedroom counts were reported in nearly all value ranges of new homes and in all value ranges of the existing homes covered by the Section 203 transactions insured in 1957. For new homes, 5-room structures predominated in the $8,000 through $16,999 value ranges, while 6 rooms were reported more frequently for homes valued at $17,000 or more. In contrast, the existing-home distribution was more widely dispersed, with significant numbers of homes in the 4, 5, and 6-room categories. Three-bedroom homes predominated in nearly all new-home transactions, and in most of the existing homes valued at more than $11,000.

Mortgagor's Income Characteristics

In determining the acceptability of a transaction for mortgage insurance under the FHA underwriting system, an evaluation is made of the risk entailed in the mortgage credit elements of the transaction. This involves consideration of such items as mortgagor's income, his financial assets, current and anticipated obligations of a recurring nature, and the mortgagor's reasons for applying for the loan.

Owner-occupants are the mortgagors in nearly all of the Section 203 one-family transactions—98 percent of the new-home and practically all of the existing-home cases insured in 1957. The ability of an owner-occupant mortgagor to bear the cost of home ownership is measured in terms of his effective income. This is an estimate of the mortgagor's probable earning capacity during the first third of the mortgage term, which experience has indicated is likely to be the most hazardous portion of the life of the mortgage. Incomes of co-mortgagors or endorsers may be included partially, wholly, or not at all, depending on specific circumstances. This section of the report is devoted to an analysis of the Section 203 owner-occupant transactions insured in 1957 from the viewpoint of mortgagor's income and housing expense.

Mortgagor's Income Distribution.—As depicted in Chart III–23 and Table III–51, there is a fairly close similarity in the distribution of incomes for owners of new and existing homes. Annual effective incomes of more than 2 out of every 3 new- and existing-home buyers were in the range of $4,000 to $7,999. In the higher income brackets, $6,000 or more, new-home mortgagors were more numerous, while existing-home buyers were more prevalent in the lower ranges. Only about 5 percent of all home buyers had incomes less than $4,000. Incomes of FHA 1957 new-home mortgagors averaged $7,112, 9 percent higher than in 1956, while the income level of existing-home mortgagors increased only 4 percent to $6,853. This is a further reflection of the income distributions in Table III–51 which show reductions in the proportion of both new- and existing-home owners with incomes below $6,000 and moderate increases in the proportions for all income levels above $6,000.

The upward trend in income of FHA home owners was more apparent than the comparable rise in nonfarm income. While nonfarm income rose an estimated 3 percent during 1957—slightly less than for existing-home purchasers—the increase in income for new-home buyers was significantly higher (see Table III–51). This differential reflects the improved quality of newly-constructed FHA insured homes and the more liberal financing provisions in effect since the Housing Act of 1954.

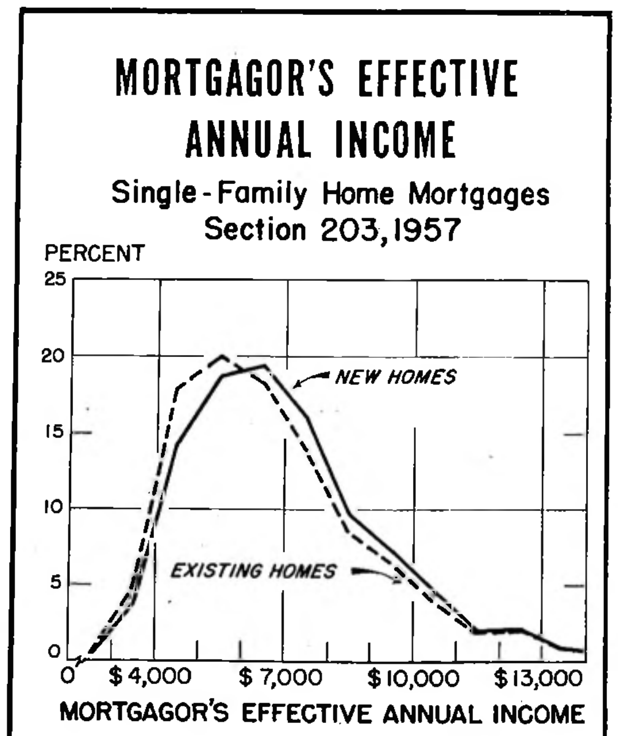

CHART III–23

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

Mortgagor's effective annual income	Percentage distribution				
	1957	1956	1954	1950	1946
NEW HOMES					
Less than $2,000	(1)	(1)	(1)	0.2	2.0
$2,000 to $2,999	0.3	0.3	1.0	12.0	31.8
$3,000 to $3,999	3.6	6.1	15.5	43.4	37.3
$4,000 to $4,999	14.2	20.0	30.2	24.0	16.3
$5,000 to $5,999	18.7	21.4	19.2	9.7	4.1
$6,000 to $6,999	19.4	19.0	14.8	5.8	4.3
$7,000 to $7,999	15.9	13.0	9.0	2.5	1.7
$8,000 to $8,999	9.6	7.3	4.2	1.0	.4
$9,000 to $9,999	7.2	5.4	2.8	.6	.3
$10,000 to $10,999	4.6	3.1	1.3	.3	.2
$11,000 to $11,999	1.9	1.2	.6	.1	.1
$12,000 or more	4.6	3.2	1.5	.4	.6
Total	100.0	100.0	100.0	100.0	100.0
Average	$7,112	$6,541	$5,633	$4,213	$3,619
Median	$6,632	$6,054	$5,139	$3,861	$3,313
EXISTING HOMES					
Less than $2,000	(1)	(1)	(1)	0.4	4.5
$2,000 to $2,999	0.3	0.4	0.8	8.9	34.2
$3,000 to $3,999	4.7	6.6	10.6	33.5	33.8
$4,000 to $4,999	18.0	21.3	24.3	24.1	13.8
$5,000 to $5,999	20.0	20.4	18.4	11.9	4.3
$6,000 to $6,999	18.3	17.5	16.6	9.4	4.4
$7,000 to $7,999	13.8	12.6	11.6	4.9	1.9
$8,000 to $8,999	8.5	7.5	6.2	2.1	.8
$9,000 to $9,999	6.4	5.3	4.6	1.7	.8
$10,000 to $10,999	3.9	3.3	2.7	1.0	.4
$11,000 to $11,999	1.8	1.3	1.0	.3	.1
$12,000 or more	4.3	3.8	3.2	1.8	1.0
Total	100.0	100.0	100.0	100.0	100.0
Average	$6,853	$6,583	$6,245	$4,837	$3,640
Median	$6,296	$6,033	$5,696	$4,274	$3,101

(1) Less than 0.05 percent.

Characteristics by Mortgagor's Monthly Income.—Characteristics of the Section 203 insured occupant-mortgagor transactions by mortgagor's monthly income groups are shown in Table III–52 (transaction and property characteristics) and Table III–53 (financial characteristics). For example, Table III–52 indicates that new-home buyers with monthly incomes in the $550–599 range purchased a 5½ room house containing 1,150 sq. ft. for an average sale price of $14,778. Total requirements—sale price plus closing costs of $294—averaged $15,072. The average FHA estimate of property value was $14,682—more than double the average annual income. This average new house for this income class secured a mortgage of $12,116 or 82½ percent of the appraised value, which was to be repaid over a period of nearly 26 years at the rate of $93 each month (including $15.35 in taxes, as well as debt service and insurance premiums). The total monthly housing expense (including mortgage payment and cost of operations, repairs, and maintenance) was $117.92 or one-fifth of the borrower's monthly income. For both new- and existing-home transactions, price levels and assumed obligations of home buyers did not increase in proportion to income. This is evident in a comparison of two income classes: The average mortgagor income in the $800–849 category was roughly twice as large as the average income for the $400–449 class, but sale prices, property values, mortgage amounts and payments, and estimated housing expenses of the higher group were only 1.4 times as large. This disproportionate relationship between increases in income and other items is reflected in the steady downtrend in the loan-value and value-income ratios shown in Table III–52 and the ratios of housing expense to income and mortgage payment to income in Table III–53.

It is difficult to judge whether this pattern also applies to non-FHA purchases, since FHA-insured transactions are influenced by two factors: One, operative builders using the FHA insurance program tend to build where there is effective market demand and at the same time seek to take advantage of the most favorable FHA financing terms; secondly, higher-income buyers can finance their purchases with conventional loans since they can afford the higher down payments as well as the higher monthly obligations.

As shown in Table III–52, new-home averages exceeded those for existing homes in corresponding income groups with respect to mortgage amounts, property values, sale prices, and total requirements. In addition, the ratios of loan to value were higher for new-home buyers earning $600 or more each month. With the exception of those home buyers earning less than $350 or more than $900 a month, new-home purchasers bought larger homes as indicated by the calculated areas.

The ratios of property value to income, in line with the trend in property values, averaged higher for new-home mortgagors than for purchasers of existing dwellings.

Table III–53 indicates that the terms of new-home mortgages were longer than those for existing-home mortgages at all levels, reflecting the longer probable economic life of new properties. Although existing-home mortgagors had a shorter period in which to repay their loan, the average new-home mortgage was sufficiently larger in all income classes to make the monthly mortgage payment for new-home owners higher in all income classes below $850. However, on the average, the relative share of the new-home mortgagor's income required for mortgage payment—15.5 percent—was only fractionally higher than for the existing-home buyer. Reflecting higher taxes and generally higher mortgage payments, the average prospective housing expense of new-home mortgagors earning less than $850 monthly was above those of existing-home owners, although on the average the cost of household operation and repair and maintenance was generally higher in all income ranges for existing homes than for new. In line with this pattern the proportion of income required for housing expense averaged slightly higher for existing-home transactions, but within

Table III-52.—*Transaction and property characteristics by mortgagor's income, 1-family homes,[2] Sec. 203, 1957*

Mortgagor's effective monthly income	Percentage distribution	Average: Mortgagor's annual income	Average: Total requirements[1]	Average: Sale price[1]	Average: Property value	Average: Mortgage amount	Average: Calculated area (square feet)	Average: Number of rooms	Percent ratio of loan to value	Ratio of property value to income
NEW HOMES										
Less than $300	1.3	$3,136	$9,529	$9,305	$9,425	$7,856	875	4.7	83.4	3.01
$300 to $349	4.4	3,919	10,578	10,318	10,471	8,948	930	4.9	85.5	2.67
$350 to $399	8.2	4,491	11,668	11,403	11,470	9,672	986	5.0	84.3	2.55
$400 to $449	11.9	5,073	12,649	12,366	12,398	10,367	1,023	5.1	83.6	2.44
$450 to $499	11.1	5,654	13,641	13,362	13,321	11,039	1,076	5.2	82.9	2.36
$500 to $549	12.6	6,236	14,393	14,091	14,037	11,654	1,123	5.3	83.0	2.25
$550 to $599	9.7	6,862	15,072	14,778	14,682	12,116	1,150	5.4	82.5	2.14
$600 to $649	9.4	7,428	15,590	15,280	15,199	12,530	1,189	5.4	82.4	2.05
$650 to $699	7.4	8,028	16,078	15,769	15,678	12,851	1,214	5.5	82.0	1.95
$700 to $749	5.7	8,631	16,745	16,423	16,341	13,367	1,256	5.5	81.8	1.89
$750 to $799	4.5	9,217	17,228	16,897	16,757	13,671	1,271	5.6	81.6	1.82
$800 to $849	3.9	9,848	18,035	17,692	17,527	14,265	1,322	5.7	81.4	1.78
$850 to $899	2.5	10,440	18,153	17,825	17,738	14,352	1,330	5.7	80.9	1.70
$900 to $999	2.8	11,240	18,509	18,145	17,947	14,583	1,360	5.7	81.3	1.60
$1,000 or more	4.6	14,851	20,230	19,867	19,544	15,637	1,463	5.8	80.0	1.32
Total	100.0	7,112	14,842	14,541	14,480	11,945	1,148	5.3	82.5	2.04
EXISTING HOMES										
Less than $300	1.7	3,212	8,115	7,892	7,962	6,841	931	4.8	85.9	2.48
$300 to $349	5.5	3,918	9,688	9,430	9,384	8,086	961	5.0	86.2	2.40
$350 to $399	10.5	4,485	10,708	10,438	10,352	8,809	982	5.0	85.1	2.31
$400 to $449	13.6	5,063	11,593	11,318	11,204	9,418	1,023	5.1	84.1	2.21
$450 to $499	11.6	5,645	12,519	12,224	12,083	10,059	1,049	5.2	83.2	2.14
$500 to $549	12.2	6,234	13,284	12,980	12,705	10,606	1,094	5.3	82.9	2.05
$550 to $599	8.7	6,860	13,872	13,561	13,354	11,011	1,124	5.4	82.5	1.95
$600 to $649	8.3	7,430	14,500	14,172	13,961	11,481	1,155	5.5	82.2	1.88
$650 to $699	6.6	8,036	15,035	14,716	14,437	11,820	1,187	5.5	81.9	1.80
$700 to $749	4.9	8,631	15,590	15,244	14,993	12,198	1,213	5.6	81.4	1.74
$750 to $799	4.1	9,213	16,294	15,947	15,611	12,669	1,243	5.6	81.2	1.69
$800 to $849	3.4	9,859	17,144	16,703	16,351	13,189	1,289	5.7	80.7	1.66
$850 to $899	2.0	10,432	17,523	17,159	16,813	13,469	1,324	5.8	80.1	1.61
$900 to $999	2.6	11,255	18,347	17,965	17,490	13,982	1,362	5.8	79.9	1.55
$1,000 or more	4.3	14,714	19,996	19,615	18,969	15,029	1,474	6.0	79.2	1.29
Total	100.0	6,853	13,507	13,201	13,031	10,760	1,117	5.3	82.6	1.90

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

Table III-53.—*Financial characteristics by mortgagor's income, 1-family homes,[1] Sec. 203, 1957*

Mortgagor's effective monthly income	Percentage distribution	Average monthly income	Average: Mortgage amount	Average: Term of mortgage (years)	Monthly average: Property taxes	Monthly average: Total mortgage payment	Monthly average: Prospective housing expense	Monthly average: Rental value	Percent of income: Mortgage payment	Percent of income: Housing expense
NEW HOMES										
Less than $300	1.3	$261.33	$7,856	25.0	$7.32	$58.76	$76.97	$73.93	22.5	20.5
$300 to $349	4.4	326.58	8,948	25.2	9.97	68.14	88.32	83.02	20.9	27.0
$350 to $399	8.2	374.22	9,672	25.7	11.35	73.58	95.45	89.51	19.7	25.5
$400 to $449	11.9	422.74	10,367	25.8	12.44	78.86	101.51	96.07	18.7	24.0
$450 to $499	11.1	471.20	11,039	25.8	13.68	84.43	107.97	103.64	17.9	22.9
$500 to $549	12.6	519.68	11,654	25.8	14.47	88.98	113.40	108.31	17.1	21.8
$550 to $599	9.7	571.86	12,116	25.8	15.35	93.00	117.92	113.18	16.3	20.6
$600 to $649	9.4	619.03	12,530	25.5	15.81	96.54	121.90	116.97	15.6	19.7
$650 to $699	7.4	669.02	12,851	25.4	16.73	99.45	125.61	120.70	14.9	18.8
$700 to $749	5.7	719.21	13,367	25.5	17.13	103.10	129.73	125.04	14.3	18.0
$750 to $799	4.5	768.05	13,671	25.3	17.91	105.86	133.01	128.73	13.8	17.3
$800 to $849	3.9	820.69	14,265	25.4	19.03	111.30	130.42	133.89	13.6	17.0
$850 to $899	2.5	870.00	14,352	25.3	19.32	111.83	139.96	134.54	12.9	16.1
$900 to $999	2.8	936.67	14,583	25.2	19.72	113.78	142.25	137.54	12.1	15.2
$1,000 or more	4.6	1,237.58	15,637	25.2	22.47	123.02	154.13	148.00	10.0	12.5
Total	100.0	592.64	11,945	25.6	15.10	91.91	116.70	111.62	15.5	19.7
EXISTING HOMES										
Less than $300	1.7	267.63	6,841	21.8	7.81	56.24	76.80	60.40	21.0	28.7
$300 to $349	5.5	326.53	8,086	22.2	9.77	66.06	88.21	70.59	20.2	27.0
$350 to $399	10.5	373.71	8,809	22.6	10.95	71.56	94.41	83.33	19.1	25.3
$400 to $449	13.6	421.90	9,418	22.7	12.05	76.68	100.15	89.95	18.2	23.7
$450 to $499	11.6	470.43	10,059	22.8	13.07	81.83	106.02	95.76	17.4	22.5
$500 to $549	12.2	519.49	10,606	22.8	13.74	86.14	111.12	100.01	16.6	21.4
$550 to $599	8.7	571.64	11,011	22.6	14.63	90.07	115.65	104.43	15.8	20.2
$600 to $649	8.3	610.13	11,481	22.8	15.21	93.67	119.95	108.70	15.1	19.4
$650 to $699	6.6	669.65	11,820	22.6	15.94	96.98	123.72	112.58	14.5	18.5
$700 to $749	4.9	719.26	12,198	22.4	16.38	100.22	127.35	116.12	13.9	17.7
$750 to $799	4.1	767.78	12,669	22.5	17.42	104.29	131.88	121.04	13.6	17.2
$800 to $849	3.4	821.61	13,189	22.4	18.22	109.07	137.07	126.24	13.3	16.7
$850 to $899	2.0	869.34	13,469	22.1	18.81	111.98	141.10	129.62	12.9	16.2
$900 to $999	2.6	937.93	13,982	22.1	19.70	116.71	145.83	134.32	12.4	15.5
$1,000 or more	4.3	1,226.19	15,029	21.7	22.18	127.73	159.56	145.54	10.4	13.0
Total	100.0	571.12	10,760	22.5	14.21	88.17	113.47	102.42	15.4	19.9

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

virtually all income classes below $850 the reverse was true.

Housing Expense by Mortgagor's Monthly Income.—In determining whether a mortgage obligation will be within the mortgagor's financial ability to pay, a basic consideration in the FHA credit analysis is the relationship between the mortgagor's prospective housing expense and his effective income. Table III-54 shows distributions of monthly housing expense by income classes of owner-occupant mortgagors involved in Section 203 transactions insured in 1957.

The median monthly housing expense for each income class indicates that housing expense rose with increases in the income level but at a decreasing rate (Chart III-24). For new homes, the typical housing expense ranged from $77.38 for mortgagors with monthly incomes under $300 to $152.89 for those earning $1,000 or more per month. For existing-home transactions, the comparable low and high were $78.82 and $158.74, with only the median housing expense figures for less than $350 and more than $850 incomes exceeding those characterizing new-home mortgagors with similar incomes. In the $350–849 range, new-home housing expenses were higher in line with higher mortgage payments resulting from

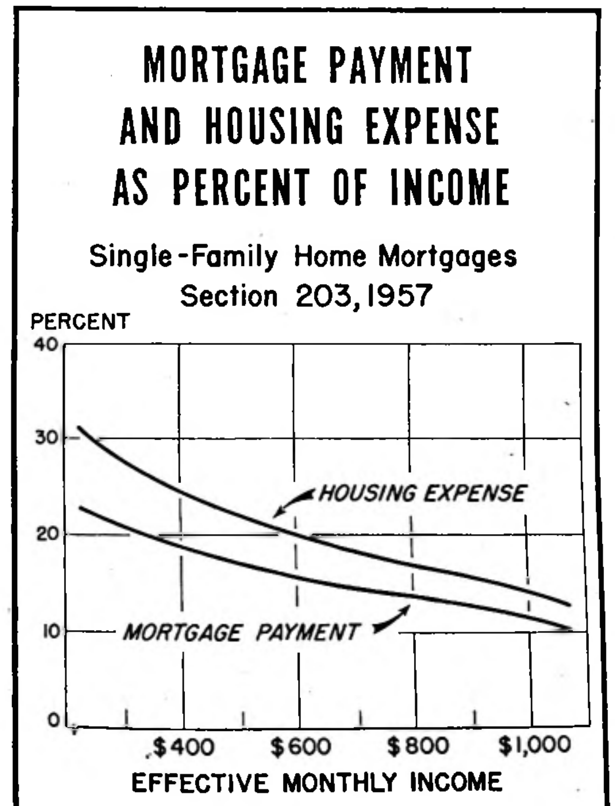

CHART III-24

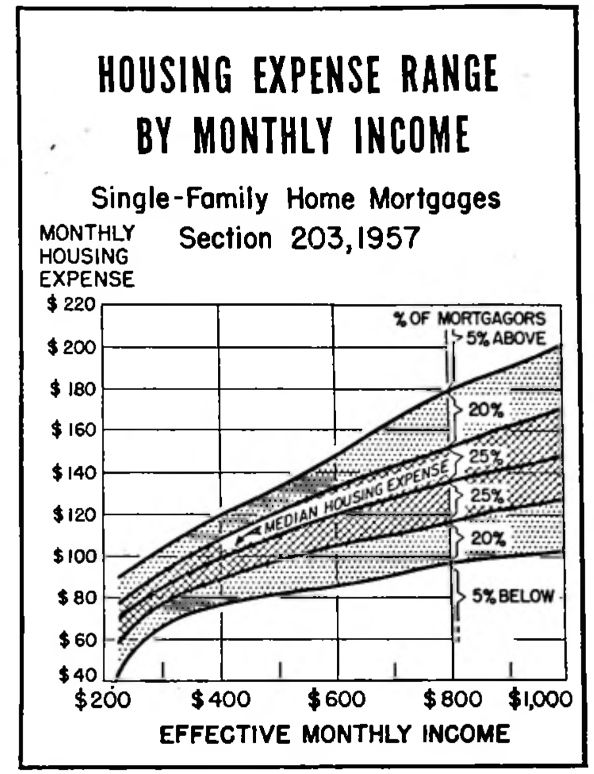

CHART III-25

the purchase of higher valued homes. As indicated by Chart III-25, housing expenses varied considerably in all income ranges with this variation increasing as income rose. In many instances, the relatively low housing expenses reported by some high-income mortgagors reflect the purchase of moderate-priced homes by these families.

Purchase Transaction Characteristics

The predominant reason for mortgage financing under Section 203 during 1957 was the purchase of a home for personal long-term occupancy. During 1957, 90 percent of the new-home transactions and 94 percent of all existing-home transactions involved purchases by occupant mortgagors.

Characteristics by Total Requirements.—Averages of selected characteristics of the purchase transactions arranged by total requirements are presented in Table III-55. They include total requirements, sale price, FHA property value, mortgage amount, mortgagor's income, and current investment, i. e., cash required over and above mortgage amount. These current investment data, however, exclude prepayable expense items, such as unaccrued taxes and insurance

TABLE III-54.—*Housing expense by mortgagor's income, 1-family homes,[2] Sec. 203, 1957*

Mortgagor's effective monthly income	Percentage distribution	Median monthly housing expense	Monthly housing expense—percentage distribution													
			Less than $60	$60 to $69	$70 to $79	$80 to $89	$90 to $99	$100 to $109	$110 to $119	$120 to $129	$130 to $139	$140 to $149	$150 to $159	$160 to $179	$180 to $199	$200 or more
NEW HOMES																
Less than $300	1.3	$77.38	4.1	17.1	41.2	28.8	6.5	2.0	0.3	------	------	------	------	------	------	------
$300 to $349	4.4	88.33	.1	2.6	15.8	38.6	31.6	9.4	1.5	0.3	0.1	------	------	------	------	------
$350 to $399	8.2	95.56	.1	.5	6.3	21.8	36.3	26.0	7.9	1.1	(1)	------	------	------	------	------
$400 to $449	11.9	102.50	------	.5	4.2	14.0	24.0	29.4	21.9	5.3	.6	0.1	(1)	------	------	------
$450 to $499	11.1	109.68	(1)	.3	2.2	8.3	16.0	24.0	28.8	10.2	3.5	.6	------	0.1	------	------
$500 to $549	12.6	115.45	(1)	.3	1.2	5.9	11.8	18.0	25.5	24.5	10.0	2.0	0.5	.2	0.1	------
$550 to $599	9.7	119.45	------	.2	1.0	4.8	9.4	13.9	21.5	23.5	17.9	6.1	1.3	.2	.1	0.1
$600 to $649	9.4	123.57	(1)	.2	.8	3.1	7.5	12.1	18.3	22.5	20.2	10.7	3.6	.8	.1	.1
$650 to $699	7.4	127.44	(1)	.2	.6	3.0	7.3	10.7	14.5	19.0	18.8	16.2	6.4	3.1	.2	(1)
$700 to $749	5.7	130.18	------	------	.3	2.4	5.0	9.2	14.5	18.3	17.7	15.4	10.9	5.7	.5	.1
$750 to $799	4.5	133.50	------	.2	.6	1.5	3.7	8.4	13.4	16.0	18.1	14.8	11.8	9.7	1.6	.2
$800 to $849	3.9	139.73	------	------	.4	.9	3.1	6.0	10.1	13.2	16.8	17.2	13.7	14.3	3.8	.5
$850 to $899	2.5	138.75	------	------	.1	1.3	2.6	5.7	11.3	15.5	14.6	14.7	12.6	16.8	3.9	.9
$900 to $999	2.8	141.67	------	.1	.5	.9	2.0	4.6	9.6	13.3	16.1	17.2	13.9	13.3	7.6	.9
$1,000 or more	4.6	152.89	------	------	.2	1.1	1.6	3.3	4.8	8.5	12.5	13.3	13.4	21.6	14.9	4.8
Total	100.0	115.17	.1	.6	2.9	8.5	13.5	15.8	17.2	14.8	10.7	6.8	4.0	3.5	1.3	.3
Median income			$243.75	$328.33	$373.55	$412.64	$440.61	$485.18	$532.76	$589.80	$648.58	$715.36	$785.76	$854.02	$1,000.55	$1,031.43
EXISTING HOMES																
Less than $300	1.7	78.82	12.2	10.2	31.7	31.6	10.5	3.1	0.6	0.1	------	------	------	------	------	------
$300 to $349	5.5	88.53	.6	3.7	17.6	34.2	28.8	11.7	3.0	.4	------	------	------	------	------	------
$350 to $399	10.5	94.79	.4	1.7	9.9	22.7	30.5	23.8	9.3	1.5	0.2	(1)	------	------	------	------
$400 to $449	13.6	101.03	.4	1.0	6.5	15.0	23.8	26.3	20.1	5.9	.8	0.1	0.1	------	------	------
$450 to $499	11.6	107.40	.4	.8	3.5	11.2	17.6	22.7	23.8	14.7	4.2	.7	.2	0.2	------	------
$500 to $549	12.2	112.68	.2	.6	3.1	8.8	13.3	18.4	21.4	19.2	11.3	2.9	.5	.2	0.1	------
$550 to $599	8.7	116.74	.2	.3	2.6	7.5	11.0	15.9	18.7	18.5	14.7	7.8	2.0	.7	------	0.1
$600 to $649	8.3	120.64	(1)	.3	2.0	5.7	9.8	17.0	14.2	16.2	15.5	11.9	5.3	1.7	.3	.1
$650 to $699	6.6	124.05	(1)	.1	1.5	5.0	9.2	12.7	14.8	15.8	14.1	12.9	8.5	4.9	.4	.1
$700 to $749	4.9	127.40	------	(1)	1.3	3.7	8.4	11.6	14.4	14.1	14.6	13.1	9.6	7.6	1.3	.3
$750 to $799	4.1	131.82	------	.1	1.1	3.5	6.6	9.8	12.4	13.7	13.3	12.3	12.7	11.6	2.4	.5
$800 to $849	3.4	136.92	------	.1	.7	1.9	4.5	8.7	11.3	12.9	14.4	13.6	11.3	15.5	4.4	.7
$850 to $899	2.0	140.78	------	.1	.6	2.5	3.0	7.6	9.1	11.5	14.2	14.7	11.2	16.5	7.3	1.7
$900 to $999	2.6	145.00	------	.1	.5	2.0	2.9	6.1	8.7	11.5	12.0	11.5	9.6	21.4	10.3	3.4
$1,000 or more	4.3	158.74	------	(1)	.4	1.4	2.0	3.4	5.5	8.2	9.5	9.6	11.4	20.4	14.5	13.7
Total	100.0	110.12	.4	1.0	4.9	11.2	15.3	17.0	15.3	11.6	8.2	5.6	3.6	3.7	1.4	.8
Median income			$315.00	$375.30	$394.93	$419.59	$441.34	$482.54	$519.14	$573.98	$633.02	$689.57	$755.50	$840.15	$964.34	$1,004.75

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

premiums. Also shown are ratios of mortgage amount to property value and to total requirements and the ratio of current investment to borrower's income.

Not only did current investments (downpayments plus closing costs) increase as price levels advanced, but the ratios of investment to total requirements also rose, although the rate of increase was higher and current investment represented a larger proportionate share of total requirements in the higher price brackets. For new-home transactions, current investments averaged $2,915 or 19.6 percent of total requirements and ranged from $732 or one-tenth of the total requirements in the lowest group to $8,476 or almost one-third of the total in the transaction requiring more than $25,000. On the other hand, existing-home purchasers invested a slightly lower average amount—$2,733—but ranged from $865 or one-eighth of the total to $8,705 or about one-third for corresponding groups. This is further reflected in Table III-55, where it is indicated that in all corresponding total requirements classes existing-home buyers were required to invest more, because of high downpayments, incidental closing costs, and sometimes repairs.

Downpayments made by home owners are derived largely from savings from income; therefore, the relationship of the current investment of home buyers to their incomes is particularly important. In the past, the burden of outlays for existing-home purchases has been much heavier than for new-home buyers. For instance, in 1956 the current investment of new-home buyers averaged 6 percentage points less than for existing-home buyers, but in 1957, because of the new downpayment regulations the direction was reversed and new-home buyers were investing 41 percent of their income while existing-home buyers were investing slightly less (40.1 percent). This is partially caused by the higher incomes of new-home purchasers as well as the higher mortgage amounts insured on new homes where higher downpayments were required, as noted in Table III-53 which indicates a larger relative share of these cases are in the higher total requirement classes. In addition, existing-home transactions reacted faster to the change in regulations, since these homes were already built and did not require as long a time to process.

Closing costs averaged $301 for new-home purchasers and $306 for existing, the latter perhaps reflecting to some degree the costs of minor repairs. The level of closing costs is related to the amount of mortgage and the number and amount of the items which may be included, such as financing charges, recording fees and taxes, cost of credit reports, property surveys, title examina-

TABLE III-55.—*Purchase transaction characteristics by total requirements, 1-family homes, Sec. 203, 1957*

Total requirements	Percentage distribution	Average						Mortgage as percent of		Current investment as percent of income
		Total requirements	Sale price	Property value	Mortgage amount	Mortgagor's annual income	Current investment[1]	Property value	Total requirements	
NEW HOMES										
Less than $8,000	0.3	$7,568	$7,405	$7,500	$6,836	$4,681	$732	90.1	90.3	15.6
$8,000 to $8,999	2.1	8,618	8,381	8,553	7,706	4,625	912	90.1	89.4	19.7
$9,000 to $9,999	6.5	9,473	9,257	9,417	8,525	5,183	948	90.5	90.0	18.3
$10,000 to $10,999	7.1	10,489	10,251	10,202	9,116	5,498	1,373	88.6	86.9	25.0
$11,000 to $11,999	7.7	11,473	11,210	11,218	9,811	5,766	1,662	87.5	85.5	28.8
$12,000 to $12,999	8.9	12,486	12,214	12,217	10,477	6,164	2,009	85.8	83.9	32.6
$13,000 to $13,999	10.0	13,483	13,201	13,144	11,070	6,454	2,413	84.2	82.1	37.4
$14,000 to $14,999	11.1	14,482	14,181	14,108	11,730	6,889	2,752	83.1	81.0	39.9
$15,000 to $15,999	10.9	15,470	15,165	15,032	12,347	7,116	3,123	82.1	79.8	43.9
$16,000 to $16,999	9.7	16,461	16,145	15,972	12,967	7,486	3,494	81.2	78.8	46.7
$17,000 to $17,999	7.9	17,447	17,104	16,936	13,698	8,122	3,749	80.9	78.5	46.2
$18,000 to $19,999	9.3	18,801	18,502	18,184	14,543	8,824	4,318	80.0	77.1	48.9
$20,000 to $21,999	4.2	20,864	20,495	19,939	15,744	9,725	5,120	79.0	75.6	52.6
$22,000 to $24,999	3.1	23,280	22,882	22,033	17,109	11,118	6,171	77.7	73.5	55.5
$25,000 and over	1.2	27,107	26,551	24,872	18,631	13,229	8,476	74.9	68.7	64.1
Total	100.0	14,842	14,541	14,402	11,927	7,112	2,915	82.8	80.4	41.0
EXISTING HOMES										
Less than $8,000	4.4	6,842	6,644	6,703	5,977	4,785	865	89.2	87.4	18.1
$8,000 to $8,999	6.3	8,531	8,300	8,314	7,524	5,170	1,007	90.5	88.2	19.5
$9,000 to $9,999	8.6	9,479	9,237	9,208	8,255	5,461	1,224	89.7	87.1	22.4
$10,000 to $10,999	9.9	10,504	10,246	10,164	8,885	5,715	1,619	87.4	84.6	28.3
$11,000 to $11,999	10.0	11,477	11,206	11,078	9,508	5,983	1,969	85.8	82.8	32.9
$12,000 to $12,999	10.4	12,486	12,203	12,033	10,180	6,277	2,306	84.6	81.5	36.7
$13,000 to $13,999	10.1	13,471	13,175	12,957	10,767	6,554	2,704	83.1	79.9	41.3
$14,000 to $14,999	8.7	14,465	14,156	13,928	11,460	6,934	3,005	82.3	79.2	43.3
$15,000 to $15,999	7.7	15,463	15,139	14,855	12,060	7,348	3,403	81.2	78.0	46.3
$16,000 to $16,999	6.6	16,462	16,112	15,775	12,724	7,750	3,738	80.7	77.3	48.2
$17,000 to $17,999	4.8	17,452	17,070	16,704	13,395	8,330	4,057	80.2	76.8	48.7
$18,000 to $19,999	5.8	18,857	18,433	17,956	14,263	9,012	4,594	79.4	75.6	51.0
$20,000 to $21,999	2.9	20,858	20,459	19,778	15,552	10,007	5,306	78.6	74.6	53.0
$22,000 to $24,999	2.5	23,291	22,843	21,851	16,033	10,925	6,358	77.5	72.7	58.2
$25,000 and over	1.3	27,281	26,486	24,585	18,576	12,624	8,705	75.6	68.1	69.0
Total	100.0	13,507	13,201	12,962	10,774	6,814	2,733	83.1	79.8	40.1

[1] Total requirements less mortgage amount.

tions, and insurance and other charges and fees which are customary in the particular location. Also affecting the levels of closing costs was the tendency on the part of some builders to absorb all or part of the closing cost in the sale price in order to promote sales.

CHARACTERISTICS OF MULTIFAMILY HOUSING MORTGAGE TRANSACTIONS

This analysis of the characteristics of multifamily housing is based on commitments issued by FHA during 1957 for the insurance of mortgages to be secured by newly constructed rental or management-type cooperative housing. While FHA issued 891 commitments involving 63,000 dwelling units in its multifamily housing operations, the analysis covers 11,000 dwelling units involving newly constructed rental housing available for general occupancy and some 32,000 housing accommodations under Section 803 restricted to occupancy by military personnel and their dependents. General-occupancy rental housing includes FHA's regular long-term investment rental program, Section 207, which covered 7,300 units, Section 220 urban renewal housing (3,600 units), and Section 221 relocation housing (400 units). Section 213 management-type cooperative housing operations covered some 3,000 units. Tables in this section of the report customarily show a total column under "Rental housing," but Section 207 data are considered to be more representative of rental market operations, though not necessarily reflecting this segment of the housing market for the country as a whole.

The 1957 data covering Section 213 sales-type cooperative operations (583 projects for 10,500 units) are excluded from multifamily housing characteristics tables. Essentially, project operations under this phase of the Section 213 program involve construction of individual homes. This is done by the formation of mortgagor corporations organized for this purpose which, upon completion of construction and release of the homes to cooperative members from the blanket mortgages—in effect, construction loans—are dissolved. It is contemplated that these data will be presented another year when the volume of operations under this program may warrant machine tabulation. In addition, current procedures for these cooperative projects do not require that all information necessary for such analyses be submitted to Washington headquarters until time of insurance. Because of the variation in the character of projects designed for the elderly, these operations under Section 207 (12 projects involving 1,800 living units) will also be tabulated separately in a future year when the volume of operations becomes sufficiently large to provide a basis for the study of these cases. Also excluded are the 1957 commitments issued pursuant to the miscellaneous insuring provisions of Section 207. These included one proposed mobile home court (120 parking accommodations), a commitment given to reinsure a 26-unit Section 608 acquired project sold by the FHA, and one commitment involving the rehabilitation of existing construction (21 units).

Trends of Typical Multifamily Housing Transactions

The typical rental project approved for mortgage insurance by FHA in 1957 included 142 dwelling units. The typical unit contained 5.5 rooms and secured a mortgage of $14,796 which represented 91.7 percent of the estimated replacement cost. Table III–56 presents these data for each of the several programs included in this

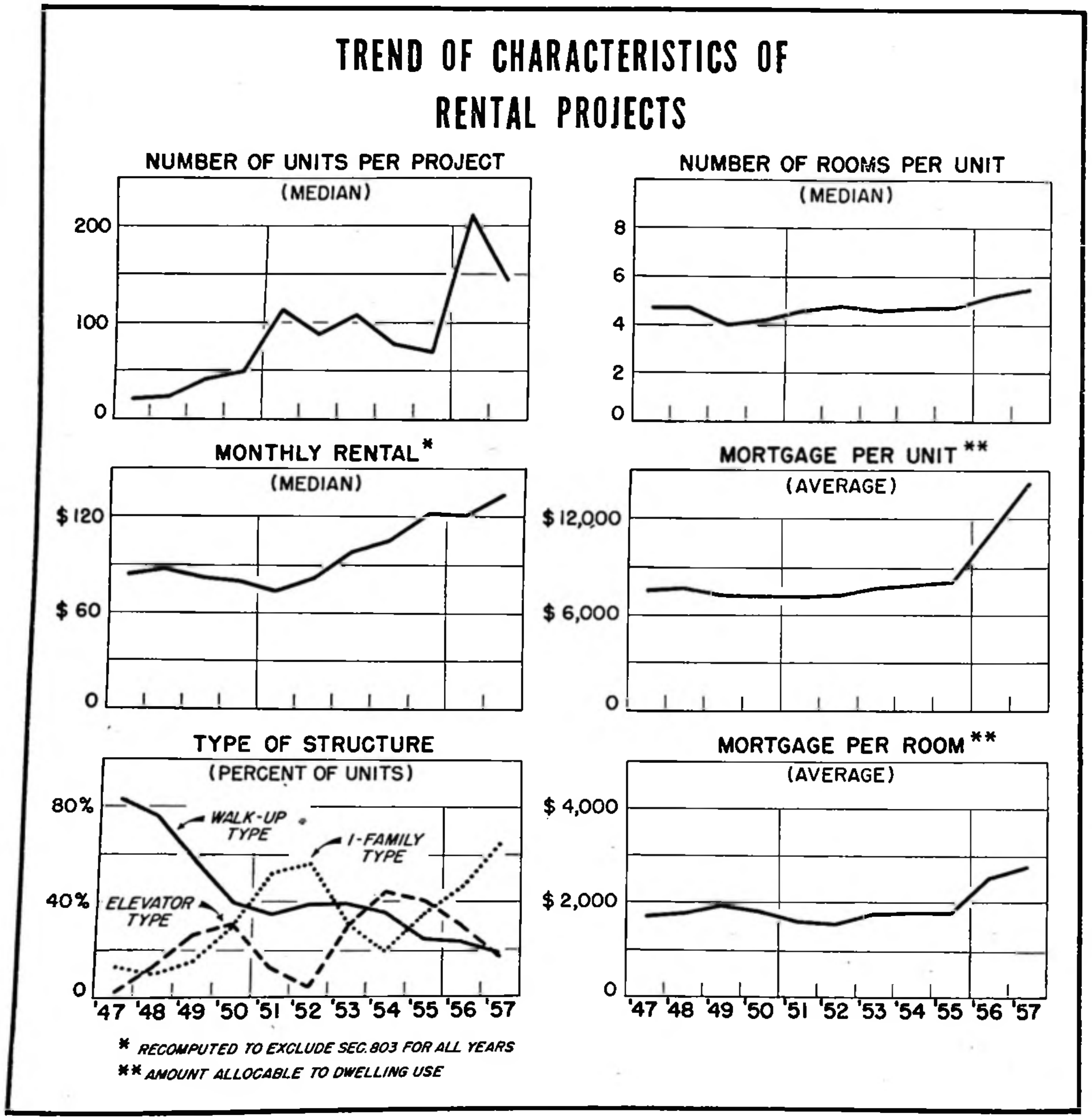

CHART III–26

TABLE III–56.—*Characteristics of multifamily housing transactions, by section, 1957*

Item	Total rental and cooperative housing	Rental housing: Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	Cooperative housing Sec. 213 management type
Projects:							
Median size (in units)[1]	138.0	142.0	66.0	255.0	187.0	158.0	104.0
Average size (in units)	159.5	161.8	88.7	224.4	187.0	191.7	132.5
Units:							
Median size (in rooms)[2]	5.5	5.5	4.5	3.8	4.8	6.0	4.9
Median monthly rental	(3)	(3)	$144.16	$124.49	$77.50	(3)	(3)
Median mortgage amount[4]	$14,638	$14,796	$11,618	$11,029	$8,000	$15,433	$12,065
Median mortgage-cost ratio	91.6	91.7	87.6	85.6	94.1	94.3	90.0

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

analysis of project characteristics. The mortgage amount securing the typical unit for each program increased in 1957 from that reported a year earlier. Dwelling units under the Section 207 program, however, were smaller—4.5 rooms compared to 4.7—and rented for more—$144.16 compared with the $92.02 reported for 1956—a probable reflection of the increased proportion of elevator structures included in the 1957 sample. The greatest dollar increase in the typical unit mortgage was also recorded under Section 207—$11,618 as compared to $7,431 in 1956. Management-type cooperatives showed but little change over those of a year earlier.

The trends of selected characteristics for rental housing projects are shown in Chart III–26 and Table III–57 for recent years.

In 1957, as in 1956, new records were again established for the largest median unit (5.5 rooms) and the average mortgage of $14,242. These changes reflect the preponderance of operations under the Section 803 program, consisting mainly of 1-family structures which characteristically have been larger than the dwelling units provided under other rental programs.

The median monthly rental in 1957 ($133.80) rose $13 over that of 1956, reaching the highest level reported to date. It should be noted that, for purposes of comparability with earlier years, rentals have been recomputed for all years to exclude the Section 803 program. A comparison of Table III–57 with its counterpart in the 1956 Annual Report will reveal that this program has exerted a consistently depressing influence on the monthly rentals reported for all programs.

Type of Structure

Multifamily housing projects are classified by FHA into three principal types of structure: Walkup, elevator, and 1-family (row, semidetached, and detached houses). Projects composed of more than one type of dwelling structure are classified according to the type of structure accounting for the greatest number of dwelling units. In 1957, 1-family-type housing predominated, with nearly two-thirds of all rental housing dwelling units approved during the year falling

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

Item	Year[1]: 1957	1956	1955	1954	1952	1950	1948	1947
Projects:								
Median size (in units)	[2] 142.0	[2] 211.0	69.0	77.5	87.5	48.6	22.5	20.3
Average size (in units)	161.8	218.8	115.6	116.8	154.8	97.6	51.1	39.8
Percent with:								
Walk-up structures	27.5	44.0	47.5	54.6	53.5	59.0	84.4	85.9
Elevator structures	14.0	26.0	32.2	27.6	5.6	18.0	3.1	1.1
1-family structures	58.5	30.0	20.3	17.8	40.9	23.0	12.5	13.0
Units:								
Median size (in rooms)	5.5	5.2	4.7	4.7	4.8	4.2	4.7	4.7
Average size (in rooms)	4.1	4.7	4.5	4.3	4.5	3.9	4.3	4.4
Median monthly rental[3]	$133.80	$120.87	$121.83	$115.43	$81.87	$80.69	$87.56	$84.13
Average mortgage amount	$14,242	$11,944	$8,049	$7,821	$7,179	$7,140	$7,645	$7,505
Percent in:								
Walk-up structures	18.4	23.3	24.4	35.8	39.4	40.0	76.7	83.6
Elevator structures	17.5	30.5	40.8	44.4	4.4	30.8	13.1	2.7
1-family structures	64.1	46.2	34.8	19.8	56.2	29.2	10.2	13.7
Rooms:								
Average monthly rental[3]	$34.62	$31.12	$28.47	$26.73	$20.11	$21.37	$20.13	[4] $19.00
Average mortgage amount	$2,705	$2,564	$1,802	$1,817	$1,579	$1,835	$1,769	$1,724

[1] Based on commitments issued in 1947–48 under Sec. 608, in 1950 under Secs. 207, 608, 803, in 1952–1954 under Secs. 207, 803, 908, in 1955–56 under Secs. 207, 220, 803, and in 1957 under Secs. 207, 220, 221, 803.
[2] By inspection.
[3] Median and average monthly rentals have been recomputed to exclude Sec. 803 for all years.
[4] Estimated.

in this category. This, of course, results from the 1-family-type projects approved under the Section 803 program which accounted for the major portion of all rental units. Nearly three-fourths of the management-type cooperative housing units approved during the year were in elevator structures.

Section 207 operations—Table III-58—returned to the generally established pattern of recent years, with three-fifths of this program's dwelling units reported in elevator structures. Only once in the last five years have fewer than one-half of the Section 207 units been provided in other than elevator-type structures; that occurred in 1956, when walkups were most prevalent. Walkup-type projects were more numerous under Section 207 in 1957 but accounted for relatively small numbers of dwelling units.

TABLE III-58.—*Type of structure for multifamily housing, by section, 1957*

Type of structure	Total rental and cooperative housing	Rental housing					Cooperative housing Sec. 213 management type
		Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	
Percentage distribution of projects:							
Walk-up	27.1	27.5	46.3	25.0	100.0	17.6	21.7
Elevator	17.0	14.0	31.7	68.8	------	------	52.2
1-family	55.9	58.5	22.0	6.2	------	82.4	26.1
All projects	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percentage distribution of dwelling units:							
Walk-up	17.8	18.4	23.5	13.4	100.0	16.8	9.2
Elevator	21.1	17.5	61.4	84.4	------	------	72.3
1-family	61.1	64.1	15.1	2.2	------	83.2	18.5
All units	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Size of Project

Project size, as summarized in Table III-59, reflects the number of living units covered by individual project mortgages, although in many cases the dwelling units securing individual mortgages are part of larger multiproject developments.

In 1957, the typical rental project approved for FHA mortgage insurance contained 142 dwelling units, significantly below the 211 units reported for 1956—a reflection of the smaller projects approved under the armed services housing program (typically 158 units in 1957 as compared to 284 one year ago).

The typical elevator-type rental project committed in 1957 involved 182 apartments, the typical walkup project contained 96 units, and the typical project of 1-family structures had 150 living accommodations. Elevator structures involved slightly less than one-fifth of all rental units approved in 1957. Section 207 project operations accounted for three-fifths of these elevator projects. The remainder were processed under the Section 220 urban renewal program and accounted for more than four-fifths of this program's total units. Section 803 operations involved nearly all the 1-family-type projects (two-thirds of all rental units) and two-thirds of all rental walkups. The bulk of the remaining walkups were approved under the Section 207 program.

As Table III-59 shows, the greatest number of rental projects (37 percent) in 1957 contained from 100 to 199 units, this group accounting for nearly one-third of the total units. A nearly equal proportion (31 percent) of all units were contained in projects having from 200 to 299 units, although only one-fifth of all rental projects were of this size. Management-type cooperatives contained a typical 104 units. Nearly one-half of these cooperative projects contained less than 100 units, while the largest proportion of units (one-third) were contained in projects having from 100 to 199 units. Nearly three-fourths of all management-type cooperative units in 1957 involved elevator structures.

TABLE III-59.—*Size of project for multifamily housing, by section, 1957*

Number of dwelling units per project	Total rental and cooperative housing	Rental housing					Cooperative housing Sec. 213 management type
		Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	
Percentage distribution of projects:							
8 to 24	8.7	8.3	25.6	------	------	0.6	13.0
25 to 49	4.7	6.0	12.2	------	------	1.8	------
50 to 99	19.8	18.4	26.9	18.6	------	14.5	34.8
100 to 149	22.5	22.3	20.7	6.2	------	21.9	26.0
150 to 199	13.9	14.7	6.1	12.7	100.0	18.2	4.4
200 to 299	20.1	20.8	4.9	50.1	------	26.1	13.2
300 to 399	7.6	7.5	2.4	6.2	------	10.3	8.6
400 to 499	1.7	1.0	1.2	6.2	------	1.8	------
500 or more	1.0	1.1	------	------	------	1.8	------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	138.0	142.0	66.0	255.0	187.0	158.0	104.0
Percentage distribution of dwelling units:							
8 to 24	0.8	0.7	4.0	------	------	(1)	1.8
25 to 49	1.1	1.1	5.1	------	------	0.4	------
50 to 99	9.3	8.4	20.7	6.0	------	6.0	21.0
100 to 149	17.5	17.0	28.4	3.1	------	16.0	25.1
150 to 199	14.7	15.4	11.4	10.1	100.0	15.8	5.9
200 to 299	30.4	31.0	14.4	59.3	------	32.0	22.7
300 to 399	16.3	15.8	10.5	9.5	------	17.9	23.5
400 to 499	4.7	5.0	5.5	11.1	------	4.3	------
500 or more	5.2	5.6	------	------	------	7.6	------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	159.5	161.8	88.7	224.4	187.0	191.7	132.5

[1] Less than 0.05 percent.

Size of Dwelling Units

The typical rental unit approved by FHA in 1957 contained 5.5 rooms, again reflecting the influence of Section 803 projects, which generally contain larger units. Section 207 project units, however, were smaller—4.5 rooms compared with 4.7 in 1956—because of the increased prevalence of elevator units, which contained a median of 4.3 rooms in both years. Dwelling units in Section 220 urban renewal projects contained 3.8 rooms in 1957, while in 1956 the typical unit under this program had 4.2 rooms. The proportionate share of units in elevator-type buildings predominant under this program remained the same in both years, but the typical elevator dwelling unit decreased by 1 room in size, having 3.7 rooms as compared to 4.7 rooms in 1956. This may be a reflection of the legislative change of 1957 stipulating that projects located in areas certified by FHA as high-cost areas could increase maximum mortgage dollar amount limitations by $1,000 per room rather than the per-unit basis previously used. All but one elevator-type project approved under Section 220 in 1957 took advantage of this device in the law.

Table III-60 shows that nearly three-fourths of all rental units approved in 1957 contained five or more rooms, increasing by 10 percentage points over 1956 despite a small drop-off in Section 803 units of this size. Enabling the production of larger units, legislative changes have increased the maximum per-room and per-unit mortgage limitations and included the provision that maximum mortgage amounts for projects averaging four rooms or more per unit will be calculated on a per-room basis; otherwise, per-unit limitations are imposed. In addition, statutory mortgage limitations were increased to compensate for the higher cost incident to the construction of elevator-type structures, with further increases approved for a limited number of designated areas in which high cost levels so required. In the Section 803 program, per-unit limitations have always applied.

TABLE III-60.—*Size of dwelling units for multifamily housing, by section, 1957*

Rooms per unit	Total rental and cooperative housing	Rental housing					Cooperative housing Sec. 213 management type
		Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	
Percentage distribution of dwelling units:							
Less than 3	2.3	2.4	4.8	18.9	------	------	1.0
3	2.0	2.0	4.9	14.3	------	------	1.4
3½	3.8	3.2	6.1	25.0	9.1	------	12.9
4	12.4	12.0	34.2	8.7	------	7.4	17.9
4½	8.9	8.1	10.9	18.4	81.8	5.4	20.3
5	22.5	22.4	32.8	10.4	------	21.6	23.3
5½	9.1	9.5	1.4	2.5	9.1	12.2	3.3
6	34.4	35.4	4.9	1.6	------	46.7	19.7
6½	.6	.6	------	------	------	.9	------
7 or more	4.0	4.4	------	.2	------	5.8	.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	5.5	5.5	4.5	3.8	4.8	6.0	4.9

Section 213 management-type cooperative units

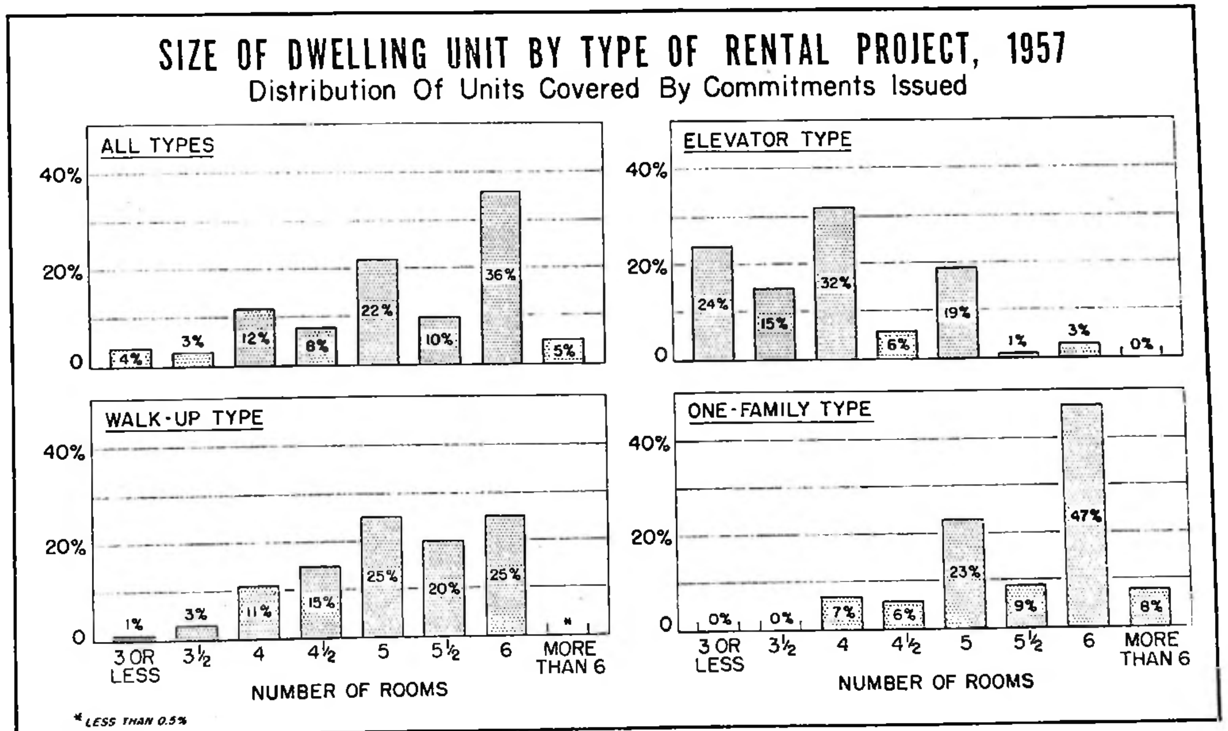

CHART III-27

were larger in 1957 than in 1956, with nearly one-half of the total containing five or more rooms (39 percent in 1956) and a typical unit of 4.9 rooms compared to 4.8 rooms for 1956.

The size of dwelling units by type of structure for rental projects approved in 1957 is presented graphically in Chart III–27. Elevator structures containing the bulk of units having 3½ or less room rather than the per-unit basis previously 220 program, while the major portion of units with four rooms and five rooms were under Section 207. Most walkup units of 5½ or more rooms and 1-family-type units of five or more rooms were in projects under the armed services housing program.[1]

Mortgage Allocable to Dwellings

The typical unit in rental projects approved in 1957 involved a mortgage amount of $14,796 that was allocable to dwelling use. This was a 14 percent increase over 1956 and represented the highest unit mortgage reported in FHA history for rental projects. This amount, along with other data shown on Table III–61, excludes that portion of the mortgage amount which is allocated to garages, stores, and other nondwelling income-producing parts of the project.

All programs reported increased unit mortgages this year. The largest of these was under Section 207, which rose to $11,618—an increase of 56 percent over 1956. In 1957 three-fifths of all Section 207 units had average mortgages of $11,000 or more per unit—a figure not exceeded for any units approved in 1956. Though higher-cost elevator dwelling units predominated under this program in 1957, this was not the sole factor in the mortgage increase even though the elevator-type-unit mortgages also showed a marked upturn—$13,177 as compared to $8,945 for 1956. Probably also contributing to the increase was the fact that many Section 207 elevator projects approved in 1957 were located in certified high cost areas and qualified for the increased mortgage amount of $1,000 per room. Increased unit mortgages also applied to walkups under this program—$9,913 over $7,354—and 1-family units—$10,294 as compared to $7,184 in 1956.

Chart III–28 shows the distribution of dwelling units by mortgage amount for each type of rental structure. All walkup units of $16,000 or more and practically all 1-family units of $14,000 or more were contained in Section 803 projects.

Section 213 management-type cooperative unit mortgages increased slightly to $12,065 in 1957 from $11,601 in 1956, along with the previously noted increase in unit size.

The median rental project mortgage (total amount) approved for mortgage insurance in 1957 was $2,094,837. The typical Section 207 mortgage was $713,400, while those under Section 220 ($2,336,400), Section 221 ($1,496,000), and Section 803 ($2,466,000) were considerably larger. Management-type cooperatives had a typical mortgage of $1,293,600. The largest mortgage approved for FHA insurance in 1957 involved nearly $33 million to be secured by a 1-family-type Section 803 project. Subsequent to receiving FHA approval, this mortgage was separated into several smaller mortgages. Section 803 mortgages have no total dollar limitation, but all other programs are limited to $12,500,000 for a single project to be constructed under private sponsorship.

[1] Typical unit compositions are as follows:
Fewer than 3 rooms—combination living and sleeping room with dining alcove and kitchen or kitchenette.
3 rooms—living room, 1 bedroom and kitchen, with dining space in either living room or kitchen.
3½ rooms—living room, 1 bedroom, dining alcove, and kitchen.
4 rooms—living room, 2 bedrooms, with dining space either in living room or in kitchen; 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.
6½ rooms—living room, 4 bedrooms, dining alcove, and kitchen.
7 rooms—living room, 4 bedrooms, dining room, and kitchen.

TABLE III–61.—*Amount of mortgage allocable to dwellings for multifamily housing, by section, 1957*

Average amount of mortgage per dwelling unit [1]	Total rental and cooperative housing	Rental housing					Cooperative housing Sec. 213 management type
		Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	
Percentage distribution of dwelling units:							
Less than $7,000	0.3	0.1	0.7				3.4
$7,000 to $7,999	.2	.2	1.0				
$8,000 to $8,999	3.6	3.0	11.2	9.5	100.0		4.5
$9,000 to $9,999	3.7	3.7	12.5	19.4			2.9
$10,000 to $10,999	5.7	4.1	14.7	19.3			28.9
$11,000 to $11,999	5.9	5.6	14.0	39.5			8.8
$12,000 to $12,999	8.8	7.9	10.5	10.1		7.2	22.0
$13,000 to $13,999	6.4	5.5	13.5			4.3	19.5
$14,000 to $14,999	21.4	22.0	5.9			29.6	
$15,000 to $15,999	17.4	18.8	12.8			22.3	
$16,000 or more	26.6	27.8	3.2	2.2		36.6	10.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$14,638	$14,706	$11,618	$11,029	$8,000	$15,433	$12,065

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

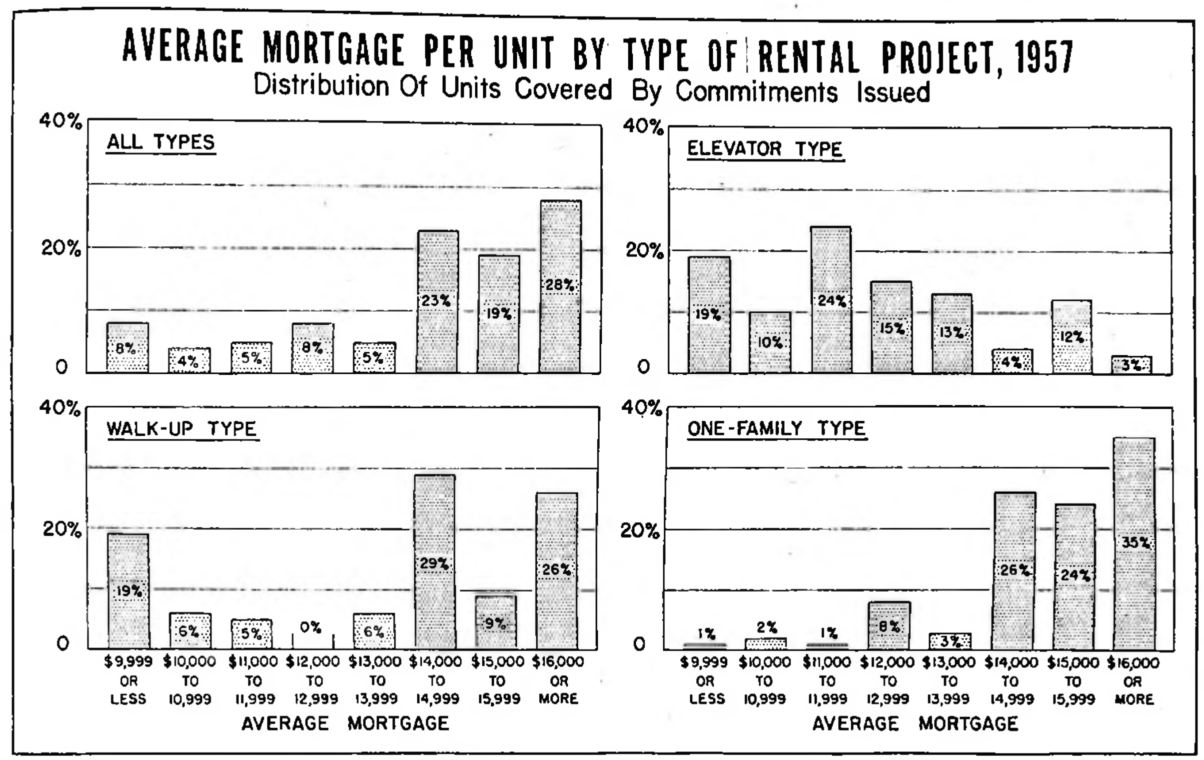

CHART III–28

Ratio of Mortgage Amount to Replacement Cost

The ratio of mortgage amount to replacement cost for the typical 1957 rental unit was 91.7 percent, just slightly higher than the 90.5 percent shown for 1956. As in 1956, this is a reflection of the predominant Section 803 program, which showed little change for the two years—94.3 percent in 1957 as compared to 94.5 percent for 1956. Mortgage-replacement cost ratios for Section 803 projects can go as high as 100 percent.

Newly constructed projects under Section 207 reported a significant increase in the median mortgage-cost ratio in 1957—87.6 percent over 78.0 percent for the previous year. These projects, excluding housing for the elderly, have maximum mortgages based on estimates of value, generally the lower amount, rather than on replacement cost. In 1956 the maximum mortgage-value ratio was increased from 80 percent to 90 percent. A full year's operation under this revised maximum effected the substantial rise in the mortgage-replacement cost ratio for this program. For comparison, the following table presents a distribution of dwelling units showing the relationship in 1957 of the amount of mortgage to FHA value under Section 207:

Mortgage as percent of value	*Percent distribution of units*
75.0–79.9	1.9
80.0–82.4	1.5
82.5–84.9	2.9
85.0–87.4	9.9
87.5–89.9	23.5
90.0	60.3
Total	100.0

Three-fifths of this program's dwelling units involved the maximum mortgage-value ratio and one-fourth ranged from 87.5 percent to 89.9 percent. Table III–62 shows that more than one-half of the Section 207 units had mortgage-cost ratios in this same range.

The median unit mortgage-cost ratio for Section 213 management-type cooperatives decreased slightly to 90.0 percent—down from 91.1 percent in 1956. In 1957, one-third of these cooperative units involved investor-sponsored projects, which can have mortgages representing no more than 85 percent of replacement cost. A management-type cooperative, assuming a 50 percent veteran membership, can involve a mortgage as high as 95 percent of the estimated replacement cost; with lower veteran participation, the limit is 90 percent.

TABLE III–62.—*Ratio of amount of mortgage to replacement cost for multifamily housing, by section, 1957*

Mortgage as a percent of replacement cost	Total rental and cooperative housing	Rental housing					Cooperative housing Sec. 213 management type
		Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	
Percentage distribution of dwelling units:							
Less than 70	------	------	------	------	------	------	------
70 to 74.9	1.0	1.1	1.7	9.5	------	------	------
75 to 79.9	3.2	3.1	8.5	11.1	------	1.0	3.4
80 to 82.4	6.9	7.4	11.1	15.9	------	5.6	------
82.5 to 84.9	3.3	3.5	13.4	9.9	------	.6	.3
85.0 to 87.4	10.9	9.5	14.1	15.9	------	7.8	30.4
87.5 to 89.9	11.7	11.9	34.7	16.4	------	6.3	8.5
90.0 to 94.9	30.1	29.4	16.5	21.3	50.0	33.1	41.9
95.0	1.0	------	------	------	------	------	15.5
95.1 to 100.0	31.9	34.1	------	------	50.0	45.6	------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	91.6	91.7	87.6	85.6	94.1	94.3	90.0

Nearly one-seventh of the cooperative units approved in 1957 involved the maximum mortgage-cost ratio of 95 percent.

Monthly Rental for Rental Projects

Data relative to monthly rentals, shown in Table III–63, are based on estimates made for the underwriting analysis prepared at the time of commitment. While generally reflecting rentals that are expected to prevail when the projects are completed and occupied, the rent schedules may be revised because of changes in construction or operating costs. In 1957, rental data were not available for Section 803 armed services housing projects. They are therefore excluded from Table III–63 and the comparison of rental distributions by type of structure presented in Chart III–29.

The continuing trend toward higher rentals was evidenced by those rental dwelling units for which data were available in 1957. Nearly one-eighth of the total of these units were approved to rent for

TABLE III–63.—*Monthly rental for rental housing projects, by section, 1957*

Monthly rental per dwelling unit	Rental housing				
	Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803
Percentage distribution of dwelling units:					
Less than $60	------	------	------	------	(1)
$60 to $79.99	3.8	0.5	1.4	90.9	(1)
$80 to $99.99	9.9	5.4	19.1	9.1	(1)
$100 to $119.99	23.9	25.7	23.0	------	(1)
$120 to $139.99	19.9	15.1	31.8	------	(1)
$140 to $159.99	11.0	11.5	11.1	------	(1)
$160 to $179.99	11.5	13.2	9.2	------	(1)
$180 to $199.99	7.2	10.2	1.7	------	(1)
$200 or more	12.8	18.4	2.7	------	(1)
Total	100.0	100.0	100.0	100.0	------
Median	$133.80	$144.16	$124.49	$77.50	------

[1] Not available.

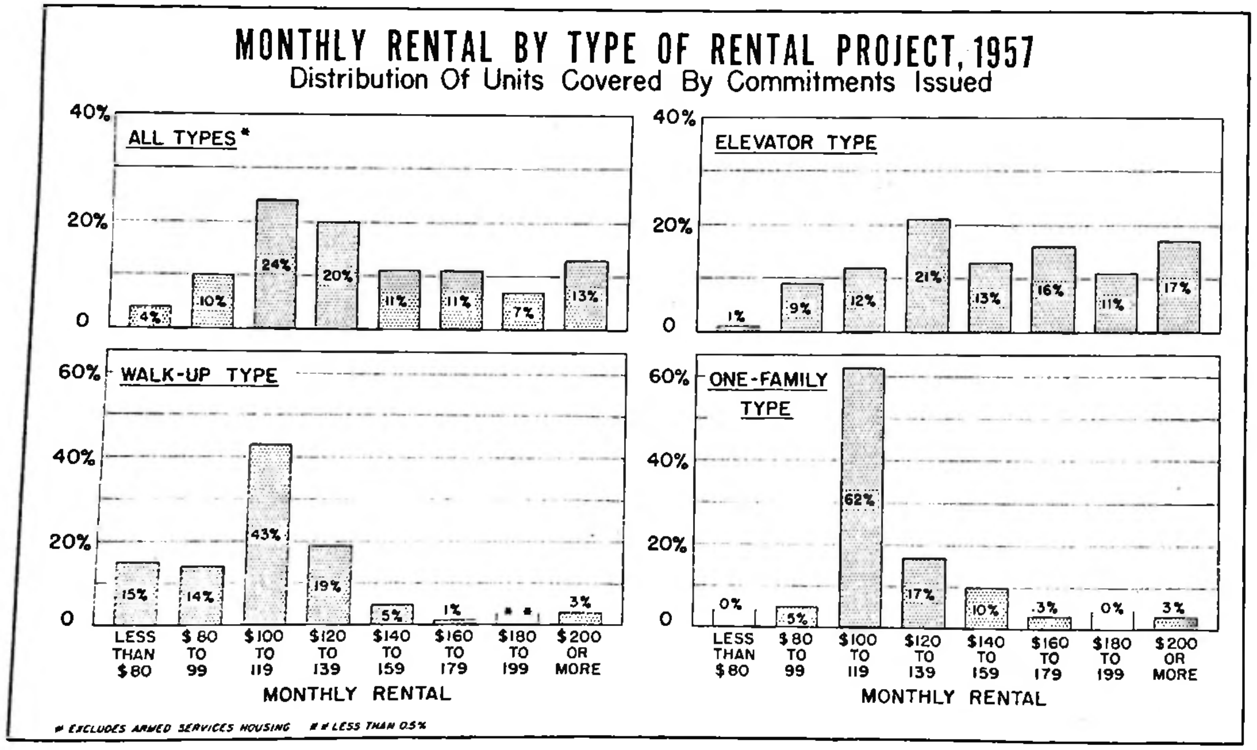

CHART III–29

$200 or more (5 percent in 1956), while a nearly equal proportion of 14 percent rented for less than $100 per month (39 percent in 1956). Apartments renting from $100 to $119 increased to 24 percent of the total from 10 percent in 1956, while units renting from $160 to $199 increased 6 percentage points in 1957, with a corresponding decrease shown for those renting from $140 to $159.

The typical monthly rental in Section 207 elevator projects approved for insurance in 1957 rose considerably to $177 over the $133 shown for 1956. Section 220 elevator projects, on the other hand, decreased to $128 per month as compared to $142 previously. Noted earlier, the typical Section 207 elevator unit remained the same size (room count) in both years, while Section 220 elevator apartments decreased 1 room in size. These two programs provided all rental elevator units approved by FHA in 1957. Walkup monthly rentals in 1957 rose to $114 ($86 in 1956), and 1-family type apartments rented for $117. In 1956 comparatively few 1-family-type units were approved for insurance under those programs for which rental data were available.

CHARACTERISTICS OF PROPERTY IMPROVEMENT LOANS

The typical property improvement loan granted by an approved lender and insured by FHA under Title I of the National Housing Act during 1957 continued its upward trend and provided $537 in net proceeds to the borrower. In each postwar year, except 1950 when consumer credit was restricted, net proceeds of the typical insured loan have shown an increase over the previous year. In 1957 they established a new record in the amount of proceeds for each type of improvement. With the exception of 1951, the typical note has had a maturity of 36 months, and, reflecting the increase in net proceeds, in 1957 the typical loan called for a monthly installment of $17.16 to cover interest and principal. The single-family dwelling continued to rank first in type of structure improved, and the most popular loans, classified by major type of improvement, were for insulation and additions and alterations.

Amount of Loan

Table III–64 presents a distribution of the number and net proceeds of loans by amount intervals in selected years. As previously indicated, during 1957 the typical borrower note was $537 and established a new all-time high for net proceeds of insured loans. This new high in proceeds of a typical note represents a 9 percent gain over 1956 and a 64 percent increase over 1946.

The table also reflects the magnitude of the changes which have taken place during this 12-year interval in the distribution of property improvement insured loans by amount of net proceeds. In 1946, loans with net proceeds of $500 or less accounted for 3 out of 4 of the total loans insured for the improvement of property, and by 1957 this ratio had declined to less than 1 out of 2.

The most significant gain during this period was in loans with proceeds of $1,500 and over. In 1946, they represented only 3 percent of the total loans, compared to 14 percent in 1957.

Duration of Loan

Table III–65 shows that, although the bulk of loans (3 out of 4) insured during 1957 continued to provide for repayment within 3 years or less, a significant shift toward the 5-year note occurred in the distribution of both number and net proceeds. In 1957, the typical 36-month repayment loan declined 15 percent in number and 25 per-

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

[Total class 1 and 2 loans]

Net proceeds of individual loan	Number of loans—Percentage distribution					Net proceeds—Percentage distribution [1]				
	1957	1956	1954	1950	1946	1957	1956	1954	1950	1946
Less than $100	0.6	1.0	1.5	2.5	3.6	0.1	0.1	0.2	0.4	0.6
$100 to $199	8.6	10.2	12.8	18.7	19.1	1.7	2.3	3.3	6.4	6.3
$200 to $299	13.8	14.9	10.6	20.5	22.9	4.4	5.5	6.8	11.3	12.5
$300 to $399	14.2	14.4	15.9	15.4	15.9	6.2	7.3	9.1	10.9	12.1
$400 to $499	9.7	10.4	10.7	9.6	11.3	5.5	6.8	7.9	8.8	11.1
$500 to $599	8.6	9.6	9.0	8.0	7.8	5.8	7.5	8.0	8.8	9.6
$600 to $799	11.5	11.0	10.7	9.1	7.2	10.1	11.8	12.2	13.0	11.0
$800 to $999	7.2	7.3	6.5	5.0	4.2	8.1	9.6	9.6	9.2	8.2
$1,000 to $1,499	12.3	10.9	8.9	7.1	4.8	18.4	18.7	17.2	13.3	12.5
$1,500 to $1,999	5.7	4.6	3.6	2.0	1.4	12.2	11.3	10.0	6.8	5.3
$2,000 to $2,499	3.1	2.2	1.7	1.0	.7	8.5	7.1	6.2	4.2	3.5
$2,500 to $2,999	2.5	2.4	1.0	1.0	1.0	8.4	0.1	8.1	5.2	6.5
$3,000 to $3,999	2.0	.2	.1	.1	.1	8.8	1.6	.7	.9	.5
$4,000 to $4,999	.1	.2	(2)	(2)	(2)	.6	.6	.3	.4	.1
$5,000 or more	.1	.1	.1	(2)	(2)	1.2	.7	.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	$537	$492	$430	$354	$328	------	------	------	------	------
Average	------	------	------	------	------	$781	$683	$591	$479	$454

[1] Data for 1950–57 are based on net proceeds; data for earlier years are based on face amount.
[2] Less than 0.05 percent.

TABLE III-65.—*Term of property improvement loans, selected years*

[Total class 1 and 2 loans]

Term in months		Number of loans—Percentage distribution					Net proceeds—Percentage distribution [1]				
Modal term	Interval	1957	1956	1954	1950	1946	1957	1956	1954	1950	1946
6	6 to 8	0.5	0.5	0.7	0.8	1.3	0.2	0.2	0.4	0.5	0.7
12	9 to 14	9.9	10.1	10.1	10.1	16.9	4.0	4.4	4.5	4.0	8.7
18	15 to 20	6.3	6.7	6.7	6.0	8.4	3.0	3.5	3.0	3.4	5.3
24	21 to 26	12.2	11.7	10.4	10.2	12.3	7.6	7.8	7.1	7.1	9.5
30	27 to 32	2.5	3.0	3.1	0.8	2.3	1.7	2.2	2.3	9.8	1.6
36	33 to 41	56.7	66.5	68.5	62.5	58.6	55.9	76.9	80.0	71.1	73.0
48	42 to 53	.9	.1	(2)	(2)	(3)	1.9	.2	.1	.1	(3)
60	54 to 63	10.8	1.2	.4	.4	(3)	24.4	3.8	1.6	1.7	(3)
	Over 63	.2	.2	.1	.2	.2	1.3	1.0	.4	1.4	1.2
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median		36.5	36.4	36.4	36.4	36.0					
Average							33.8	31.3	31.1	30.7	28.8

[1] Data for 1950–57 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."

cent in net proceeds from 1956. In contrast, loans with maturities of 60 months made up 11 percent of the number and 26 percent of the proceeds—a sharp increase from 1956 when these notes represented 1 percent of the number and 5 percent of the dollar amount. This upward change in the longevity of insured notes is partially a reflection of the longer maximum terms provided for in the 1956 legislation. The distribution of loans calling for repayment in other intervals has remained reasonably consistent since 1950 when consumer credit controls were in effect.

Type of Property and Improvement

Percentage distributions of the number and net proceeds of loans insured in 1957 by type of property and type of improvement, including average net proceeds by type of property and by type of improvement, are presented in Table III-66. Single-family dwellings continued to be the predominant type of structure improved and accounted for 9 out of 10 loans and 84 percent of the total insured net proceeds. Another 11 percent of the proceeds were for improvements on multifamily dwellings, with the remaining 5 percent improving commercial properties, farm homes, and other types of properties. Classification by types of improvement is designated by the institution financing insured loans and is reflected in all distribution charts and tables by the major type of improvement for which the loan was obtained. For example, a loan to finance additions and alterations might well include minor work on insulation, plumbing, etc. Approximately 1 out of 5 loans was for insulation work but involved only 1 out of 10 dollars of the insured total net proceeds—resulting in the smallest loan—$393.

Additions and alterations, accounting for 18 percent of the loans and 28 percent of the proceeds, (Chart III-30) were the principal type of improvement, with loans averaging $1,209. Although relatively insignificant to the total net proceeds, loans on commercial and industrial buildings for

TABLE III-66.—*Type of improvement by type of property for property improvement loans, 1957*

[Total class 1 and 2 loans]

Major type of improvement	Type of property improved					
	Total	Single family dwellings	Multifamily dwellings	Commercial and industrial	Farm homes and buildings	Other
Percentage distribution of number of loans:						
Additions and alterations	17.9	18.8	13.9	22.8	11.3	16.3
Exterior finish	10.4	10.2	13.6	7.1	8.0	4.3
Interior finish	8.6	8.4	11.9	12.2	4.3	4.0
Roofing	5.1	4.9	6.7	5.9	5.9	3.7
Plumbing	8.7	8.7	7.8	7.0	16.9	4.2
Heating	13.1	12.6	20.8	15.7	9.3	8.6
Insulation	19.1	19.8	16.5	7.7	7.8	2.8
New nonresidential construction	3.8	3.1	1.0	11.3	31.6	51.5
Miscellaneous	13.3	14.0	7.8	10.3	4.9	4.6
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	89.0	7.1	1.1	1.5	1.7
Percentage distribution of net proceeds:						
Additions and alterations	28.2	24.0	2.2	0.6	0.3	0.2
Exterior finish	12.9	10.9	1.6	.2	.1	.1
Interior finish	10.3	8.4	1.4	.3	.1	.1
Roofing	3.7	3.1	.4	.1	.1	(1)
Plumbing	6.6	5.5	.8	.1	.2	(1)
Heating	13.8	10.5	2.7	.3	.2	.1
Insulation	9.8	8.8	.8	.1	.1	(1)
New nonresidential construction	5.7	3.8	.1	.3	1.0	.5
Miscellaneous	9.0	7.8	.8	.2	.1	.1
Total	100.0	83.7	10.8	2.2	2.2	1.1
Average net proceeds:						
Additions and alterations	1,209	1,165	1,666	2,010	1,449	1,436
Exterior finish	954	912	1,270	1,570	1,039	1,546
Interior finish	918	862	1,288	1,597	897	1,689
Roofing	563	536	721	993	678	724
Plumbing	588	539	1,098	1,080	774	1,015
Heating	806	716	1,377	1,550	919	1,307
Insulation	393	384	512	548	443	704
New nonresidential construction	1,155	1,056	1,306	1,887	1,614	1,060
Miscellaneous	522	480	1,160	1,456	1,328	1,105
Total	781	718	1,165	1,548	1,152	1,166

[1] Less than 0.05 percent.

this structural improvement averaged $2,010 and established a record high under this program.

A percentage distribution of the number of loans insured by net proceeds and by type of property improved shows that improvements made on commercial and industrial structures averaged $1,548

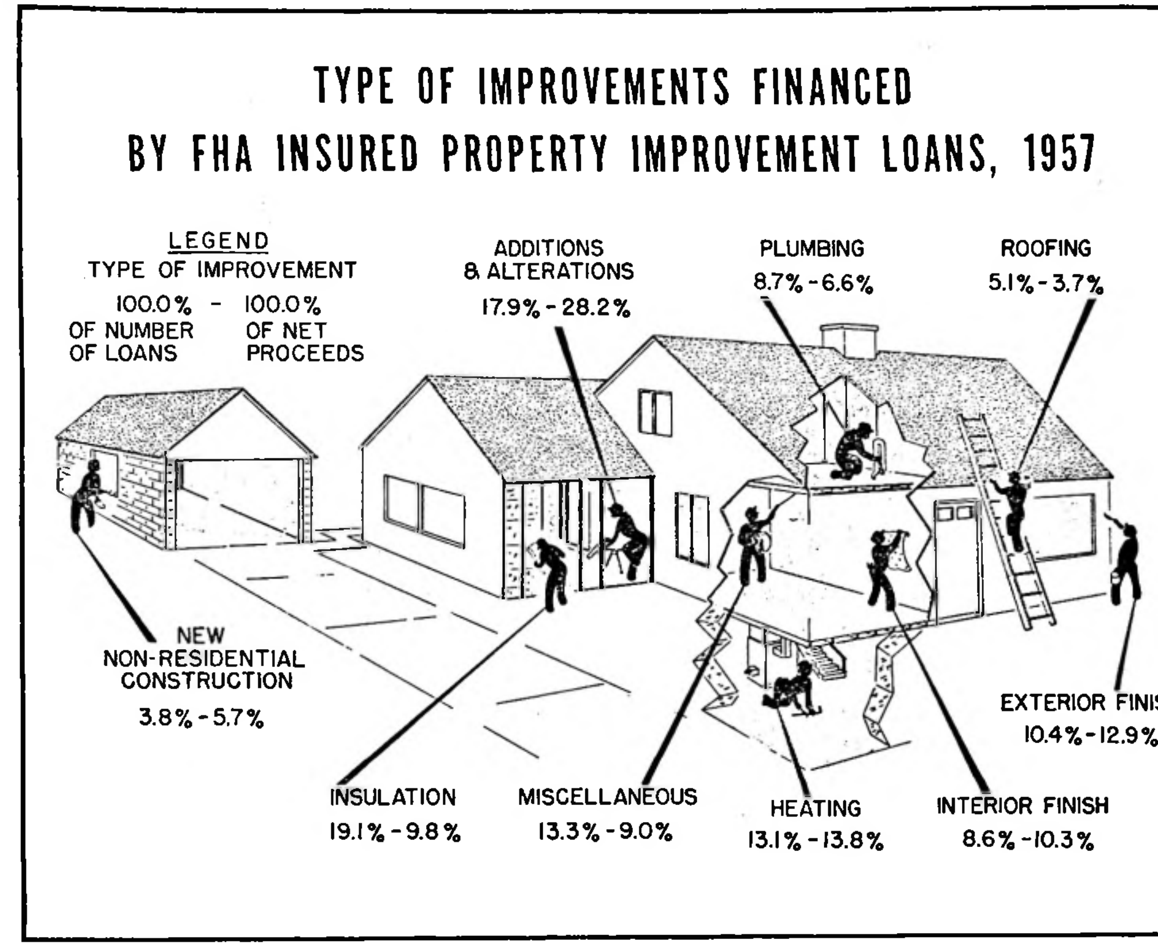

CHART III-30

TABLE III-67.—*Amount of property improvement loans by type of property, 1957*

[Total class 1 and 2 loans]

Net proceeds of individual loan	Total	Type of property improved				
		Single family dwellings	Multifamily dwellings	Commercial and industrial	Farm homes and buildings	Other
Percentage distribution of number of loans:						
Less than $100	0.6	0.6	0.5	0.2	0.4	0.1
$100 to $199	8.0	9.2	4.0	2.6	4.2	1.6
$200 to $299	13.8	14.5	8.5	4.0	6.4	4.0
$300 to $399	14.2	14.8	9.5	5.7	8.8	5.4
$400 to $499	9.7	10.0	7.4	4.0	7.5	5.0
$500 to $599	8.6	8.6	8.6	5.8	8.5	7.0
$600 to $799	11.5	11.5	11.6	8.8	10.4	14.4
$800 to $999	7.2	7.1	7.8	6.3	7.5	12.4
$1,000 to $1,499	12.3	11.8	15.4	14.9	16.8	22.5
$1,500 to $1,999	5.7	5.4	8.5	11.3	8.3	10.5
$2,000 to $2,499	3.1	2.8	5.3	8.9	6.1	5.5
$2,500 to $2,999	2.5	2.1	4.6	11.8	7.3	5.0
$3,000 to $3,999	2.0	1.0	4.5	14.0	7.8	4.9
$4,000 to $4,999	0.1	(1)	1.3	0.1		0.1
$5,000 or more	0.1	(1)	1.9	0.1		0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0
Median	$537	$511	$786	$1,404	$902	$987
Average	$781	$718	$1,165	$1,548	$1,152	$1,166

[1] Less than 0.05 percent.

in contrast to $718 on single-family dwellings. See Table III-67.

Loans for each of the other types of property, multifamily dwellings, farm homes, and other had an average slightly under $1,200. Over 50 percent of the loans were accounted for in three amount groups—28 percent in the $200 to $399, and 12 percent each in the $600 to $700 and the $1,000 to $1,400.

Similar distributions by amount of property improvement loans by type of improvement (Table III-68) show that typical loans ranged from $1,049 for new nonresidential structures down to $339 for insulation. Although new nonresidential construction was the most expensive improvement, additions and alterations, with typical notes of $1,039, were the principal type of improvement with aggregate net proceeds involved accounting for 1 out of 4 dollars insured under Title I.

Compared to the typical loan of $537 for all types of improvements, 86 percent of insulation loans were below $599, while 70 percent of both roofing and plumbing loans and 30 percent of addition and alteration loans were also in this range.

TABLE III—68.—*Amount of property improvement loans by type of improvement, 1957*

[Total class 1 and 2 loans]

Net proceeds of individual loan	Total	Major type of improvement: Additions and alterations	Exterior finish	Interior finish	Roofing	Plumbing	Heating	Insulation	New nonresidential construction	Miscellaneous
Percentage distribution of number of loans:										
Less than $200	9.2	3.3	2.7	0.7	9.3	12.0	4.4	18.3	1.0	16.3
$200–$399	28.0	12.6	14.6	20.1	38.0	40.0	19.0	45.7	5.8	41.1
$400–$599	18.2	13.9	16.8	18.1	22.0	16.7	20.2	22.3	11.4	19.0
$600–$799	11.5	11.1	15.2	12.0	10.6	9.0	19.1	7.3	15.1	8.3
$800–$999	7.2	8.0	11.7	6.8	5.3	5.2	13.1	2.7	13.0	3.3
$1,000–$1,499	12.3	18.6	21.3	16.3	8.0	8.3	14.3	2.4	28.7	5.8
$1,500–$1,999	5.7	11.7	9.3	8.1	3.1	3.7	4.6	.7	11.5	2.6
$2,000–$2,499	3.1	7.5	4.3	4.7	1.1	1.8	2.0	.3	5.0	1.3
$2,500–$2,999	2.5	6.9	2.5	4.0	1.2	1.4	1.4	.2	3.8	1.1
$3,000 or more	2.3	6.4	1.6	3.2	.5	1.0	1.9	.1	3.8	1.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$537	$1,030	$811	$685	$416	$386	$668	$339	$1,019	$364
Average	781	1,209	954	918	563	588	806	393	1,155	522
Percentage distribution of net proceeds:										
Less than $200	1.8	0.4	0.4	1.0	2.5	3.0	0.8	6.8	0.1	4.7
$200–$399	10.6	3.0	4.5	6.2	20.4	20.3	7.0	34.2	1.5	22.7
$400–$599	11.3	5.5	8.6	9.4	18.6	13.4	12.1	26.9	4.8	17.3
$600–$799	10.1	6.1	11.0	8.7	12.7	10.3	16.2	12.5	8.9	10.5
[illegible]00–$999	8.1	5.7	10.9	6.4	8.2	7.7	14.3	0.1	10.5	5.5
[illegible]$1,499	18.4	17.6	26.4	19.7	16.0	16.2	20.6	7.2	20.2	12.1
[illegible]99	12.2	15.7	16.3	14.2	9.1	10.1	9.4	2.8	16.4	7.8
[illegible]	8.5	13.2	0.6	10.7	4.3	6.4	5.4	1.6	9.1	5.2
[illegible]	8.4	14.7	6.7	10.9	5.4	6.0	4.5	1.0	8.3	5.1
[illegible]	10.6	18.1	5.6	12.8	2.8	6.6	9.7	.9	11.2	9.1
[illegible]	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

by Type of Property and Improvement

[illegible] on defaulted insured loans [illegible] 1957—down 3 percent from the [illegible] 1956. More significant, the $377 [illegible]57 is the lowest claim payment in [illegible] years and was achieved after a period [illegible]age net proceeds of loans were established [illegible]ew highs each year.

Considering that the bulk of claims paid in any year are in settlement of defaulted notes insured in prior years—approximately 4 out of 5 loans within two years prior to claim payment—the relationship of average claim to average net proceeds is one of the best in Title I history. Claims by type of property followed the general pattern that has been established by loans insured in the last 3 years—single-family dwellings have accounted for roughly seven-eighths of the loans insured in the past and for almost the same share of claims paid in 1957. Loans originated for insulation work went into default most frequently and resulted in 19 percent of the claims during 1957. However, since most of the loans for insulation jobs are typically small, they represented only 11 percent of the claim payments. On the other hand, additions and alterations and exterior finishing jobs, which are typically more expensive, represented a smaller number of claims—15 and 16 percent respectively—but accounted for $2 of every $5 paid in claims in 1957.

TABLE III—69.—*Type of improvement by type of property for claims paid on property improvement loans, 1957*

[Total class 1 and 2 loans]

Major type of improvement	Total	Type of property improved: Single family dwellings	Multifamily dwellings	Commercial and industrial	Farm homes and buildings	Other
Percentage distribution of number of claims paid:						
Additions and alterations	14.7	14.8	13.1	25.3	11.4	17.7
Exterior finish	15.8	16.4	13.0	6.1	12.6	4.7
Interior finish	6.9	0.5	10.8	15.0	2.9	4.7
Roofing	6.1	6.1	5.8	5.0	9.7	1.0
Plumbing	9.6	9.4	9.8	0.9	16.5	1.6
Heating	13.1	12.7	20.1	13.5	6.4	7.3
Insulation	18.9	10.0	18.0	7.1	7.7	2.1
New nonresidential construction	2.1	.8	.7	11.9	20.9	57.8
Miscellaneous	12.8	13.7	8.1	9.2	2.9	3.1
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	87.4	8.1	1.5	2.3	.7
Percentage distribution of amount of claims paid:						
Additions and alterations	21.7	17.7	2.6	0.8	0.4	0.2
Exterior finish	18.0	15.3	2.0	.1	.5	.1
Interior finish	8.2	6.2	1.4	.5	.1	(1)
Roofing	4.7	3.9	.5	(1)	.3	(1)
Plumbing	8.6	6.8	1.2	.2	.4	(1)
Heating	14.8	11.1	3.0	.4	.2	.1
Insulation	11.3	9.8	1.3	.1	.1	(1)
New nonresidential construction	3.7	1.0	.1	.5	1.5	.6
Miscellaneous	9.0	7.8	.9	.2	.1	(1)
Total	100.0	79.6	13.0	2.8	3.6	1.0
Average claim paid:						
Additions and alterations	$552	$515	$900	$847	$591	$506
Exterior finish	428	401	713	669	583	812
Interior finish	446	408	583	817	644	589
Roofing	290	277	372	364	401	375
Plumbing	339	310	593	630	366	538
Heating	422	373	698	782	531	694
Insulation	223	214	320	277	243	325
New nonresidential construction	652	498	681	1,058	807	495
Miscellaneous	264	240	524	441	511	235
Total	377	342	600	731	568	518

[1] Less than 0.05 percent.

Actuarial analysis of insuring operations

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

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

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

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

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

ANALYSIS OF RESERVES OF INSURANCE FUNDS

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

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

There is a noteworthy difference between the reserve liabilities of life organizations and those of FHA's mortgage insurance funds. The future losses and expenses which the liabilities of FHA's mortgage insurance funds measure are principally contingent upon a general deterioration of business conditions—a development which doesn't readily lend itself to prediction. Since the incidence of an economic reversal cannot readily be predicted, the most conservative basis for reserve valuations for such future losses and expenses is to assume that adverse economic conditions of approximately depression magnitude might develop immediately. The reserve valuations are designed to measure the liabilities resulting from the development of such a contingency. Thus, the liabilities of FHA's mortgage insurance funds are contingent liabilities. The risks which the funds underwrite are in the nature of the catastrophe hazard which may be characterized as economic in nature and cyclical in pattern. The events insured against do not occur in substantial proportions except under the contingency of a depression. In this sense, FHA's reserve liabilities are not designed to measure the solvency of the funds according to its accepted meaning in the underwriting of conventional risks. To emphasize this distinction, the reserve liabilities of FHA's mortgage insurance funds are described as "estimated reserve requirements." They are thus the amounts of capital and earned surplus which an insurance fund requires to cover the insurance losses and administrative expenses which a fund might incur if an economic reversal of approximately depression magnitude were to develop immediately. Capital and earned surplus of FHA's insurance funds are identified in its financial statements as insurance reserves. Although based on accepted actuarial principles, such valuations of reserve requirements for insurance funds underwriting risks which are predominantly economic in nature are unique in insurance practice.

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

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

The December 31, 1957 valuation of reserve requirements for all mortgage insurance funds combined reflects a continuation in the improvement of their aggregate reserve position since the results of annual valuations were first published in the 1954 annual report. The major part of the improvement in the combined reserve position over that reported a year ago is attributable to the improvement in the reserve position of the Mutual Mortgage Insurance Fund which accounts for a significant proportion of the combined insurance reserves and estimated reserve requirements of all mortgage funds.

This fund to which FHA's regular home mortgage insurance contracts are assigned first attained a balance status with the 1954 valuation when the excess of insurance reserves over reserve requirements was a little over $13 million. A balance status for a fund exists when its insurance reserves are equal to or greater than the estimated reserve requirements. When a balance status is attained, the fund has sufficient resources to meet such future insurance losses and expenses as might be incurred in the event that adverse economic conditions of approximately depression magnitude were to develop immediately. The progressive improvement in the reserve position of this fund is disclosed by the excess of almost $47 million in insurance reserves over estimated reserve requirements in the 1956 valuation and almost $90 million in the current valuation.

The relatively sharp increase in this excess at the year end over a year ago is accountable by differences in the annual increase for surplus and reserve requirements. The comparatively smaller increase in reserve requirements was due in large measure to the relatively lower volume of new insurance written during the calendar year 1957. Other major factors affecting the amount of reserve requirements are terminations of insurance and the aging of the insurance contracts in force. Reserve requirements for such contracts become progressively lower the longer the insurance has remained on the books of the fund. In this connection it may be noted that a substantial increase in the amount of new insurance written has the effect of raising significantly the reserve requirements, for the reason that reserve requirements are at their highest level for new insurance. One of the principal purposes served by the excess of insurance reserves over reserve requirements is to protect the reserve position of the fund from a more rapid increase in the volume of new insurance than that for insurance reserves. Another purpose served is in the allocations from the net income to the Participating Reserve Account from which participation payments are distributed to eligible mortgagors upon the termination of mortgage insurance. Such allocations will tend to increase relatively so long as

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

Insurance fund	As of December 31, 1957			
	Outstanding balance of insurance in force	Insurance reserves [1]	Estimated reserve requirements, adjusted [2]	Excess of insurance reserves over estimated reserve requirements, adjusted
Title I Housing Insurance Fund	$168, 191, 047	$3, 904, 637	$7, 276, 612	−$3, 371, 975
Mutual Mortgage Insurance Fund	14, 292, 073, 150	[3] 374, 946, 765	284, 573, 763	90, 373, 002
Housing Insurance Fund	749, 592, 921	8, 967, 767	30, 696, 470	−21, 728, 703
Sec. 220 Housing Insurance Fund	74, 692, 580	883, 591	4, 747, 246	−3, 863, 655
Sec. 221 Housing Insurance Fund	4, 594, 998	802, 271	203, 523	598, 748
Servicemen's Mortgage Insurance Fund	369, 084, 197	2, 961, 433	13, 166, 250	−10, 204, 817
War Housing Insurance Fund	3, 676, 423, 656	142, 393, 148	120, 961, 402	21, 431, 746
Housing Investment Insurance Fund	----------	879, 128	----------	879, 128
Armed Services Housing Mortgage Insurance Fund	1, 079, 060, 561	12, 824, 578	[4] 61, 121, 108	−48, 296, 530
National Defense Housing Insurance Fund	443, 862, 888	−10, 391, 541	15, 758, 242	−26, 149, 783
Total all mortgage insurance funds	20, 857, 576, 607	538, 171, 777	538, 504, 616	−332, 839
Title I Insurance Fund	1, 141, 141, 180	[5] 63, 384, 853	([6])	----------
Total all funds	21, 998, 717, 787	601, 556, 630	----------	----------

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

[2] For mortgage insurance contracts in force. Adjusted for estimated unearned permiums in all 9 mortgage insurance funds in the amount of $52,625,131 to be retained after refunds of unearned premiums upon prepayment.

[3] Includes $95,231,854 as of Dec. 31, 1957, in the Participating Reserve Account, representing balances available for participations, which account may be charged with any net loss sustained by the Mutual Mortgage Insurance Fund in any semiannual period.

[4] Excludes reserve requirements for the mortgages endorsed for insurance under Sec. 809 with respect to which the Military will guarantee the fund from loss. Includes reserve requirements for armed services housing mortgages initially endorsed for insurance under Sec. 803 of the act, as amended, and securing housing projects not yet completed with respect to which the Military will, upon completion and final endorsement, guarantee the mortgage payments.

[5] Does not include unearned premiums in this fund amounting to $20,739,291 as of Dec. 31, 1957.

[6] Reserve requirements are not estimated for the Title I Insurance Fund. The maximum potential liability under this fund was $285,015,589 as of Dec. 31, 1957, representing the balance of reserves available to qualified lending institutions for the payment of claims. This potential liability was calculated at 10 percent of net proceeds of insurance written less claims paid and reserve adjustments.

favorable economic conditions prevail, thereby permitting eligible mortgagors to receive relatively higher termination payments from the account. The reserve position of this fund and the other funds as disclosed by the year-end valuation is presented in Table III-70.

Attention is invited in this table to the adjustment in the estimated reserve requirements. This adjustment is for the unearned premiums estimated to be retained by the fund after refunds of unearned premiums upon prepayment of insured mortgages prior to maturity. FHA's accounting system is on an accrual basis and, consequently, earned surplus figures do not include unearned premiums. To take these unearned premiums into account for reserve purposes, the reserve requirements are adjusted by the amounts of unearned premiums estimated to be retained by the fund. The insurance reserves of each fund also are exclusive of the amounts contributed by that fund to establish and operate other insurance funds. Eight of the eleven mortgage insurance funds have received, through the end of 1957, capital contributions in the amount of $20,310,000. Over 90 percent of this amount, or $18,310,000, was contributed by the War Housing Insurance Fund.

The improvement in the reserve position of the War Housing Insurance Fund during 1957 was also significant in the improvement in the aggregate reserve position of all funds. This insurance fund is FHA's second largest insurance fund, to which emergency home and project mortgage insurance contracts written during the defense preparedness and war periods of World War II and during the postwar period of the veterans' emergency housing program were assigned. Under the provisions of the National Housing Act, new mortgage insurance can no longer be written under the programs covered by this fund.

This fund attained a balance status for the first time in the 1957 valuation. This fund's recent history of improvement can be seen from Table III-71, which shows the comparative reserve position of this and the other funds on the basis of the 1955–57 valuations.

There are six mortgage insurance funds which have not yet attained a balance status. This is because they were either recently established or because the bulk of the insurance covered by them is of recent origin. Consequently, these funds have not had sufficient time to accumulate the necessary earned surplus. They are: (1) the Title I Housing Insurance Fund for the low-cost housing program, under which no new insurance is currently being written since the Housing Act of 1954 authorized such insurance under the home mortgage section of Title II of the National Housing Act; (2) the Servicemen's Mortgage Insurance Fund, which provides for the purchase of housing by personnel in the United States Armed Forces and Coast Guard on active duty for more than 2 years; (3) the Armed Services Housing Mortgage Insurance Fund covering housing for military and Defense-certified civilian employees under Title VIII of the act; (4) the National Defense Housing Insurance Fund for programmed housing for Korean emergency defense workers provided for by Title IX of the act; (5)

TABLE III–71.—*Insurance reserves and estimated reserve requirements in the insurance funds of the Federal Housing Administration, as of Dec. 31, 1955–57*

Insurance fund	Insurance reserves [1] as of—			Estimated reserve requirements, adjusted,[2] as of—			Excess of insurance reserves over estimated reserve requirements, adjusted, as of—		
	Dec. 31, 1955	Dec. 31, 1956	Dec. 31, 1957	Dec. 31, 1955	Dec. 31, 1956	Dec. 31, 1957	Dec. 31, 1955	Dec. 31, 1956	Dec. 31, 1957
Title I Housing Insurance Fund	$2,347,929	$3,181,075	$3,904,637	$8,778,854	$8,055,807	$7,276,612	−$6,430,925	−$4,874,732	−$3,371,975
Mutual Mortgage Insurance Fund	[3] 264,969,829	[3] 318,209,758	[3] 374,946,765	247,061,712	271,473,408	284,573,763	17,908,117	46,736,350	90,373,002
Housing Insurance Fund	5,269,771	6,545,289	8,967,767	24,215,547	24,741,070	30,696,470	−18,945,776	−18,195,781	−21,728,703
Sec. 220 Housing Insurance Fund	825,470	687,137	883,591	------------	644,106	4,747,246	825,470	43,031	−3,863,655
Sec. 221 Housing Insurance Fund	923,640	879,082	802,271	------------	5,296	203,523	923,640	873,786	598,748
Servicemen's Mortgage Insurance Fund	1,018,738	1,590,051	2,961,433	3,287,415	8,631,594	13,166,250	−2,268,677	−7,041,543	−10,204,817
War Housing Insurance Fund	114,786,236	125,418,740	142,393,148	168,259,185	142,465,984	120,961,402	−53,472,949	−17,047,244	21,431,746
Housing Investment Insurance Fund	845,343	859,090	879,128	------------	------------	------------	845,343	859,090	879,128
Armed Services Housing Mortgage Insurance Fund	9,950,303	11,482,952	12,824,578	38,560,252	[4] 41,236,557	[4] 61,121,108	−28,609,949	−29,753,605	−48,296,530
National Defense Housing Insurance Fund	2,743,090	−6,630,043	−10,391,541	21,375,653	18,295,245	15,758,242	−18,632,563	−24,925,288	−26,149,783
Total all mortgage insurance funds	403,680,349	462,223,131	538,171,777	511,538,618	515,549,067	538,504,616	−107,858,269	−53,325,936	−332,839
Title I Insurance Fund	43,959,440	57,098,717	63,384,853	(5)	(5)	(5)	------------	------------	------------
Total all funds	447,639,789	519,321,848	601,556,630	------------	------------	------------	------------	------------	------------

[1] Includes earned surplus of certain insurance funds transferred to other FHA insurance funds as capital contributions in the amount of $20,310,000 as of Dec. 31, 1955, Dec. 31, 1956, and Dec. 31, 1957.

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

[3] Includes $95,231,854 as of Dec. 31, 1957, in the Participating Reserve Account representing balances available for participations, which account may be charged with any net loss sustained by the Mutual Mortgage Insurance Fund in any semiannual period. The comparable figure for Dec. 31, 1956 is $58,737,436 and for Dec. 31, 1955 is $50,514,214.

[4] Excludes reserve requirements for the mortgages endorsed for insurance under Sec. 809 with respect to which the Military will guarantee the fund from loss. Includes reserve requirements for armed services housing mortgages initially endorsed for insurance under Sec. 803 of the act, as amended, and securing housing projects not yet completed with respect to which the Military will, upon completion and final endorsement, guarantee the mortgage payments.

[5] Reserve requirements are not estimated for the Title I Insurance Fund. Unearned premiums in this fund amounted to $21,940,360 as of Dec. 31, 1955, $18,279,579 as of Dec. 31, 1956, and $20,739,291 as of Dec. 31, 1957. The maximum potential liability under this fund representing the balance of reserves available to qualified lending institutions for the payment of claims was $236,585,822 as of Dec. 31, 1955, $296,064,311 as of Dec. 31, 1956, and $285,015,589 as of Dec. 31, 1957. This potential liability was calculated at 10 percent of net proceeds of insurance less claims paid and reserve adjustments.

the Housing Insurance Fund for multifamily rental housing under Section 207 of the act and for cooperative housing under Section 213 of the act, and (6) the Section 220 Housing Insurance Fund for redevelopment housing. The two remaining funds showing a balance status, the Housing Investment Insurance Fund and the Section 221 Housing Insurance Fund, have either no insurance in force or comparatively little insurance in force as yet, as Table III–70 shows.

With respect to the mortgage insurance funds which have not yet attained a balance status, it is noteworthy that the Commissioner of the Federal Housing Administration has authority, under Section 219 of the National Housing Act, as amended, to transfer resources among nine of the funds as assistance may be required. They are the Title I Housing Insurance Fund, the Housing Insurance Fund, the War Housing Insurance Fund, the Armed Services Housing Mortgage Insurance Fund, the Defense Housing Insurance Fund, the Section 220 Housing Insurance Fund, the Section 221 Housing Insurance Fund, the Servicemen's Mortgage Insurance Fund, and the Housing Investment Insurance Fund. This device of flexibility in the use of resources of separate funds can provide important financial support to the separate funds. The Mutual Mortgage Insurance Fund is not authorized by that section of the act to transfer or receive assets from other funds.

Tables III–70 and III–71 also show figures on the outstanding balance of insurance in force and the insurance reserves for the Title I Insurance Fund. The fiscal provisions of FHA's modernization and property improvement program are administered under this fund. Reserve requirements have not been estimated for this fund, but its financial position can be appraised on the basis of insurance reserves and insurance in force. The insurance reserves together with the unearned premiums on December 31, 1957 amounted to $84,124,144. With outstanding balances of loan insurance in force amounting to $1,141,141,180, the insurance reserves and unearned premiums represent 7.37 percent of the outstanding balance of insurance in force as compared with 6.97 percent a year ago.

The maximum potential liability under this fund at the year end was $285,015,589 which represented the balance of reserves available to qualified lending institutions for payment of future insurance claims on loans outstanding. The comparable figure for December 31, 1956 was $296,064,311. The potential liability is calculated in accordance with the administrative regulations for property improvement loans under Title I, Section 2 at 10 percent of the net proceeds of insurance written less claims paid and reserve adjustments.

This Title I fund was created by the amendment of June 3, 1939, and the total claims paid under this fund through the end of 1957 amounted to 1.81 percent of the net proceeds of loans insured before any recoveries on defaulted notes. Actual losses (after recoveries) and reserves for future losses on such notes represent a little less than 1 percent of the net proceeds of notes insured. The maximum claim rate under Title I amounted to 4.04 percent of the net proceeds of the notes insured during the period from mid-1934 to mid-1939. After recoveries from collection efforts, the actual losses and reserves amounted to 1.89 percent of notes insured.

ANALYSIS OF TERMINATION EXPERIENCE

The estimated life expectancy of 1- to 4-family home mortgages insured under Section 203 is estimated to be 8.61 years. The life expectancy is the period of time for which such mortgages can, on the average, be expected to remain in force. It is based on the cumulative termination experience of the first of FHA's home mortgage insurance programs, and calculated by the standard actuarial method described as "the temporary complete expectation of life." This termination experience has been observed over the 21-year period since the inauguration of this regular home mortgage program which operates under fiscal provisions of the Mutual Mortgage Insurance Fund. Experience covers all home mortgage insurance contracts written under Section 203 from 1935 through 1955 and exposed to their policy anniversaries in 1956.

This estimate of life expectancy on the basis of the 1935–56 termination experience is about a sixth of a year higher than the comparable figure of 8.45 years shown in the 1956 annual report.

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

The life expectancies for mortgages of various maturity classes included in the 1935–56 termination experience have also been estimated. The maturity classes selected for observation are as follows: less than 13 years, 13 through 17 years, 18 through 22 years, 23 through 25 years, and 26 through 30 years. The significant maturities in these classes are the quinquennial ones: 10, 15, 20, 25, and 30 years. Prior to 1944, mortgages of various maturities within the statutory limits were eligible for insurance under Section 203. Beginning in 1944, insurance was restricted to the quinquennial maturities within the statutory limits. For mortgages in the maturity class of less than 13 years, the estimated life expectancy is 5.80 years. Mortgages with maturities of 13 through 17 years have an estimated life expectancy of 7.20 years. The life expectancy for mortgages with maturities of 18 through 22 years is 8.44 years. For mortgages in the 23 through 25 year maturity class, the estimated life expectancy is 10.23 years and is based on cumulative termination experience observed over an 18-year period and a projection of that experience through the 25-year period. An estimate of life expectancy for mortgages in the longest maturity class was not made, since the period of observation was too short. Mortgages with terms of 30 years were first endorsed for insurance beginning in 1949.

These life expectancies for the various maturities, like the estimated life expectancy for all maturities combined, also reflect the relatively high levels of terminations of the 1944–48 period. The termination experience of these various maturity classes during the 1948–56 period was analyzed to determine whether or not life expectancies are longer in the postwar period than for the 1935–56 period. On the basis of the limited termination experience, the indication is that longer life expectancies are in process of developing for the 10, 15, 20, and 25 year maturities.

The estimates of life expectancy for all maturities as well as the various maturities are based on retabulations of data on terminations and exposures.

The data on the 1935–56 termination experience for all mortgages are organized as a survivorship table which is presented in Actuarial Schedule 1. It is from this schedule that the estimate of life expectancy for home mortgages is made. Among the things which the schedule shows for the 1- to 4-family home mortgages insured under Section 203 are their total annual termination rates by policy year. When these termination rates are applied to an initial hypothetical group of 100,000 home mortgage insurance contracts, they produce a survivorship table giving the number of mortgages in force at the beginning of a policy year, the number terminating during that

Actuarial Schedule 1.—*Survivorship table of a group of 1- to 4-family home mortgages based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1955 and exposed to policy anniversaries in 1956 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	0.0296662	2,967	12th	28,505	0.1271235	3,624
2d	97,033	.0455136	4,416	13th	24,881	.1256946	3,127
3d	92,617	.0651990	6,039	14th	21,754	.1312003	2,854
4th	86,578	.0849816	7,358	15th	18,900	.1596760	3,018
5th	79,220	.1054121	8,351	16th	15,882	.1766974	2,806
6th	70,869	.1232097	8,732	17th	13,076	.1419086	1,856
7th	62,137	.1383974	8,600	18th	11,220	.1609007	1,805
8th	53,537	.1483765	7,944	19th	9,415	.3111451	2,929
9th	45,593	.1513122	6,899	20th	6,486	.8006034	5,193
10th	38,694	.1438541	5,566	21st	1,293	.9798387	1,267
11th	33,128	.1395624	4,623				

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

policy year, and the number surviving to the beginning of the next policy year.

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

The interpretation of the rate of termination, number of terminations, and number of survivors is as follows: The 1935–56 termination experience of Section 203 mortgages produces an overall annual rate of termination of 0.0296662 in the first policy year. When the 100,000 mortgage entrants, the initial hypothetical group, is multiplied by this first policy year rate, the product of 2,967 represents the number of mortgages which can be expected to terminate for various reasons during the first policy year after the date of their insurance. When these terminations during the first policy year are subtracted from the 100,000 entrants, it leaves 97,033 mortgages as survivors at the beginning of the second policy year. In the second policy year, the annual rate of termination shown in the schedule is 0.0455136. When this rate is applied against the 97,033 surviving mortgages at the beginning of the second year, it gives 4,416 as the number of mortgages which can be expected to terminate during the second policy year. Subtracting this number of terminated mortgages from the number in force at the beginning of the second policy year leaves 92,617 mortgage survivors at the beginning of the third policy year.

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

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

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

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 1955 and exposed to policy anniversaries in 1956 or prior termination dates.*

Policy year	Type of termination					
	Prepayments in full	Prepayments by supersession	Titles acquired by mortgagees: Retained by mortgagee	Titles acquired by mortgagees: Transferred to FHA	Others	Total
1st	0.0216349	0.0076023	0.0001292	0.0002716	0.0000282	0.0296662
2d	.0335421	.0110309	.0002318	.0006750	.0000278	.0455136
3d	.0494944	.0145885	.0003707	.0007104	.0000350	.0651990
4th	.0668530	.0170486	.0003717	.0006313	.0000770	.0849816
5th	.0855989	.0187828	.0004102	.0004091	.0002111	.1054121
6th	.1033748	.0189898	.0003329	.0002597	.0002525	.1232097
7th	.1108260	.0179422	.0002439	.0001735	.0002112	.1383974
8th	.1310141	.0157938	.0001778	.0000573	.0004335	.1483765
9th	.1361829	.0141511	.0001035	.0000176	.0008571	.1513122
10th	.1268607	.0116309	.0000694	.0000025	.0052816	.1438541
11th	.1250870	.0101266	.0000520		.0042959	.1395624
12th	.1150610	.0083555	.0000369		.0036701	.1271235
13th	.1154255	.0070907	.0000440		.0031344	.1256946
14th	.1226431	.0056471	.0000472		.0028629	.1312003
15th	.1242050	.0049794	.0000429		.0304487	.1596760
16th	.1410787	.0040327	.0000588		.0306272	.1766974
17th	.1328892	.0033525	.0000865		.0055804	.1419086
18th	.1545055	.0024426	.0000444		.0039082	.1609007
19th	.2578550	.0011461			.0521440	.3111451
20th	.3104772	.0005486			.4895776	.8006034
21st					.9798387	.9798387

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

The decrement table is a convenient form for viewing the relative importance of the different types of terminations at each duration, i. e., the number of policy years during which an insurance contract is exposed to the risk of termination. A comparison of the numbers of prepayments in full with total terminations by policy year discloses the extent to which these prepayments account for total terminations. Prepayments in full in 14 of the 20 policy years in which prepayments obtain represent more than four-fifths of the total terminations. They account for about three-fourths in the first 3 policy years.

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

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

Actuarial Schedule 3.—*Decrement table of a group of 1 to 4-family home mortgages based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1955 and exposed to policy anniversaries in 1956 or prior termination dates*

Policy year	Decrement by type of termination						
	Mortgage survivors at the beginning of policy year	Prepayments in full	Prepayments by supersession	Titles acquired by mortgagees: Retained by mortgagee	Titles acquired by mortgagees: Transferred to FHA	Others	Total
1st	100,000	2,164	760	13	27	3	2,967
2d	97,033	3,255	1,071	22	65	3	4,416
3d	92,617	4,584	1,351	35	66	3	6,039
4th	86,578	5,788	1,476	32	55	7	7,358
5th	79,220	6,781	1,488	33	32	17	8,351
6th	70,869	7,326	1,346	24	18	18	8,732
7th	62,137	7,446	1,115	15	11	13	8,600
8th	53,537	7,062	846	10	3	23	7,944
9th	45,593	6,209	645	5	1	39	6,899
10th	38,694	4,909	450	3	(1)	204	5,566
11th	33,128	4,144	335	2		142	4,623
12th	28,505	3,280	238	1		105	3,624
13th	24,881	2,872	176	1		78	3,127
14th	21,754	2,668	123	1		62	2,854
15th	18,900	2,348	94	1		575	3,018
16th	15,882	2,255	64	1		486	2,806
17th	13,076	1,738	44	1		73	1,856
18th	11,220	1,734	27	(1)		44	1,805
19th	9,415	2,427	11			491	2,929
20th	6,486	2,014	4			3,175	5,193
21st	1,293					1,267	1,267

[1] Less than 1.

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

The rates of termination shown in the actuarial schedules from which survivors, decrements, and expectancies are estimated are "crude" or actual rates as distinguished from "graduated" or smoothed rates. They are based on numbers of mortgages only and include mortgages with the various terms of financing eligible for insurance under the administrative rules and regulations for Title II, Section 203. Because this insurance program has not been in operation long enough for many of its longer-term mortgages to mature, the rates of termination for later policy years are based on a smaller aggregate amount of experience than those for earlier years. The rates of termination for the first policy year for all mortgages are based on the terminations from contracts endorsed for insurance in each calendar year from 1935 through 1955. For the second policy year, they are based on the terminations from endorsements in each calendar year from 1935 through 1954. Thus, for the twenty-first policy year they are based on terminations from endorsements of the calendar year 1935 only.

With time, the accumulation of termination data will provide the merged experience of home mortgage insurance contracts through that policy year which will represent the longest maturity eligible for insurance under this program. Not only can

Actuarial Schedule 4.—*Survivorship table for a group of 1- to 4-family home mortgages of various maturity classes based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1955 and exposed to policy anniversaries in 1956 or prior termination dates.*

Policy year	Mortgage survivors at the beginning of policy year					
	All maturities [1]	Maturity class of mortgage				
		Less than 13 years [1]	13 through 17 years [1]	18 through 22 years [1]	23 through 25 years [2]	26 through 30 years [3]
1st	100,000	100,000	100,000	100,000	100,000	100,000
2d	97,033	94,679	95,925	96,341	98,449	99,211
3d	92,617	87,387	90,000	91,363	95,621	97,322
4th	86,578	78,184	82,194	84,776	91,337	95,053
5th	79,220	67,553	73,096	77,070	85,303	91,937
6th	70,869	56,267	63,683	68,843	77,434	85,088
7th	62,137	45,397	54,303	60,488	68,615	79,495
8th	53,537	35,632	45,499	52,212	60,066	
9th	45,593	27,006	37,657	44,678	52,064	
10th	38,694	19,099	31,191	37,931	45,338	
11th	33,128	11,208	25,733	32,472	40,315	
12th	28,505	4,904	21,268	28,012	35,038	
13th	24,881	2,326	17,805	24,227	32,385	
14th	21,754		14,769	20,977	29,288	
15th	18,900		11,134	18,165	26,248	
16th	15,882		5,213	15,718	23,486	
17th	13,076		659	13,469	20,951	
18th	11,220			11,337	18,858	
19th	9,415			9,284		
20th	6,486			6,395		
21st	1,293			1,275		
Estimated life expectancy in years	8.61	5.80	7.20	8.44	[4] 10.23	[5]

[1] Based on aggregate termination experience for mortgages insured from 1935 through 1955 and exposed to their policy anniversaries in 1956 or prior termination dates.
[2] Based on aggregate termination experience for mortgages insured from 1938 through 1955 and exposed to their policy anniversaries in 1956 or prior termination dates.
[3] Based on aggregate termination experience for mortgages insured from 1949 through 1955 and exposed to their policy anniversaries in 1956 or prior termination dates.
[4] Based on termination experience observed over an 18-year period and its projection to 25 years.
[5] Not estimated.

additional termination experience influence their rates by duration, particularly in the later durations where the aggregate experience is smaller, but changing economic conditions will also influence the rates of termination. It should be noted that the FHA mortgage insurance programs have not been exposed to a serious reversal of economic conditions. The cumulative experience of foreclosures, therefore, reflects only the most favorable period of exposure. Accordingly, it must be emphasized that the pattern of termination rates shown in the actuarial schedules is only an emerging one and cannot be said to be definitive for total terminations or for the different types of terminations.

MUTUAL MORTGAGE PARTICIPATION PAYMENTS

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

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

As of December 31, 1957 the account had $95,231,854 available for distribution. Since January 1, 1944 when participation payments were first made, a total of $78,139,144 has been distributed to 646,027 mortgagors. In the aggregate, these amounts equal 28 percent of FHA premium collections under this home mortgage insurance program.

The participation payment which an individual mortgagor receives when he pays off his mortgage is determined on the basis of the average insurance experience for a class of business and its respective reserve requirements. Among the principal characteristics identifying a class of business are the maturity, i. e., the original term of

Table III–72.—*Selected participation shares per $1,000 of original face amount of mortgage payable from the Mutual Mortgage Insurance Fund to eligible mortgagors with insurance contracts terminating between Jan. 1, 1958 and June 30, 1958.*

Year mortgage was endorsed for insurance	Maturity class of mortgage				
	10 years	15 years	20 years	25 years	30 years
1952	$3.01	$5.83	$7.32	$2.85	
1950	6.17	11.24	13.34	10.10	$4.62
1948	11.44	19.55	22.21	20.24	
1946		31.75	35.73	30.14	
1944		41.73	51.01	42.18	
1942			54.37	56.60	

the mortgage; and the duration, i. e., the number of policy years a contract has been in force at the time of termination.

In the early durations mortgage classes do not on the average accumulate sufficient resources to meet insurance costs and reserve requirements. Consequently, mortgagors prepaying their mortgages within the early years after endorsement do not receive participation payments. Beyond these years, the payments made increase with duration, that is, the longer a mortgage insurance contract has been in force at the time of termination, the higher the participation payment. For many classes of business with durations of 15 years or more, participation payments currently are equal to the cumulative premiums paid by the mortgagor.

Because of the statutory requirement for allocating the net income of the fund semi-annually or charging any net loss to the Participating Reserve Account, participation shares—the rate of payment per $1,000 of the original face amount of mortgage terminated—are established semi-annually for paying participations to eligible mortgagors with insurance terminating in the subsequent six-month period. Participation shares may in no event exceed the aggregate scheduled annual premiums of the mortgagor to the year of termination of the insurance. Table III–72 shows selected participation shares for eligible mortgagors paying off their mortgages during the six-month period ending June 30, 1958.

These share amounts will vary from time to time, reflecting changes in title transfer and insurance loss experience as well as changes in current reserve requirements because of fluctuations in new mortgage insurance volume. As noted previously in Table III–71, insurance reserves exceeded reserve requirements of the Mutual Mortgage Insurance Fund by more than $90 million at the close of 1957. The statute provides that no mortgagor with a mortgage insured under Section 203 has any vested right in the Participating Reserve Account of the Mutual Mortgage Insurance Fund.

ANALYSIS OF DEBT RETIREMENT EXPERIENCE

Related to the termination experience of mortgages is the experience of mortgage debt retirement. The termination experience discussed in a preceding part of this section is based on numbers of mortgages terminated. Debt retirement is measured in terms of dollar amount. The main kinds of retirement of insured mortgage indebtedness are (1) amortization of principal paid in accordance with the terms of the loan, and (2) prepayment in part in advance of scheduled amortization, or prepayment in whole in advance of maturity. To the lending institution both kinds of retirement of principal represent a backflow of mortgage funds available for reinvestment. When such retirements are related to the outstanding balances of mortgages in force, they measure the rate of turnover of the mortgagee's investment. From the rate of turnover, the average life of the dollar amount invested would also be indicated.

Tables III–73 and III–74 present measures of gross debt retirement for all FHA-insured home and project mortgages in force. Retirements are estimated from insurance written and outstanding balances in force. Since the estimates of outstanding balances reflect scheduled amortization of principal and outstanding balances of all types of terminated mortgages, the retirements (1) include outstanding balances of mortgage default terminations, i. e., for mortgage notes and property titles transferred to FHA and property titles retained by mortgagees with termination of FHA

Table III–73.—*FHA-insured home mortgage debt retirements, 1940–57* [1]

[Dollar amounts in thousands]

Year	Insurance written during period [2]	Retirements during period	Average outstanding balance during period [3]	Percent retirements to average outstanding balance during period	Percent retirements to insurance written during period
1935–39	$2,007,776	$252,663			
1940	762,084	167,723	$2,030,747	8.26	22.01
1941	910,770	230,185	2,679,856	8.59	25.27
1942	973,271	260,846	3,397,476	7.68	26.80
1943	763,097	445,553	3,896,735	11.43	58.39
1944	707,363	577,488	4,150,922	13.91	81.64
1945	474,245	586,529	4,151,717	14.13	123.68
1946	421,949	807,245	3,932,811	20.53	191.31
1947	894,675	805,651	3,607,722	22.33	90.05
1948	2,116,043	628,139	4,454,546	14.10	29.68
1949	2,209,842	573,402	6,067,503	9.45	25.95
1950	2,492,367	834,747	7,986,363	10.45	33.49
1951	1,928,433	814,828	9,184,849	8.87	42.25
1952	1,942,307	849,088	10,155,407	8.36	43.72
1953	2,288,626	1,069,017	11,402,361	9.38	46.71
1954	1,942,206	1,153,208	12,409,193	9.29	59.37
1955	3,084,767	1,525,969	13,541,335	11.27	49.47
1956	2,638,226	1,470,281	14,967,555	9.82	55.73
1957	2,251,064	1,255,183	15,925,535	7.88	55.76

[1] Retirements are estimated and represent scheduled amortization and estimated outstanding balances of all terminations including default terminations.
[2] Includes Title I, Class 3, Sec. 8; Title II, Secs. 203, 213, 220, 221, 222, 225; Title VI, Secs. 603, 603-610, 611; Title VIII, Sec. 809; Title IX, Sec. 903.
[3] Averages are based on estimated semiannual, quarterly, or monthly outstanding balances during the calendar year, depending on the availability of data.

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Table III–74.—*FHA-insured project mortgage debt retirements, 1940–57* [1]

[Dollar amounts in thousands]

Year	Insurance written during period [2]	Retirements during period	Average outstanding balance during period [3]	Percent retirements to average outstanding balance during period	Percent retirements to insurance written during period
1935–39	$114,428	$9,493			
1940	12,949	13,503	$105,467	12.80	104.28
1941	13,565	10,678	106,539	10.02	78.72
1942	21,215	4,261	116,617	3.65	20.08
1943	84,622	7,093	158,892	4.46	8.38
1944	56,096	17,328	222,961	7.77	30.89
1945	19,817	23,244	240,732	9.66	117.29
1946	13,175	36,837	223,703	16.47	279.60
1947	359,944	24,155	326,182	7.41	6.71
1948	608,711	15,599	871,253	1.79	2.56
1949	1,021,231	29,310	1,591,947	1.84	2.87
1950	1,156,681	72,258	2,681,150	2.70	6.25
1951	583,774	96,838	3,462,936	2.80	16.59
1952	321,911	107,489	3,818,915	2.81	33.39
1953	259,194	150,934	3,971,078	3.80	58.23
1954	234,022	151,786	4,072,972	3.73	64.86
1955	76,489	193,281	4,050,954	4.77	252.69
1956	130,247	186,175	3,948,493	4.72	142.94
1957	597,348	169,318	4,177,770	4.05	28.34

[1] Retirements are estimated and represent scheduled amortization and estimated outstanding balances of all terminations including default terminations.

[2] Includes Title II, Secs. 207–210, 213, 220; Title VI, Secs. 608, 608–610, 611; Title VIII, Sec. 803; Title IX, Sec. 908.

[3] Averages are based on estimated semiannual, quarterly, or monthly outstanding balances during the calendar year, depending on the availability of data.

mortgage insurance contracts, and (2) do not include partial prepayments.

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

Estimated retirements for insured home mortgage indebtedness amounted to about $168 million in 1940. After that year the amount continued to rise, reaching a little over $800 million in 1946. In the subsequent period a postwar low of $573 million was reached in 1949. Since that year there was an overall growth in retirements resulting in a top figure of $1,526 million in 1955. The 1957 retirement figure was estimated at $1,255 million. This 18-year record of retirements of home mortgages is illustrated in chart III–31.

The retirement figures for home mortgages under all sections are largely determined by the retirements of Section 203 mortgages. These account for almost all of the retirements in 1940, over three-fifths in 1947, and over four-fifths in 1957.

The annual rates of debt retirement for home and project mortgages shown in the tables cover the period 1940 through 1957, and are based on the ratio of estimated retirements during the calendar year to estimated average outstanding balances during the calendar year. These averages are based on semiannual, quarterly, or monthly estimates of outstanding balances, depending on the availability of the data, of mortgages in force during the calendar year. For home mortgages insured under all sections, the pre-World War II retirement rates were about 8 percent, rising thoughout the war period and reaching a peak rate in the postwar year 1947 of over 22 percent, and then dropping to a lower level in subsequent years which on the whole is above that of the prewar years.

The prewar rate of retirement for 1940 means that, for all FHA-approved mortgagees holding insured mortgages in that year, about 8 percent of the average dollar amount of home mortgages in force was retired principally by amortization or prepayment. At this rate the investment was being turned over about once every 12½ years, or, in other words, the amount of investments in the 1940 portfolio of insured home mortgages would on the average have remained outstanding about 12½ years. The peak rate would indicate an estimated average life of a dollar invested of somewhat more than 4½ years for the 1947 portfolio. A rate of 7.88 percent for 1957 would indicate an average life of an insured home mortgage dollar of a little better than 12½ years. Chart III–32 shows the pattern of the annual rates of retirement over this 18-year period.

The tables on retirements also show relationships between estimated retirements and insurance written. In the prewar years, estimated home mortgage retirements represented about one-fourth of the insurance written. For 1945 and 1946, they exceeded the amount of insurance written in those years. Retirements of all home mortgages in the record year of 1955 represented almost half of the amount of insurance written in that year, which is also a record amount.

Retirements of project mortgage indebtedness are comparatively less significant in amount than those of home mortgages. They approach the $100 million mark for the first time in 1951 but since then have exceeded that amount by substantial margins. The record amount reached in 1955 approached the $200 million mark. The bulk of

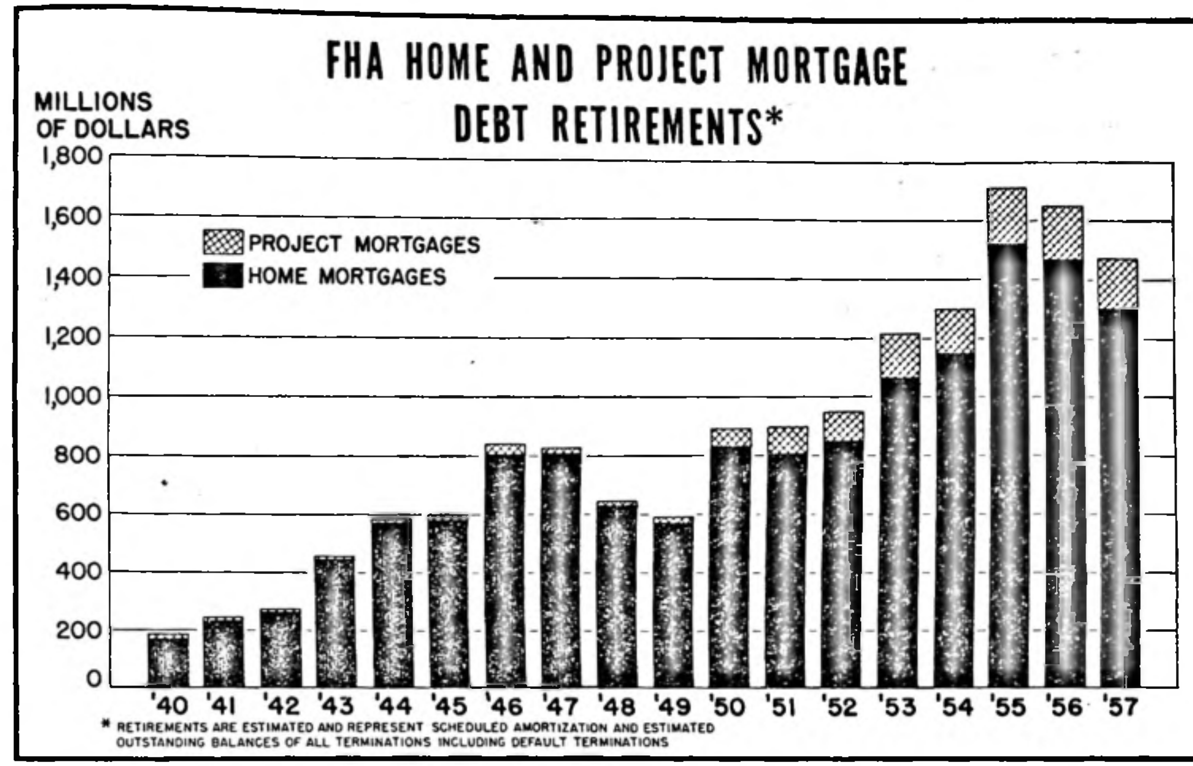

CHART III–31

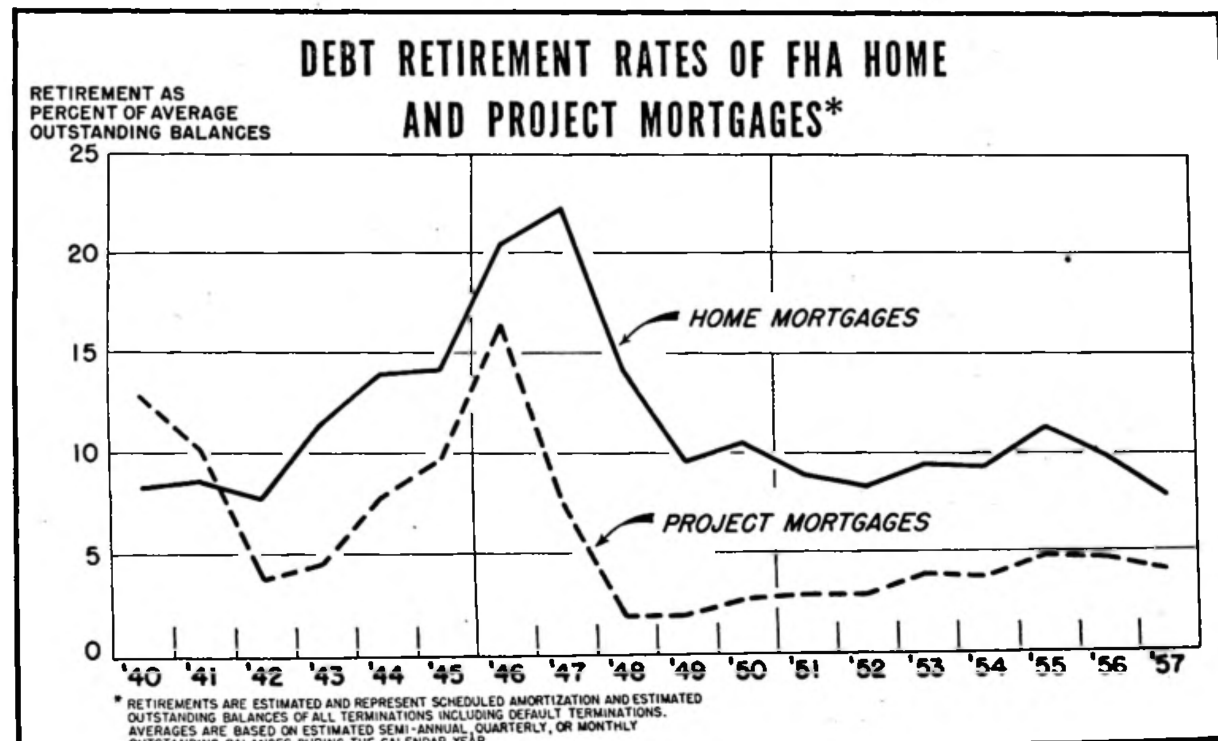

CHART III–32

project mortgage retirements since 1947 is accounted for by the mortgage retirements under Section 608. Almost 60 percent of the $169 million in estimated project mortgage retirements in 1957 were on Section 608 and Section 608–610 mortgages.

Although less significant in amount, the retirement experience of project mortgages as measured by their annual rates of retirement reflects roughly the same pattern as that for home mortgages, but at relatively lower levels for most of the period under observation, as Chart III–32 shows. This pattern shows retirements declining in 1942 to a rate of about 4 percent of the estimated average amount outstanding, climbing to a peak rate of over 16 percent in 1946, and then declining sharply to lower levels and maintaining the relatively lower levels in subsequent years. For the year 1957, the rate is about 4 percent. This rate would indicate an estimated average life of 25 years for the investments in the 1957 portfolio of insured project mortgage investments.

The lower rates of retirement for project mortgages reflect not only their typically longer maturities but also some differences in their termination experience. Prepayments were the significant factor in the late war and early postwar years. Default terminations, i. e., mortgage notes assigned and property titles transferred to FHA and projects retained by mortgagees with termination of FHA mortgage insurance contracts, have in recent years become a relatively more significant factor in project mortgage termination and retirement experience. Of the default terminations, mortgage notes assigned and property titles transferred to FHA account for the preponderant shares. Both types involve debentures of the insurance funds to which the original project mortgages were assigned, and the debentures represent approximately the outstanding balances of the mortgages at the time of default. Since 1951 the project mortgage retirement experience has also been affected by the terminations of Section 213 blanket mortgages for sales-type cooperative housing. Such mortgages are in effect construction loans which are paid off when all the individual properties are released to members of the cooperative organization. The blanket mortgages are classified as project mortgages, and when all the properties in the project are released the blanket mortgage is terminated. Nearly all of the mortgages on the individual properties have been refinanced with FHA insurance under the home mortgage provisions of Section 213, when they are then classified as home mortgages. A detailed analysis of terminations of project mortgages is presented in Section 2 under "Terminations, Defaults, and Claims Paid."

When estimated project mortgage retirements are related to insurance written, the resulting annual percentages over the 18-year period show fluctuations over a wide range. These percentages, presented in table III–74, range between a high of about 280 percent in 1946 to a low of about 2½ percent in 1948. Estimated retirements in relation to insurance wrtten were comparatively high in the prewar year of 1940, reaching a low in 1943, climbing to the peak percentage in 1946, dropping sharply to the low in 1948, and then climbing to another peak in 1955. For 1957, estimated retirements for project mortgages amounted to about 28 percent of insurance written in that year.

Accounts and Finance

The figures for 1956 and 1957 in the financial statements of this report are on an accrual basis and are shown for the fiscal year rather than the calendar year. Section 2 of the report, Volume of Mortgage and Loan Insurance Operations, is on a calendar-year basis to coincide with the housing year. In order to provide comparable figures, those statements in the Accounts and Finance section which are coordinated with the statistical tables shown in Section 2 have been prepared on a calendar year basis.

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

An amendment of June 3, 1939 to the National Housing Act created the Title I Insurance Fund and authorized the collection of premiums, and an amendment of June 28, 1941 authorized the retention of recoveries on insurance granted on and after July 1, 1939. Therefore, only the results of operations with respect to insurance granted on and after July 1, 1939 are included in the June 30, 1957 combined statement of financial condition (Statement 1) and the combined statement of income and expense (Statement 2).

COMBINED FUNDS

Gross Income and Operating Expenses, Fiscal Year 1957

Gross income of combined FHA funds for fiscal year 1957 under all insurance operations totaled $146,969,012 and was derived from fees, insurance premiums, and income on investments. Operating expenses of the FHA during the fiscal year 1957 totaled $40,946,237.

Cumulative Gross Income and Operating Expenses, by Fiscal Years

From the establishment of FHA in 1934 through June 30, 1957, gross income totaled $1,314,095,792, while operating expenses totaled $463,918,782. Gross income and operating expenses for each fiscal year are detailed below:

Income and operating expenses through June 30, 1957

Fiscal year	Income from fees, premiums, and investments	Operating expenses
1935	$539, 609	$6, 336, 905
1936	2, 503, 248	12, 160, 487
1937	5, 690, 268	10, 318, 119
1938	7, 874, 377	9, 297, 884
1939	11, 954, 056	12, 609, 887
1940	17, 860, 296	13, 206, 522
1941	24, 126, 366	13, 359, 588
1942	28, 316, 764	13, 471, 496
1943	25, 847, 785	11, 160, 452
1944	28, 322, 415	11, 148, 361
1945	29, 824, 744	10, 218, 994
1946	30, 729, 072	11, 191, 402
1947	26, 790, 341	16, 063, 870
1948	51, 164, 456	20, 070, 722
1949	63, 983, 953	23, 378, 483
1950	85, 705, 342	27, 457, 820
1951	98, 004, 922	31, 314, 309
1952	103, 021, 039	30, 622, 407
1953	115, 288, 193	31, 344, 372
1954	125, 223, 448	31, 394, 064
1955	138, 823, 312	36, 197, 424
1956	145, 532, 774	40, 648, 887
1957	146, 969, 012	40, 946, 237
Total	1, 314, 095, 792	463, 918, 782

The above income was derived from the following insurance operations: Title I Insurance Fund (property improvement loans), $173,159,263; Title I Housing Insurance Fund (home mortgages), $5,455,788; Title II Mutual Mortgage Insurance Fund (home mortgages), $757,578,500; Title II Housing Insurance Fund (home mortgages and rental housing projects), $27,751,118; Title II, Section 220 Housing Insurance Fund (urban renewal housing), $483,535; Title II, Section 221 Housing Insurance Fund (relocation housing), $72,305; Title II Servicemen's Mortgage Insurance Fund (servicemen's housing), $1,987,331; Title VI War Housing Insurance Fund (war and veterans' emergency housing), $308,054,226; Title VII Housing Investment Insurance Fund (yield insurance), $129,908; Title VIII Armed Services Housing Mortgage Insurance Fund (home mortgages and rental housing projects), $25,645,832; and Title IX National Defense Housing Insurance Fund (home mortgages and rental housing projects), $13,777,986.

Salaries and Expenses

The current fiscal year is the eighteenth 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 1957 to cover operating costs and the purchase of furniture and equipment are as follows:

Salaries and expenses, fiscal year 1957 (July 1, 1956–June 30, 1957)

Title and section	Amount	Percent
Title I:		
Sec. 2	$4,106,428	10.01
Sec. 8	88,166	0.21
Title II:		
Sec. 203	29,983,897	73.06
Secs. 207–210	1,128,465	2.75
Sec. 213	1,208,283	2.94
Sec. 220	425,183	1.04
Sec. 221	131,408	.32
Sec. 222	386,589	.94
Title VI:		
Sec. 603	458,475	1.12
Sec. 608	1,492,592	3.64
Title VII	831	(1)
Title VIII:		
Sec. 803	921,921	2.25
Sec. 809	99,520	.24
Title IX:		
Sec. 903	534,530	1.30
Sec. 908	72,846	.18
Total	41,039,139	100.00

[1] Less than .005 percent.

Capital and Statutory Reserves of Combined FHA Funds

The combined capital, including statutory reserve, of all FHA funds on June 30, 1957 amounted to $551,487,737, and consisted of $20,310,000 capital contributions from other FHA insurance funds, $455,647,432 insurance reserves, and $75,530,305 statutory reserves, as shown in Statement 1.

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1956 and June 30, 1957*

	June 30, 1956	June 30, 1957	Increase or decrease(—)
ASSETS			
Cash with U. S. Treasury	$29,754,634	$24,670,694	—$5,083,940
Investments:			
U. S. Government securities (amortized)	418,764,414	495,901,564	77,137,150
Other securities (stock in rental housing corporations)	469,560	471,360	1,800
Total investments	419,233,974	496,372,924	77,138,950

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1956 and June 30, 1957*—Continued

	June 30, 1956	June 30, 1957	Increase or decrease(—)
ASSETS—continued			
Loans receivable:			
Mortgage notes and contracts for deed	$77,812,079	$103,165,144	$25,353,065
Less reserve for losses	2,366,749	3,175,955	809,206
Net loans receivable	75,445,330	99,989,189	24,543,859
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	3,686,780	5,299,612	1,612,832
Accounts receivable—Other	436,292	220,828	—215,464
Total accounts and notes receivable	4,123,072	5,520,440	1,397,368
Accrued assets:			
Interest on U. S. Government securities	1,782,090	1,491,766	—290,324
Other	615,150	961,113	345,963
Total accrued assets	2,397,240	2,452,879	55,639
Land, structures, and equipment:			
Furniture and equipment	2,541,129	[1] 2,701,231	160,102
Less reserve for depreciation	1,451,887	1,524,650	72,763
Net furniture and equipment	1,089,242	1,176,581	87,339
Acquired security:			
Real estate (at cost plus expenses to date)	114,594,838	130,530,286	15,935,448
Less reserve for losses	44,263,362	55,489,454	11,226,092
Net real estate	70,331,476	75,040,832	4,709,356
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)	117,803,052	127,094,103	9,291,051
Less reserve for losses	47,266,880	51,309,196	4,042,316
Net mortgage notes acquired under terms of insurance	70,536,172	75,784,907	5,248,735
Defaulted Title I notes	61,279,439	53,422,990	—7,856,449
Less reserve for losses	38,829,704	37,484,802	—1,344,902
Net defaulted Title I notes	22,449,735	15,938,188	—6,511,547
Net acquired security	163,317,383	166,763,927	3,446,544
Other assets—held for account of mortgagors	1,565,303	1,932,114	366,811
Total assets	696,926,178	798,878,748	101,952,570
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	3,235,289	[2] 2,902,953	—332,336
Group account participations payable	3,121,492	2,343,856	—777,636
Total accounts payable	6,356,781	5,246,809	—1,109,972
Accrued liabilities:			
Interest on debentures	1,844,103	2,379,130	535,027
Trust and deposit liabilities:			
Fee deposits held for future disposition	6,918,574	4,660,080	—2,258,494
Excess proceeds of sale	1,445,240	1,283,281	—161,959
Deposits held for mortgagors, lessees, and purchasers	4,951,484	5,780,662	829,178
Due general fund of the U. S. Treasury	211	----------	—211
Employees' pay roll deductions for taxes, etc	1,275,783	1,360,801	85,018
Total trust and deposit liabilities	14,591,292	13,084,824	—1,506,468
Deferred and undistributed credits:			
Unearned insurance premiums	69,824,506	73,443,124	3,618,618
Unearned insurance fees	85,186	289,493	204,307
Other	635,012	987,313	352,301
Total deferred and undistributed credits	70,544,704	74,719,930	4,175,226

[1] Excludes unfilled orders in the amount of $34,005.
[2] Excludes unfilled orders in the amount of $366,838.

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1956 and June 30, 1957*—Continued

	June 30, 1956	June 30, 1957	Increase or decrease(—)
LIABILITIES—continued			
Bonds, debentures, and notes payable: Debentures payable	$121,182,250	$150,648,550	$29,466,300
Other liabilities:			
Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	1,199,480	1,311,768	112,288
Total liabilities	215,718,610	247,391,011	31,672,401
CAPITAL			
Capital contributions from other FHA insurance funds	20,310,000	20,310,000	----------
Earned surplus:			
Statutory reserve (participating reserve account)	49,459,831	75,530,305	26,070,474
Insurance reserve fund (cumulative earnings) available for future losses and related expenses	169,474,167	187,214,796	17,740,629
General surplus account	241,963,570	268,432,636	26,469,066
Total earned surplus	460,897,568	531,177,737	70,280,169
Total capital	481,207,568	551,487,737	70,280,169
Total liabilities and capital	696,926,178	798,878,748	101,952,570
Certificates of claim relating to properties on hand	4,288,719	5,249,325	960,606

The contributed capital of $20,310,000 and the insurance reserves of $455,647,432 are available for future contingent losses and related expenses. The statutory reserve of $75,530,305 under the Mutual Mortgage Insurance Fund is earmarked for participation payments to mortgagors under the mutual provision of Title II of the National Housing Act.

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

Fund	Capital (including statutory reserve)
Title I Insurance Fund	$57,824,805
Title I Housing Insurance Fund	3,556,214
Mutual Mortgage Insurance Fund	343,962,041
Housing Insurance Fund	7,356,243
Sec. 220 Housing Insurance Fund	671,771
Sec. 221 Housing Insurance Fund	844,226
Servicemen's Mortgage Insurance Fund	2,164,303
War Housing Insurance Fund	133,006,599
Housing Investment Insurance Fund	864,966
Armed Services Housing Mortgage Insurance Fund	11,220,797
National Defense Housing Insurance Fund	—9,984,228
Total	551,487,737

In addition, the various insurance funds had collected or accrued $289,493 unearned insurance fees and $73,443,124 unearned insurance premiums, as shown below, which will be allocated to income each month as they are earned.

	Deferred fee income	Deferred premium income	Total deferred fee and premium income
Title I Insurance Fund	----------	$20,817,890	$20,817,890
Title I Housing Insurance Fund	----------	422,100	422,100
Mutual Mortgage Insurance Fund	----------	36,823,491	36,823,491
Housing Insurance Fund	$171,813	1,826,571	1,998,384
Sec. 220 Housing Insurance Fund	31,291	101,124	132,415
Sec. 221 Housing Insurance Fund	4,617	3,602	8,219
Servicemen's Mortgage Insurance Fund	----------	764,719	764,719
War Housing Insurance Fund	----------	9,712,549	9,712,549
Armed Services Housing Mortgage Insurance Fund	81,772	1,762,413	1,844,185
National Defense Housing Insurance Fund	----------	1,208,656	1,208,656
Total	289,493	73,443,124	73,732,617

Combined Income, Expenses, and Losses, All FHA Funds

Total income from all sources during the fiscal year 1957 amounted to $153,647,369, while total expenses and insurance losses amounted to $62,204,962, leaving net income, before adjustment of valuation and statutory reserves, of $91,442,407. Increases in valuation reserves for the year amounted to $14,732,712, leaving $76,709,695 net income for the period. Cumulative income from June 30, 1934 through June 30, 1957 was $1,340,349,357 and cumulative expenses were $566,561,521, leaving net income of $773,787,836 before adjustment of valuation reserves.

STATEMENT 2.—*Combined statement of income and expenses for all FHA funds, through June 30, 1956 and June 30, 1957*

	June 30, 1934 to June 30, 1956	July 1, 1956 to June 30, 1957	June 30, 1934 to June 30, 1957
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$72,492,698	$11,652,197	$84,144,895
Interest on mortgage notes and contracts for deed	142,962	18,961	161,923
Interest and other income on defaulted Title I notes	5,544,031	1,099,568	6,643,599
Interest—Other	13,658,760	4,974,501	18,633,261
Dividends on rental housing stock	16,812	2,374	19,186
	91,855,263	17,747,601	109,602,864
Insurance premiums and fees:			
Premiums	899,605,309	119,269,730	1,018,875,039
Fees	193,574,063	16,044,711	209,618,774
	1,093,179,372	135,314,441	1,228,493,813
Other income:			
Profit on sale of investments	1,437,898	----------	1,437,898
Miscellaneous income	229,455	585,327	814,782
	1,667,353	585,327	2,252,680
Total income	1,186,701,988	153,647,369	1,340,349,357
Expenses:			
Interest expenses:			
Interest on funds advanced by U. S. Treasury	20,385,529	----------	20,385,529

STATEMENT 2.—*Combined statement of income and expenses for all FHA funds, through June 30, 1956 and June 30, 1957*—Continued

	June 30, 1934 to June 30, 1956	July 1, 1956 to June 30, 1957	June 30, 1934 to June 30, 1957
Expenses—Continued			
Administrative expenses:			
Operating costs (including adjustments for prior years)	$414, 198, 553	[1] $40, 844, 728	$455, 043, 281
Other expenses:			
Depreciation on furniture and equipment	2, 141, 019	177, 546	2, 318, 565
Miscellaneous expenses	350, 373	8, 510	358, 883
	2, 491, 392	186, 056	2, 677, 448
Losses and charge-offs:			
Loss on sale of acquired properties and assigned mortgage notes	28, 768, 841	12, 328, 188	41, 097, 029
Loss on equipment	8, 726	−19, 600	−10, 874
Loss on defaulted Title I notes	38, 503, 518	8, 865, 590	47, 369, 108
	67, 281, 085	21, 174, 178	88, 455, 263
Total expense	504, 356, 559	62, 204, 962	566, 561, 521
Net income before adjustment of valuation reserves	682, 345, 429	91, 442, 407	773, 787, 836
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−2, 366, 749	−809, 206	−3, 175, 955
Reserve for loss on real estate	−44, 263, 362	−11, 226, 092	−55, 489, 454
Reserve for loss on mortgage notes acquired under terms of insurance	−47, 266, 880	−4, 042, 316	−51, 309, 196
Reserve for loss on defaulted Title I notes	−38, 829, 704	1, 344, 902	−37, 484, 802
Net adjustment of valuation reserves	−132, 726, 695	−14, 732, 712	−147, 459, 407
Net income	549, 618, 734	76, 709, 695	626, 328, 429

ANALYSIS OF EARNED SURPLUS

	June 30, 1934 to June 30, 1956	July 1, 1956 to June 30, 1957	June 30, 1934 to June 30, 1957
Distribution of net income:			
Statutory reserve-Participating Reserve:			
Balance at beginning of period		$49, 459, 831	
Adjustments during the period			
Net income allocated for the period	$117, 870, 997	32, 500, 000	$150, 370, 997
	117, 870, 997	81, 959, 831	150, 370, 997
Distribution of net income—Con. Statutory reserve-Participating Reserve—Continued			
Participations in mutual earnings distributed	−$68, 411, 166	−$6, 429, 526	−$74, 840, 692
Balance at end of period	49, 459, 831	75, 530, 305	75, 530, 305
Insurance reserve fund:			
Balance at beginning of period		169, 474, 167	
Adjustments during the period		−78, 166	
Net income for the period	188, 784, 167	17, 818, 795	206, 524, 796
	188, 784, 167	187, 214, 796	206, 524, 796
Capital contributions to other FHA insurance funds	−19, 310, 000		−19, 310, 000
Balance at end of period	169, 474, 167	187, 214, 796	187, 214, 796
General surplus account:			
Balance at beginning of period		241, 963, 570	
Adjustments during the period		78, 166	
Net income allocated for the period	242, 963, 570	26, 390, 000	269, 432, 636
	242, 963, 570	268, 432, 636	269, 432, 636
Capital contributions to other FHA insurance funds	−1, 000, 000		−1, 000, 000
Balance at end of period	241, 963, 570	268, 432, 636	268, 432, 636

[1] Excludes unfilled orders in the amount of $332,833.

Contributed Capital

The contributed capital of $20,310,000 as shown on Statement 1 represents funds transferred from earnings of insurance funds to establish other insurance funds, and transfers under the provisions of Section 219 of the National Housing Act as amended. The contributed capital was also $20,310,000 at December 31, 1957. An analysis of capital contributions at December 31, 1957 is shown in Statement 3.

STATEMENT 3.—*Analysis of capital contributions to FHA insurance funds from other FHA insurance funds as of Dec. 31, 1957*

Fund	Capital contributions: To establish insurance funds	Capital contributions: Pursuant to Sec. 219	Total contributions	Contributions returned	Contributed capital
Title I Housing Insurance:					
From: Title I Insurance	$1, 000, 000		$1, 000, 000		$1, 000, 000
Housing Insurance:					
From:					
Mutual Mortgage Insurance	1, 000, 000		1, 000, 000		1, 000, 000
National Defense Housing Insurance		$3, 200, 000	3, 200, 000	−$3, 200, 000	
Housing Investment Insurance		90, 000	90, 000	−90, 000	
War Housing Insurance		4, 400, 000	4, 400, 000		4, 400, 000
Total	1, 000, 000	7, 690, 000	8, 690, 000	−3, 290, 000	5, 400, 000
Sec. 220 Housing Insurance:					
From: War Housing Insurance	1, 000, 000		1, 000, 000		1, 000, 000
Sec. 221 Housing Insurance:					
From: War Housing Insurance	1, 000, 000		1, 000, 000		1, 000, 000
Servicemen's Mortgage Insurance:					
From: War Housing Insurance	1, 000, 000		1, 000, 000		1, 000, 000

STATEMENT 3.—*Analysis of capital contributions to FHA insurance funds from other FHA insurance funds as of Dec. 31, 1957*—Continued

Fund	Capital contributions: To establish insurance funds	Capital contributions: Pursuant to Sec. 219	Total contributions	Contributions returned	Contributed capital
Housing Investment Insurance:					
From:					
National Defense Housing Insurance		$1, 000, 000	$1, 000, 000	−$1, 000, 000	
War Housing Insurance		910, 000	910, 000		$910, 000
To: Housing Insurance		−90, 000	−90, 000	90, 000	
Total		1, 820, 000	1, 820, 000	−910, 000	910, 000
Armed Services Housing Mortgage Insurance:					
From: War Housing Insurance		1, 900, 000	1, 900, 000	−1, 900, 000	
National Defense Housing Insurance:					
From: War Housing Insurance	$10, 000, 000		10, 000, 000		10, 000, 000
To:					
Housing Insurance		−3, 200, 000	−3, 200, 000	3, 200, 000	
Housing Investment Insurance		−1, 000, 000	−1, 000, 000	1, 000, 000	
Total	10, 000, 000	−4, 200, 000	5, 800, 000	4, 200, 000	10, 000, 000
Total all funds	15, 000, 000	7, 210, 000	22, 210, 000	−1, 900, 000	20, 310, 000

General Mortgage Insurance Authorization

Public Law 1020, 84th Congress, approved August 7, 1956, amended the general mortgage insurance authorization under Section 217. The amendment provides that the aggregate amount of principal obligations of all mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title (except Section 2 and Section 803) shall not exceed the sum of (a) the outstanding principal balances, as of July 1, 1956, of all insured mortgages (without taking into account prepayments or delinquencies), (b) the principal amount of all outstanding commitments to insure as of July 1, 1956, and (c) $3,000,000,000. This general insurance authorization applies to all mortgage insurance programs except new insurance written under Title VIII pursuant to commitments issued on or after August 11, 1955. The general mortgage insurance authorization at July 1, 1956 was established as follows:

Insurance in force	$18, 869, 514, 132
Commitments outstanding	3, 914, 479, 464
Additional authorized amount	3, 000, 000, 000
Total authorization	25, 783, 993, 596

The status of the general mortgage insurance authorization at December 31, 1957 is shown in Statement 4 below.

STATEMENT 4.—*Status of General Mortgage Insurance Authorization as of Dec. 31, 1957*

	Estimated outstanding balance of insurance in force	Outstanding commitments and statements of eligibility	
Sec. 217 General Mortgage Insurance Authorization			$25, 783, 993, 600
Title I, Sec. 8	$168, 191, 647		
Title II:			
Sec. 203	[1] 14, 291, 414, 312	[1] $3, 381, 285, 761	
Sec. 207–210	299, 591, 580	70, 329, 600	
Sec. 213	450, 573, 194	116, 357, 550	
Sec. 220	74, 692, 589	23, 847, 959	
Sec. 221	4, 594, 998	31, 117, 167	
Sec. 222	369, 084, 197	37, 750, 355	
	15, 489, 950, 870	3, 660, 688, 392	
Title VI:			
Sec. 603	1, 078, 562, 354		
Sec. 608	2, 584, 206, 388		
Sec. 610 (Sec. 603)	8, 638, 518		
Sec. 610 (Sec. 608)	4, 586, 851		
Sec. 611	429, 545		
	3, 676, 423, 656		
Title VIII, Sec. 803 (Prior to Aug. 11, 1955)	614, 510, 581		
Title IX:			
Sec. 903	399, 041, 701		
Sec. 908	44, 821, 187		
	443, 862, 888		
Total charges to Sec. 217	20, 392, 939, 642	3, 660, 688, 392	24, 053, 628, 034
Unused insurance authorization			1, 730, 365, 566

[1] Includes $62,432 commitments outstanding and $15,000 outstanding balance of insurance in force on farm mortgages chargeable against limitation of $100,000,000.