Hazel Young

25th

ANNUAL REPORT

FEDERAL HOUSING ADMINISTRATION 1934 25th 1959 Anniversary

of the

Federal Housing Administration

for the

year ending December 31, 1958

Julian H. Zimmerman, Commissioner

TWENTY-FIFTH ANNUAL REPORT

of the

FEDERAL HOUSING ADMINISTRATION

Year ending December 31, 1958

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

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Federal Housing Administration

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

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

The various types of FHA insurance are summarized below.

TITLE I

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

TITLE II

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

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

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

Section 207 authorizes the insurance of mortgages, including construction advances, on rental housing projects of eight or more family units. 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 nonprofit 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 2 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 both new and existing housing. It is available for rental housing if the mortgagor is a private nonprofit organization regulated under Federal or State law.

Section 221 insurance is made available on request by the local or area authorities and after the HHFA Administrator has certified to the number of units needed, in a community that has a workable program approved by the Administrator for the elimination of slums and blight.

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

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

TITLE VI

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

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

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

TITLE VII

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

TITLE VIII

Title VIII, added in 1949 (Wherry Act) and rewritten in 1955 (Capehart Act) authorizes 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.

Publications

The following are the principal new or revised FHA publications issued in 1958. Unless otherwise indicated, they can be obtained without charge from the Federal Housing Administration, Washington 25, D. C.

Annual Report. Twenty-fourth Annual Report of the Federal Housing Administration (for the year ending December 31, 1957). 60¢.*

Digest of Insurable Loans. FHA 2575, revised 1958. 10¢.*

FHA Facts for Home Buyers. Revised 1958.

FHA Home Owner's Guide. FHA 100, 1958. 15¢.*

FHA Underwriting Manual. FHA 2049, revised 1958. $2.50.*

How FHA Helps Improve Home-Building Techniques. FHA–191, 1958. 10¢.*

Information for the Home-Buying Serviceman. FHA 895, revised 1958. 10¢.*

Maximum Mortgage Amounts, Minimum Down Payments, and Monthly Mortgage Payments Under the Emergency Housing Act of 1958.

Minimum Property Standards for One and Two Living Units. FHA–300, 1958. $1.75.*

Mortgagees' Handbook: A Section 203 Guide for FHA Approved Mortgagees. Revised 1958. $1.00.*

Remodeled Buildings as Housing for Elderly Tenants. 1958.

Settlement of Claims Under Title I of the National Housing Act. FH–33, revised 1958.

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

Summary of FHA Activity

On June 27, 1958, the Federal Housing Administration began its 25th year of service to the American people.

The establishment of FHA in the summer of 1934 was a turning point in housing history. In the lifetime of FHA there have been greater changes in the design, construction, and financing of housing, in community planning, and in the pattern of home ownership than in any previous quarter of a century.

Today, home ownership in the United States is the rule rather than the exception—three of every five families own the homes they live in. Homes can be financed on sound and reasonable terms. Nonfarm real estate foreclosures have been at a low level for many years. The planning and construction of residential properties are under continuous study to make them better. New communities are planned for livability and lasting value. Older communities in many parts of the country have urban renewal projects under way. Elderly persons, families with limited incomes, personnel of the Armed Services, people in small towns and rural areas, members of minority groups, all receive special help in solving their problems of finding adequate housing.

Working with private industry, FHA has had a significant part in these developments.

FHA mortgage insurance has helped nearly 5 million families to own homes and has helped to provide housing for 800,000 families in multifamily projects.

FHA property improvement loan insurance has helped more than 22 million families to improve their properties.

FHA minimum property standards have established a basis for sound planning and construction of housing.

FHA appraisals give the buyer an unbiased professional estimate of the value of his property at the time the appraisal is made.

FHA analyses of local housing markets point out how much and what kind of housing is needed and help to prevent overbuilding.

FHA land planning services guide the development of well planned new communities.

FHA insurance helps to finance the building or rehabilitation of housing in urban renewal areas as well as housing to relocate families displaced by urban renewal projects.

FHA's standardized mortgage, which can be bought and sold with ease and confidence, helps to make mortgage money more readily available throughout the country.

FHA has special programs, such as mortgage insurance on housing for the elderly, cooperative housing, and housing for the Armed Services, as well as its Certified Agency Program, to bring FHA benefits to more people.

FHA's nationwide operations have helped to bring about a revolution in conventional mortgage financing methods.

FHA is self-supporting. It pays all its expenses out of income, has returned more than $86 million to home buyers who have paid off their mortgages, and has built up substantial insurance reserves.

The dollar amount of insurance written by FHA in 1958—$6.3 billion—was the highest reported for any year in its history. A record number of home mortgages was insured during the year. Project mortgages and property improvement loans insured were also at high although not record levels.

On May 28, 1958, the total amount of outstanding mortgage insurance and commitments was nearing the statutory limit of about $25.7 billion and it became necessary for FHA to instruct its field offices to limit the issuance of further commitments. A Senate Joint Resolution approved June 4 increased the authorization by $4 billion and enabled the agency to resume its regular operations.

By October the high volume of operations was again reflected in a rapidly depleting authorization, and on October 16 FHA put into effect a new procedure designed to conserve the remaining authorization. The field offices were instructed to issue "Agreements to Insure" in place of formal commitments on all applications for commitments or requests for the extension of outstanding commitments involving mortgagors other than owner-occupants, unless construction had started or funds had been disbursed, or contracts of sale had been negotiated. The Federal National Mortgage Association immediately authorized its agency managers to accept the agreements to insure as the equivalent of commitments, and on November 4 the Comptroller of the Currency announced that national bank examiners would treat them as the equivalent of firm commitments.

An outstanding FHA event of 1958 was the issuance in November of its new Minimum Property Standards for structures containing one and two living units. The new standards, which apply throughout the country, replacing the 23 editions of the Minimum Property Requirements formerly in use, are based on extensive study by FHA technicians and recommendations of architects, engineers, builders, material producers, and others. The new standards are more efficient and flexible than the old Minimum Property Requirements, and emphasize performance rather than method. It was planned that, to give FHA field personnel and the building industry ample time to become familiar with the new standards, they would be made effective on an optional basis April 1, 1959, and would become mandatory for use in FHA-insured transactions on and after July 1, 1959.

Valuable technical studies on concrete slabs, termite protection, and sewage disposal were also completed in 1958.

FHA appraisal of residential and commercial properties at Coulee Dam for the Department of the Interior was completed during the year. A similar assignment in Boulder City was undertaken and was about half completed at the end of 1958.

HOME MORTGAGES

Applications were received in 1958 for mortgage insurance on 887,748 homes—almost twice the number received in 1957 and larger than in any previous year.

The rush of applications began to overwhelm many of the insuring offices early in the year. To cope with accumulating backlogs, FHA authorized its field directors in March to set up permanent panels of fee appraisers who could be called on as needed to supplement the work of appraisers on the FHA staff.

Because of budget limitations, the recruitment of additional personnel proceeded slowly during the first half of the year. In September, following approval by the President of authority for the FHA to increase its expenditures, the field offices were permitted to increase their staffs and to pay for overtime work.

With the use of overtime, per diem employees, and the services of fee appraisers, backlogs were being reduced as the year ended. The usual seasonal downtrend in applications also helped to relieve the pressure.

FHA administrative rules for home mortgage insurance were amended on April 1 by making the 3 percent minimum down payment applicable to homes with values up to $13,500 (instead of $10,000 as formerly), as authorized by the Emergency Housing Act of 1958 (Public Law 85-364, approved April 1, 1958). This action reduced the minimum down payment on a $13,500 house from $850 to $450.

In December the Commissioner authorized the use of a master commitment covering a basic house design with variations, such as the addition of a fireplace, porch, garage, or similar changes. It was estimated that this procedure would save time, in addition to allowing builders to give prospective buyers definite cost figures.

A comparison of home mortgage insurance for 1958 and 1957 is shown below:

Section	1958		1957	
	Units	Amount (000)	Units	Amount (000)
8			8	$40
203	300,973	$4,191,921	185,705	2,031,137
213	5,827	78,279	4,233	54,109
220	555	6,262	455	4,887
221	4,394	39,710	520	4,512
222	16,374	218,333	10,770	147,434
809	1,327	16,963	716	8,679
903			33	294
Total [1]	389,450	551,483	202,454	2,251,004

[1] Includes 4 open-end advances totaling $6,000 insured in 1958 under Section 203 pursuant to the provisions of Section 225, and 8 open-end advances totaling $18,000 insured in 1957. Totals also reflect adjustments in expired programs.

CERTIFIED AGENCY PROGRAM

The Certified Agency Program initiated by FHA in 1957 concluded its experimental phase in 1958. Fourteen new trial areas were added to the original seven. Procedures were prepared during the year for making the program permanent and nationwide in 1959.

In extending it to new localities FHA expected to limit it to towns of 20,000 population or less.

The purpose of CAP is to enable FHA to serve the public better. By appointing local mortgagees as certified agents to process applications for mortgage insurance and authorizing the use of local appraisers and inspectors, FHA brings its benefits into areas and communities that it could not otherwise serve promptly and efficiently. Processing time can often be reduced through this method from weeks to days.

At the end of 1958, more than 1,500 certified agents had been appointed and 18,566 commitments had been issued under the program.

More than 7,400 loans were insured through CAP in 1958. Of these, 1,825 were made by 250 lenders that had not been active in FHA programs during the preceding year. These new or reactivated lenders also made 459 mortgage loans processed in the regular way by FHA offices for insurance.

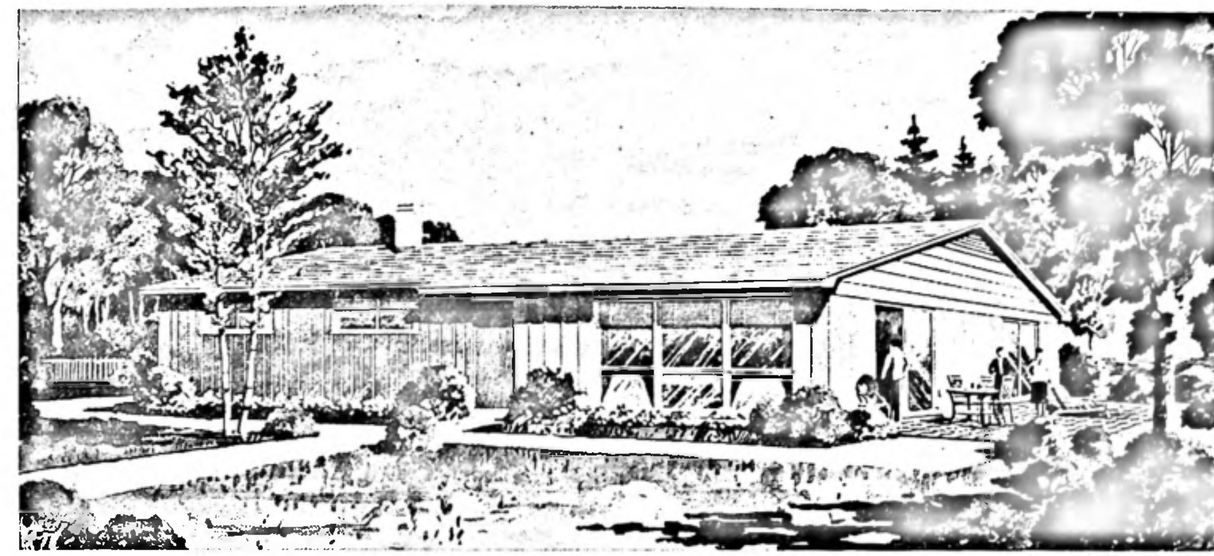
RENTAL HOUSING

FHA mortgage insurance on multifamily rental projects increased substantially in 1958. The volume for the year was the highest since 1951 in terms of units insured, and the third highest on record in dollar amount of insurance.

Rental housing mortgages insured during the year under Section 207 aggregated $135.6 million on 119 projects which will provide housing for 11,373 families. In the previous year, mortgages totaling $41.4 million had been insured under Section 207 on 44 projects with 4,463 family units.

A survey made as of March 15 of occupancy in projects with FHA insurance in force—including those with mortgages insured under Sections 207, 220, 608, 803 (Wherry housing), and 908—showed a vacancy rate of 3.0 percent. This was slightly higher than the 2.4 percent rate in March 1957, but lower than the rates reported for the 3 preceding years.

An advisory committee on standards for multifamily housing, which included six prominent architects and builders, attended a 2-day meeting called by the FHA Commissioner and held July 21 and 22, to discuss a proposed revision of FHA minimum property standards for multifamily housing.



The house built in Moscow in 1959 and placed on exhibition there to show the Russians how Americans live is in the same price range as the typical new 1958 FHA home.

Like the FHA house it has 6 rooms, including 3 bedrooms. It is 52 square feet larger than the 1,092 square-foot FHA house. The builder estimates that it would sell in the United States for $11,000 to $12,000, exclusive of land. The typical new FHA home in 1958 was valued at $14,207, including land. The average site price was estimated at $2,223.

An artist's rendering of the Moscow house is shown here.

COOPERATIVE HOUSING

Continued growth of interest in cooperative housing led to the establishment in 1958 of a cooperative housing division to develop basic policies and programs and to give technical advice and guidance to consumer groups.

The Housing Act of 1956 (P.L. 1020, 84th Cong. approved Aug. 7, 1956) authorized FHA insurance of mortgages on cooperative projects developed by investor sponsors who certified their intention of selling the projects to cooperative groups within 2 years after completion. Insurance written in 1958 involving projects with this type of sponsorship covered 13 mortgages totaling $19.3 million and secured by 1,428 family units.

Altogether, mortgage insurance under section 213 has helped to provide housing for 52,162 families in cooperative projects financed with FHA-insured mortgages totaling $556,935,000.

HOUSING FOR THE ELDERLY

The Housing Act of 1956 (P.L. 1020, 84th Cong., approved Aug. 7, 1956) made special provision for FHA insurance of mortgages on homes and rental housing for persons 60 years old and older. Activity under this authority has been chiefly in the field of rental housing. At the end of 1958, rental projects for the elderly had been undertaken or proposed for financing under Section 207 of the National Housing Act as follows:

	Projects	*Units*
Completed and occupied	2	690
Given initial endorsement for FHA insurance	15	1,348
Commitments outstanding	11	1,107
Applications filed with FHA	9	1,457
	37	4,602

The projects are scattered through 20 States.

About 200 additional projects have been reported to be in various preapplication stages.

FHA policy is to keep the program flexible in order to serve the varying needs of elderly people. The five most advanced projects indicate the variety of sponsorship and operating methods that are possible.

Vine Court, Hartford, Conn., sponsored by a group of Congregational churches, is a straight rental project financed by a local bank.

O.E.A. Senior Citizens, Inc., sponsored by the Omaha Education Association, is occupied chiefly by retired teachers. The association subsidizes teachers who are not able to pay the $1,500 required for a lifetime lease. Operating expenses average about $70 a month per tenant.

Norse Home, Seattle, the first project completed, was sponsored by a group made up of persons of Norwegian ancestry. Fees range from $5,500 to $6,500, with a charge of about $90 a month for meals, services, and maintenance.

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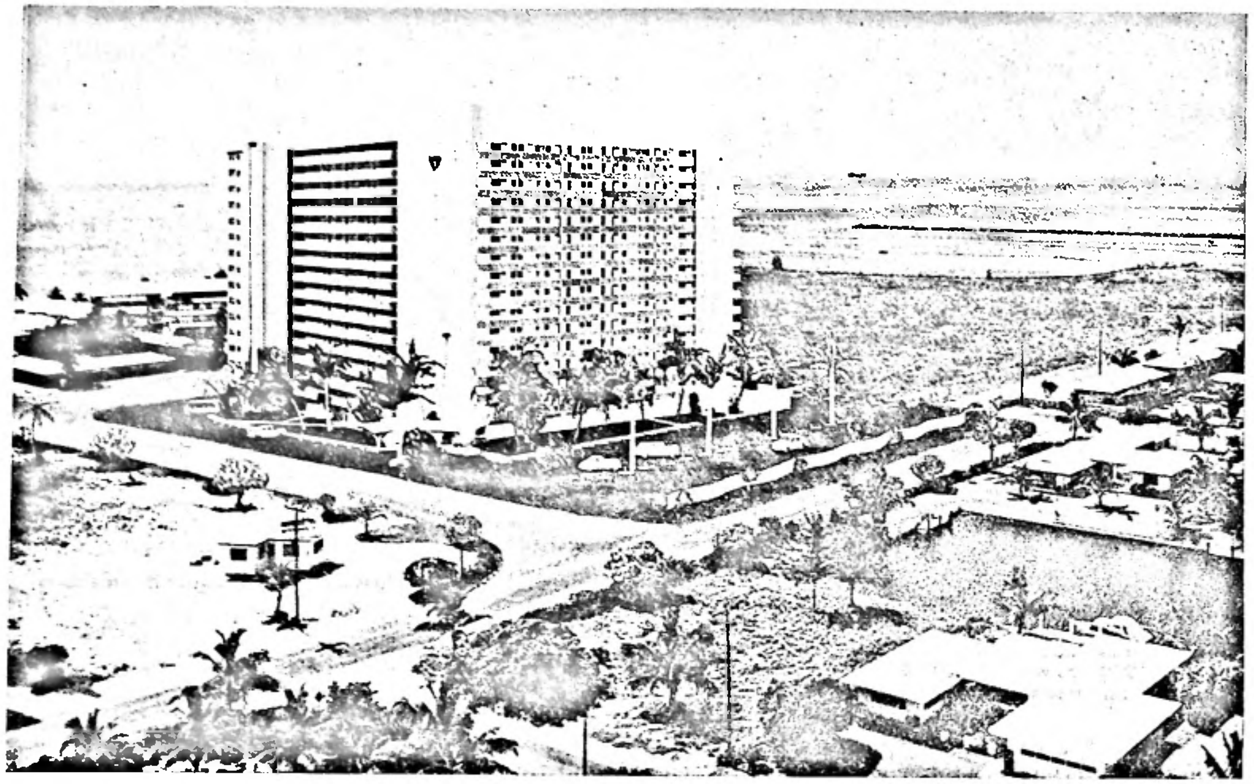


Breakwater Towers, Fort Lauderdale, Fla.—A cooperative housing project financed with a mortgage of $3,172,300 insured by the Federal Housing Administration under the provisions of Section 213 of the National Housing Act. It contains 178 apartments ranging in price from $8,000 to $35,000. The project provides housing at a cost estimated to be 20 percent less than any comparable housing in the Fort Lauderdale area. The mortgage loan was made by the Broward Savings Bank of Fort Lauderdale, and permanent financing was furnished by the Lincoln Savings Bank, New York City. A second building planned for an adjacent site will double the size of the project.

Photograph by Santo, Schwarm, Sheldon, Inc., Fort Lauderdale, Fla.

Vine Court, Hartford, Conn., a rental project designed to provide pleasant living for elderly tenants, was financed with a mortgage insured by the Federal Housing Administration under its elderly-housing program. The sponsor was Church Homes, Inc., a nonprofit group representing four local Congregational churches.

The project has 8 two-room units (living room and bedroom) and 12 efficiency units. Jeter and Cook of Hartford were the architects. The buildings are grouped around a courtyard. Color has been used both inside and outside to enhance their attractiveness. All units have wall kitchens, bathrooms, closets, and storage space. Residents have the use of a common lounge and a utility room with automatic washers and dryers. Rents range from $57.50 to $87.50 a month.

A commitment to insure the $160,000 mortgage was issued by FHA to the Connecticut Bank & Trust Co., Hartford, on June 27, 1958, and later transferred to the Mechanics Savings Bank, Hartford. The project was approved for occupancy on January 29, 1959.

An addition to Douglas Gardens (Jewish Home for the Aged of Greater Miami), with 83 units, also serves as a research center for the University of Miami.

Carmel Hall, a former hotel with 550 rooms in downtown Detroit, is the first rehabilitation project under the program. The sponsor is the Roman Catholic Archdiocese of Detroit. Charges to tenants average about $150 a month.

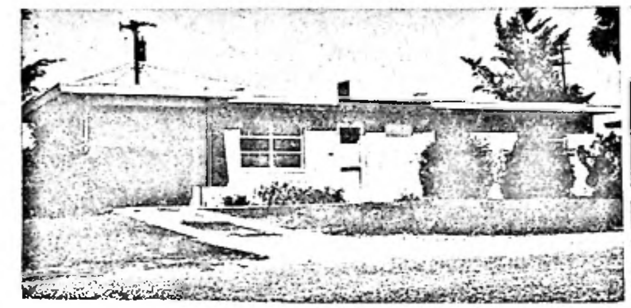
The need for adequate housing for the elderly is growing as the proportion of elderly persons in the population increases. Fortunately, interest in the problem is increasing too.

ARMED SERVICES HOUSING

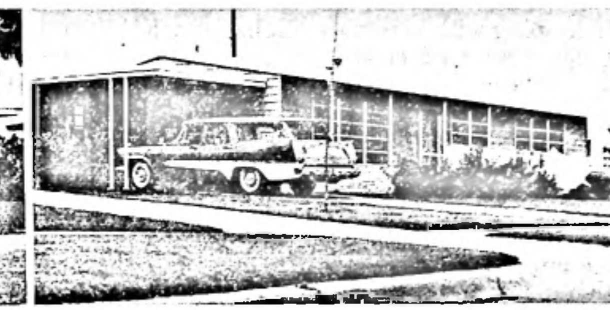
More housing for personnel of the Armed Services was built in 1958 with FHA-insured financing than in any previous year. The 32,249 rental units on which construction was started in 1958 compared with 18,681 in 1957 and 2,837 in 1956.

Construction of 725 homes for sale to essential civilian personnel at military research or development installations was also started in 1958.

Altogether, since the Armed Services provisions of Title VIII became effective in 1955, FHA has insured mortgages totaling more than $1 bil-

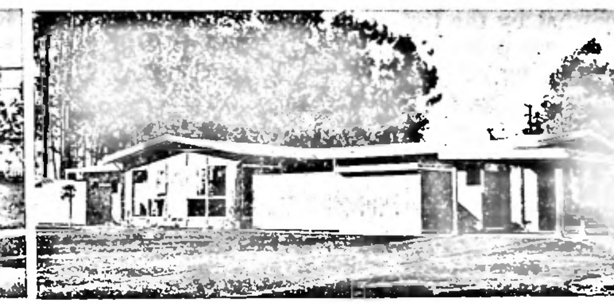


Patrick Air Force Base, Tampa, Florida



Dyess Air Force Base, Abilene, Texas

Smyrna Air Force Base, Smyrna, Tennessee



Army Base, Lompoc, California

Eglin Air Force Base, Valparaiso, Florida

The Capehart Act of 1955 authorized FHA mortgage insurance under Title VIII of the National Housing Act on housing built for personnel of the Armed Services and their families. The improved living conditions that this legislation has helped to provide have been of immense value in maintaining morale and preventing excessive turnover of personnel.

Examples of typical Capehart housing are shown on this page.

lion on 72,391 rental housing units and mortgages totaling $25.8 million on 2,055 homes for essential civilian personnel. This is in addition to mortgages totaling $683 million on housing with 84,900 units insured under the Title VIII military housing provisions in effect from 1949 to 1955.

To the extent that the Title VIII program has helped to provide good living conditions for members of the Armed Services and their families, it has helped to maintain morale and to reduce the cost and inefficiency of excessive personnel turnover.

HOUSING OF MINORITY GROUPS

In keeping with increased emphasis by FHA on the importance of equal housing opportunities under its programs, the Minority Group Housing Adviser on the Commissioner's staff was promoted in 1958 to the newly created position of Assistant to the Commissioner, Intergroup Relations Service. In October, a specialist in intergroup relations was engaged to study developments in this field, particularly in New York and other places where laws have been enacted to abolish discrimination in housing.

The steady progress made by nonwhite families in recent years in improving their housing conditions continued in 1958 although slowed down somewhat by the tight mortgage money situation in the early part of the year.

Increasing activity in 1958 under Section 221, which provides FHA insurance for families displaced by urban renewal projects, was of particular benefit to minority-group families, since those families predominate in many substandard neighborhoods.

URBAN RENEWAL

Gains continued to be made in 1958 in the volume of housing provided through both Section 220 and Section 221 of the National Housing Act.

Section 220 can be used only in urban renewal project areas certified by the Housing Administrator. At the end of the year 93 project areas were certified for Section 220, compared with 66 when the year began. Mortgages were insured in 1958 on 544 homes and on 17 multifamily projects with a total of 2,660 family units.

Total mortgage insurance under this section from its enactment in 1954 through 1958 amounted to $112.6 million representing mortgages on 1,056 homes and 8,862 rental units.

Housing provided under Section 221 to relocate families displaced by urban renewal or any form of governmental action is an essential part of any urban renewal project. Activity under the section was slow in getting under way, largely because of difficulties incident to building for a low-price market. At the end of 1958 the Housing Administrator had made the necessary certification of need in 206 cities for a total of 87,443 units.

Mortgages were insured under Section 221 in 1956 on 16 homes, in 1957 on 520 homes, and in 1958 on 4,394 homes and 11 multifamily projects with 2,024 rental units.

The types of homes being provided under this section are indicated in the accompanying photographs.

PROPERTY IMPROVEMENT LOANS

More than a million loans, totaling $868.4 million, were reported to the FHA in 1958 for insurance under Title I—the second largest number since 1954 and the fourth largest amount for any year.

Contracts of insurance were issued to 581 institutions during the year. The number of institutions holding contracts averaged about 8,500 in 1958, with an average of about 3,500 institutions actively participating in the program.

The insurance charge to lenders was reduced on April 1 from 0.55 percent to 0.50 percent of the net proceeds of each loan made. This was the third reduction made since 1954 from the original rate of 0.75 percent that had been in effect for the preceding 15 years.

FHA paid claims on 23,047 Title I loans in 1958, compared with 25,806 in 1957.

At the end of 1958, delinquencies of 90 days or more on outstanding Title I loans were at the very low level of 0.98 percent. The year-end rate in 1957 was 1.11 percent.

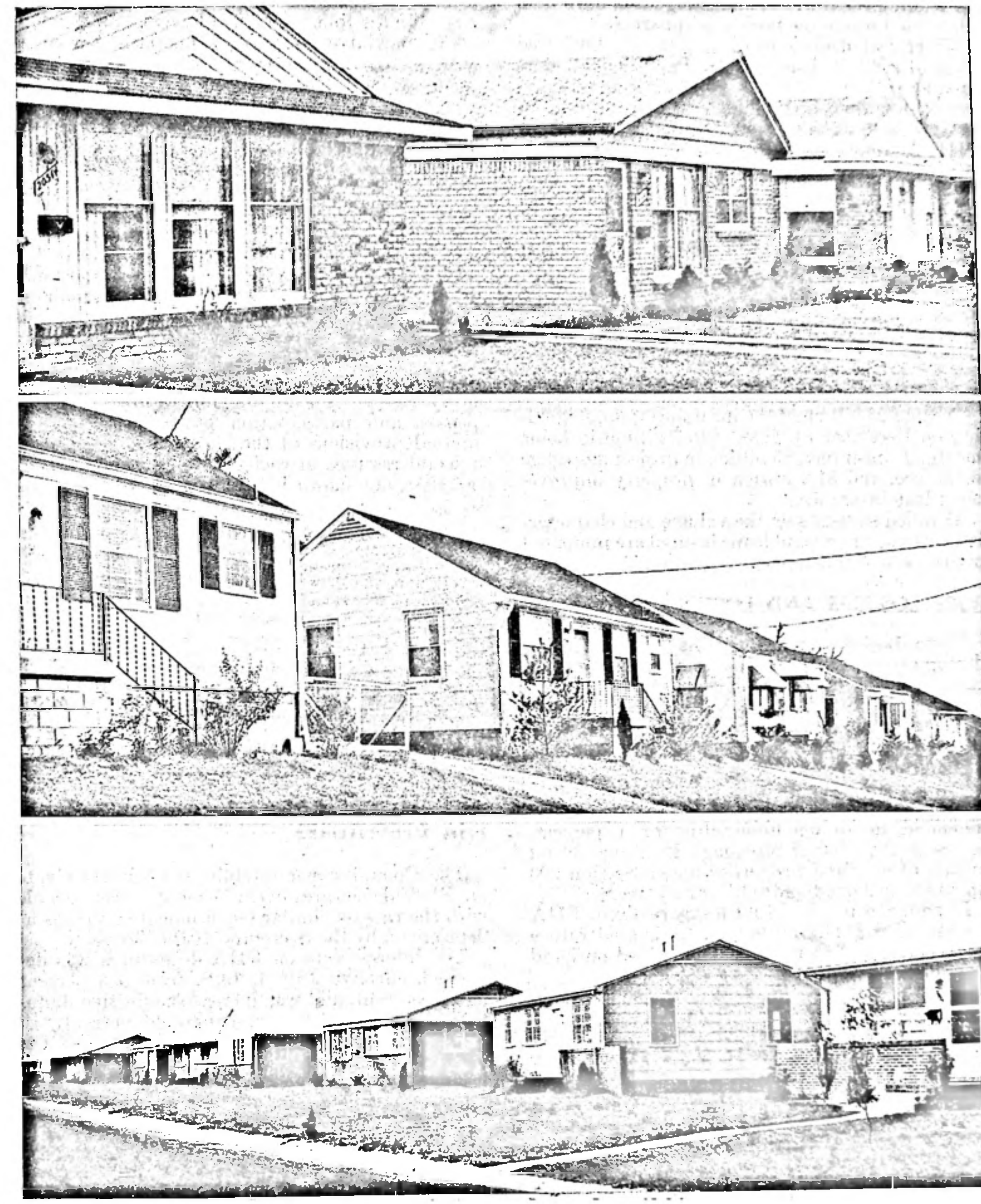
Net recoveries on defaulted notes in 1958 amounted to $8.8 million.

FHA intensified in 1958 its efforts to keep the program sound and to reduce the number of claims filed.

A preclaim assistance plan was inaugurated on February 5, by which lenders who have exhausted their collection efforts to the point of filing claims send schedules of such claims to the appropriate FHA insuring office. The insuring office notifies the debtor that claim is about to be filed and that the Government will then take over collection. More than 1,200 lenders participated in the plan during the year. As a result, 43 percent of the accounts involved were reinstated, 3 percent were refinanced, and 774 accounts, representing 9 percent of the total and amounting to $348,300, were paid in full.

Financial representatives of FHA made more than 4,000 service calls and surveys in 1958, compared with 2,660 in 1957. Their work is largely preventive—to discover operational weaknesses so that they may be corrected before excessive claims develop. In addition, the financial representatives explain Title I to individual dealers and participate in meetings of dealers and lenders.

Under a coordination plan introduced in April, information has been exchanged by the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and FHA, about unsatisfactory conditions found



Section 221 relocation housing has been certified in 38 States, the District of Columbia, and Puerto Rico. Typical homes are shown above: Top—Detroit, Mich.—3-bedroom homes selling for $9,200. There have been 136 Section 221 homes built in this city. Center—Nashville, Tenn.—these 2-bedroom homes in a project known as Valley View sold at $8,400. They are among 492 homes built in Nashville with Section 221 financing. Bottom—Norfolk County, Va.—3-bedroom homes priced at $9,000 in the Lynnwood Shores section of Plymouth Park. Lynnwood Shores and the adjoining Cavalier Manor development have together about 350 new homes financed under Section 221, out of a total of 769 in the Norfolk area.

in lending institutions, and safeguards have been instituted where the need was apparent.

Unethical dealers continued to be eliminated from the Title I program. In 1958, 355 were placed on the precautionary measures list—19 percent fewer than in 1957. During the year FHA referred 819 cases to the Compliance Division of HHFA for investigation of possible criminal violations.

AGGREGATE FHA INSURANCE

The grand total of insurance written by FHA under all its programs from the time of its establishment in 1934 to the end of 1958 was $53.3 billion. The insurance included $35.3 billion in mortgages on close to 5 million homes, $6.6 billion in mortgages on 9,910 multifamily projects to house 798,000 families, and $11.4 billion covering 22.3 million property improvement loans.

About $26 billion of the insurance was outstanding on December 31, 1958—$19.7 billion in home mortgage insurance, $5 billion in project mortgage insurance, and $1.3 billion in property improvement loan insurance.

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

FORECLOSURES AND LOSSES

From 1934 through 1958, the FHA acquired through foreclosure or the assignment of mortgage notes 89,199 units of housing representing 1.6 percent of the 5.8 million units on which mortgages had been insured since the beginning of operations. Of the acquired units, 50,941 had been sold by the end of 1958 and 38,258 remained on hand.

Losses realized on the total amount of mortgage insurance written from 1934 through 1958 amounted to 15 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, FHA has provided $111.2 million for estimated future losses on the 38,258 units that remained on hand at the end of 1958.

FINANCIAL POSITION

Gross income of the FHA from fees, insurance premiums, and investments during the fiscal year 1958 totaled $157,158,560. Expenses of operation during the fiscal year were $45,491,076, leaving an excess of gross income over operating expenses of $111,667,484.

From the establishment of the FHA in 1934 through June 30, 1958, its gross income totaled $1,471,254,352 and its operating expenses amounted to $509,723,568. Expenses during the first 3 fiscal years, 1935 through 1937, were met from funds advanced through the Reconstruction Finance Corporation by the United States Treasury. In 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, 1958, FHA had total statutory and insurance reserves of $643,335,694 accumulated from earnings. Of this amount, $537,619,900 was in the insurance reserves and $105,715,794 in the statutory reserve. Insurance reserves are available for future losses and expenses, while the statutory reserve is available for future losses, expenses, and participation payments under the mutual provisions of the National Housing Act.

Total reserves of each insurance fund at June 30, 1958, are shown below:

Title I Insurance Fund	$67,616,144
Title I Housing Insurance Fund	4,197,129
Mutual Mortgage Insurance Fund	[1] 406,091,392
Housing Insurance Fund	9,830,631
Section 220 Housing Insurance Fund	954,516
Section 221 Housing Insurance Fund	823,219
Servicemen's Mortgage Insurance Fund	3,980,304
War Housing Insurance Fund	150,842,377
Housing Investment Insurance Fund	889,995
Armed Services Housing Mortgage Insurance Fund	10,160,535
National Defense Housing Insurance Fund	—12,050,548
Total	643,335,694

[1] Includes statutory reserve of $105,715,794.

FHA DEBENTURES

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

The interest rate on FHA debentures was decreased, effective July 1, 1958, from 3½ percent to 3⅛ percent, and was increased, effective January 1, 1959, from 3⅛ percent to 3¾ percent.

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

On March 21, 1958, the Commissioner issued a call for redemption on July 1, 1958 of about $20.5 million of debentures at par plus accrued interest. The debentures to be redeemed were obligations of the Title I Housing Insurance Fund ($479,950), the Mutual Mortgage Insurance Fund ($3,958,750), the Housing Insurance Fund ($2,000,000), the Servicemen's Mortgage Insurance Fund ($24,700), the War Housing Insurance

Fund ($10,000,000), and the Armed Services Housing Mortgage Insurance Fund ($4,000,000).

On September 19, approximately $24.9 million of debentures were called for redemption on January 1, 1959 at par plus accrued interest. The debentures to be redeemed were obligations of the Title I Housing Insurance Fund ($328,300), the Mutual Mortgage Insurance Fund ($7,500,450), the Housing Insurance Fund ($2,000,000), the Servicemen's Mortgage Insurance Fund ($68,750), the War Housing Insurance Fund ($10,000,000), the Armed Services Housing Mortgage Insurance Fund ($2,000,000), and the National Defense Housing Insurance Fund ($3,000,000).

SECTION 608 AND SECTION 803 RECOVERY PROGRAM

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

When 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 debt is the aim of windfall settlement negotiations.

With respect to Section 608 projects, during 1958 the FHA successfully negotiated settlement agreements in 19 cases involving 49 projects. These settlements resulted in mortgage reductions of about $3.8 million.

In cases where settlement negotiations by FHA proved futile, comprehensive litigation reports were forwarded to the Department of Justice, which now has pending 38 cases covering 73 projects and representing claims of about $8.8 million. Through court action, or through its own negotiations assisted by FHA, the Department of Justice reduced FHA risks on insured mortgages by $6.7 million in 1958.

Cumulative combined recoveries effected by FHA and the Department of Justice since the inception of the recovery program, involving 619 projects, have aggregated $35.6 million.

In 1958 FHA referred 3 cases involving 27 projects, representing original claims in the amount of $816,000, to the Department of Justice following noncompliance with settlement agreements. These referrals mark the first legal action for enforcement of settlement agreements.

With respect to Section 803 (Wherry) projects during the year, acceptable cost questionnaires or explanations for failure to complete cost questionnaires have been filed by virtually all of the 276 Section 803 projects and the Audit Division has completed its review of the questionnaires. According to available information at the end of the year, 194 Section 803 projects either have been acquired or are definitely scheduled for acquisition by the Department of Defense.

FHA has completed its review of cost questionnaires filed by 65 project corporations not presently considered for acquisition. It has been determined that on 49 of these projects no actionable claim exists; further information has been requested on 8 others, and on another 8 it has been determined that excess mortgage proceeds have been realized in actionable amounts aggregating $3.2 million. Negotiations have now been initiated in all 8 cases with a view to effecting acceptable settlements.

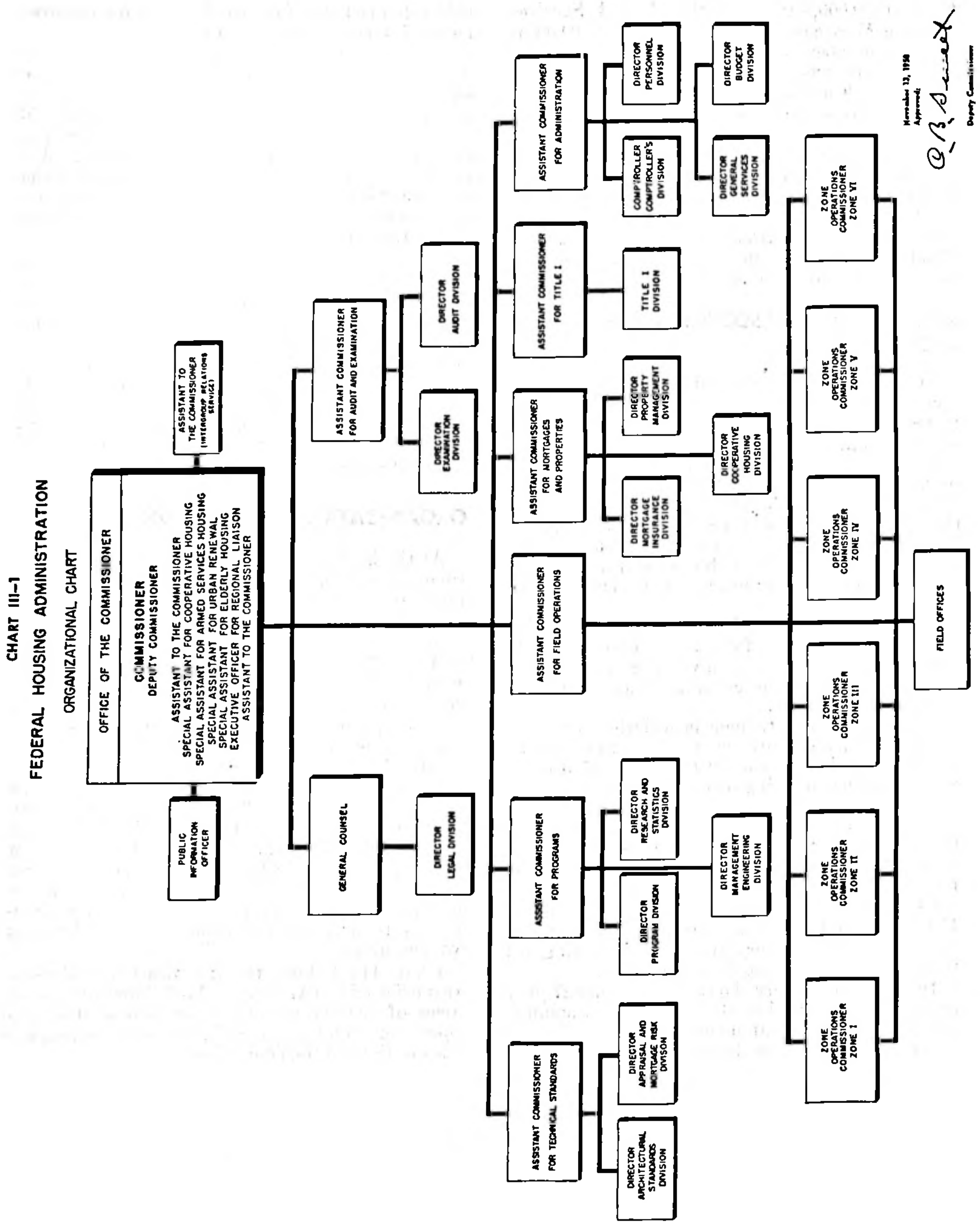
ORGANIZATION AND PERSONNEL

At the beginning of 1958, FHA had 5,888 full-time employees. There were 1,701 new appointments during the year and 875 separations, which brought the number of employees at December 31 to 6,714. The average during the year was 6,212.

About 76 percent of all FHA employees in 1958 were in the field offices and the remaining 24 percent were in the central office in Washington, D.C.

The number of field offices was the same at the end of 1958 as at the beginning of the year—139 in all. There were 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 reports for the insuring offices in their various areas.

Chart III–1 shows the organization of the central office of FHA. Chart III–2 shows the boundaries of the six regions supervised by the zone operations commissioners in the central office, and the locations of the field offices.

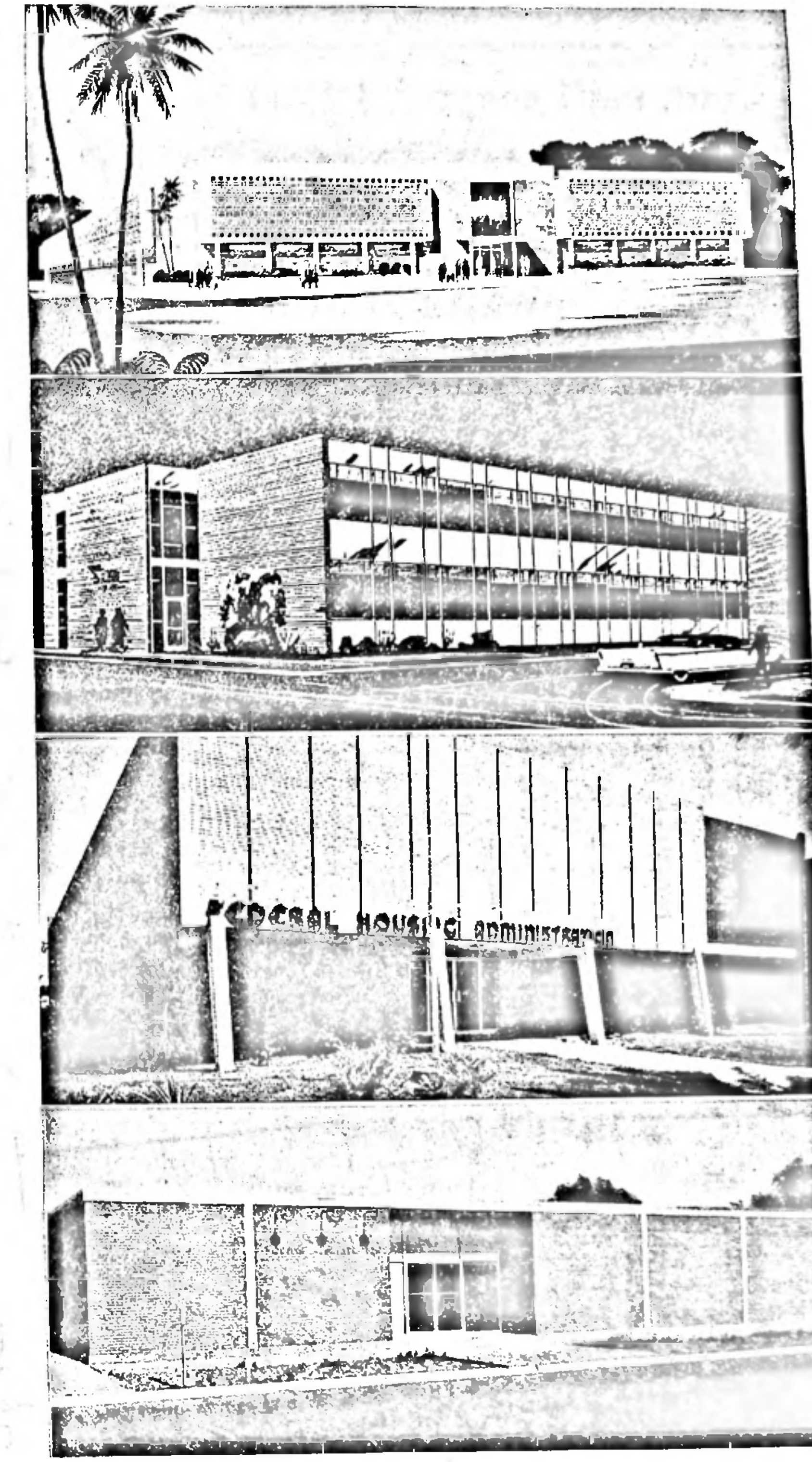


Miami, Florida

Memphis, Tennessee

Phoenix, Arizona

Lubbock, Texas

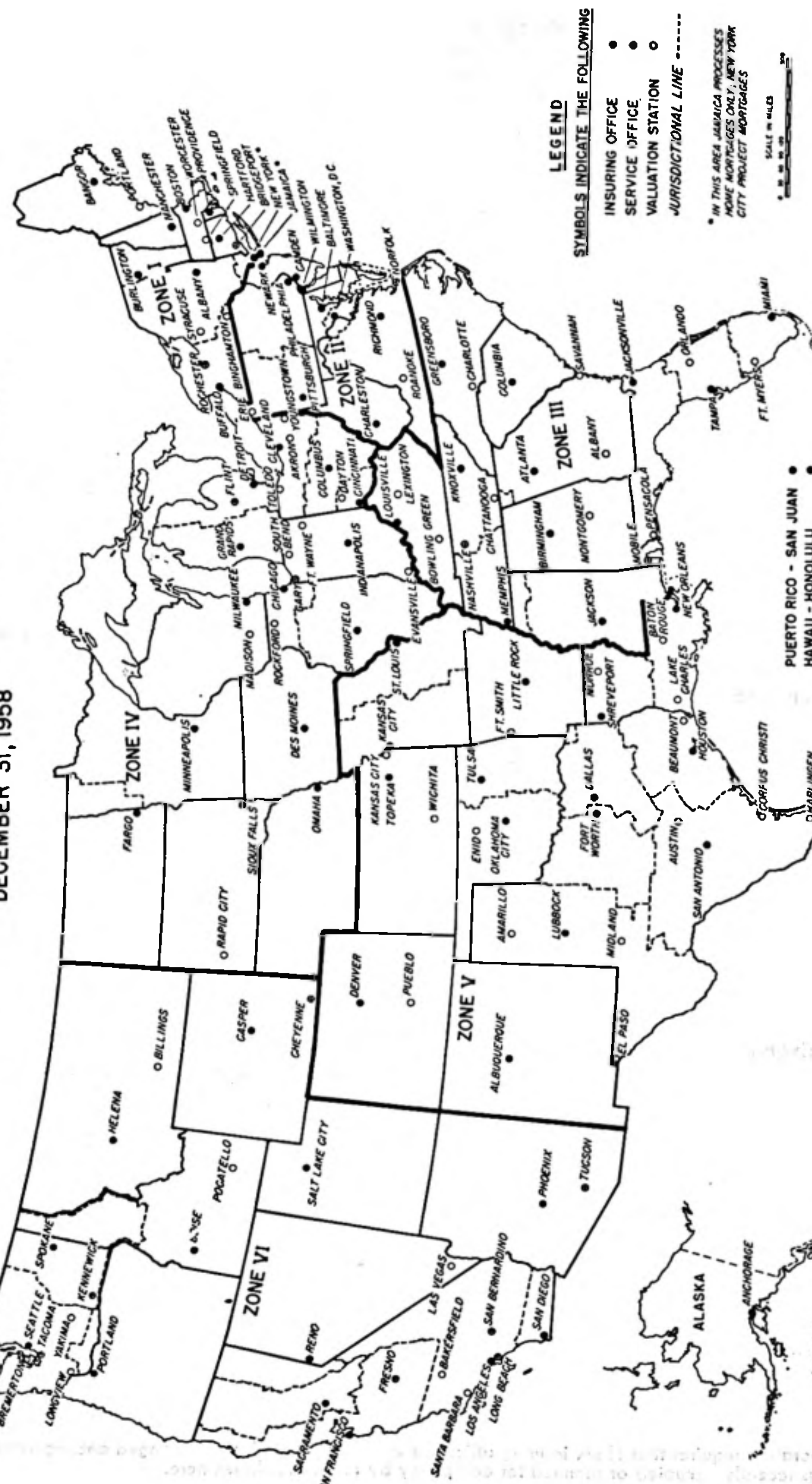


Efficient operation requires that FHA insuring offices be centrally located, well arranged and equipped, and economical. Several buildings recently occupied or planned for occupancy by FHA are shown here.

CHART III–2

JURISDICTION OF FIELD OFFICES - FEDERAL HOUSING ADMINISTRATION

DECEMBER 31, 1958



Volume of FHA Mortgage and Loan Insurance Operations

Detailed statistical information on the size and scope of FHA activities during 1958 and cumulatively since the beginning of operations in 1934 is presented in this section of the report. Included are analyses of yearly trends, geographical distributions, financial institution participation, terminations and foreclosures, and default experience.

During 1958, FHA insurance was available under the following titles and sections of the National Housing Act:

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

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

Property Improvement Loans: Title I—Section 2.

Rental Housing Investment Yields: Title VII—Section 701.

Insurance was written in 1958 under all of the above titles and sections except the Title VII investment insurance program. No formal applications have been submitted under this program since it was inaugurated in 1948.

The year was also marked by a growing volume of insured cases processed under the new Certified Agency Program, popularly known as "CAP." These cases are regular Section 203 home mortgages, but differ in that the processing is done by lending institutions which have been certified as agents of the Commissioner, instead of being handled in the customary manner by an FHA insuring office.

The purpose and operation of this program are discussed in more detail at the beginning of this report.

SUMMARY OF OPERATIONS

Combined Insurance Activity

FHA insured mortgages and loans totaling over $6.3 billion during 1958—an increase of 70 percent over 1957 and the highest volume reported in FHA history (Chart III–3). This insurance assisted in the financing of 382,000 homes, 65,000 multifamily project dwelling units, and 1,038,000 property improvement loans (Chart III–3 and Table III–1).

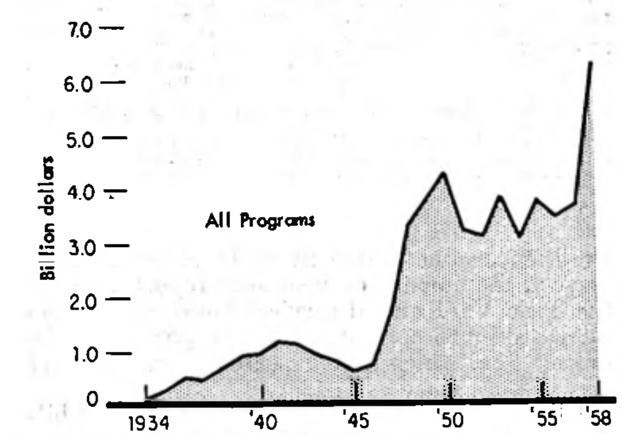
The continued predominance of the home mortgage insurance programs during 1958 is shown in the following table on the basis of the relative dollar volumes of insurance written. The home mortgage proportion, moreover, rose from 61 percent in 1957 to 72 percent in 1958, while multifamily projects and property improvement loans declined from 16 and 23 percent, respectively, to 14 percent for each program.

Type of program	Year 1958		1934–58	
	Billions of dollars	Percent	Billions of dollars	Percent
Home mortgages	4.5	72	35.4	67
Multifamily project mortgages	.9	14	6.6	12
Property improvement loans	.9	14	11.4	21
Total	6.3	100	53.3	100

CHART III–3

VOLUME OF INSURANCE WRITTEN, 1934–58

Under all Insurance Programs of FHA



The volume of FHA insurance written under each title and section of the National Housing Act during 1958, 1957, and cumulatively 1934–58 is shown in Table III–2. Programs established under the provisions of Title II of the National Housing Act accounted for 76 percent of all insurance written in 1958, with 66 percent accounted for by the Section 203 home mortgage program. These percentages were 10 and 11 points, respectively, above their 1957 levels, emphasizing the continuing importance of the Title II programs in FHA operations—especially of Section 203 under which the bulk of FHA insurance contracts are written. All other Title II programs, except Section 220 projects, also experienced gains during 1958.

The dollar volume of Title I property improvement loans was virtually unchanged from 1957, but the proportion of all FHA insurance written during the year which was attributable to this

TABLE III-1.—*Mortgages and loans insured by FHA, 1934–1958*

[Dollar amounts in thousands]

Year	Total—All programs [1]	Home mortgage programs [2]		Project mortgage programs [3]		Property improvement loans [4]		Manufactured housing loans [5]	
	Amount	Number	Amount	Units	Amount	Number	Net proceeds	Number	Amount
1934	$27,406					72,658	$27,406		
1935	297,495	23,397	$93,882	738	$2,355	635,747	201,258		
1936	532,581	77,231	308,945	624	2,101	617,697	221,535		
1937	489,200	102,076	424,373	3,023	10,483	124,758	54,344		
1938	671,593	115,124	485,812	11,930	47,638	376,480	138,143		
1939	925,262	164,530	694,764	13,462	51,851	502,308	178,647		
1940	991,174	177,400	762,084	3,559	12,949	653,841	216,142		
1941	1,152,342	210,310	910,770	3,741	13,565	680,104	228,007		
1942	1,120,839	223,562	973,271	5,842	21,215	427,534	126,354		
1943	933,986	166,402	763,097	20,179	84,622	307,826	86,267		
1944	877,472	146,974	707,363	12,430	56,096	339,615	114,013		
1945	664,985	96,776	474,245	4,058	19,817	501,441	170,923		
1946	755,778	80,872	421,949	2,232	13,175	790,304	320,654		
1947	1,788,264	141,364	894,675	46,604	359,944	1,247,013	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	4,343,375	342,582	2,492,367	154,597	1,156,681	1,447,101	693,761	175	669
1951	3,219,836	252,642	1,928,433	74,207	583,774	1,437,764	707,070	131	560
1952	3,112,782	234,426	1,942,307	39,839	321,911	1,495,741	848,327	85	237
1953	3,882,328	261,541	2,288,626	30,701	259,194	2,244,227	1,334,287	40	221
1954	3,067,250	214,237	1,942,266	28,257	234,022	1,506,480	890,606	115	356
1955	3,806,937	310,870	3,084,767	9,431	76,489	1,024,698	645,645	11	36
1956	3,460,468	248,121	2,638,230	11,177	130,247	1,013,086	691,092		
1957	3,716,980	198,429	2,251,064	43,609	597,348	1,111,962	868,568		
1958	6,328,597	381,883	4,551,483	64,053	908,671	1,038,315	868,443		
Total [6]	53,334,082	4,776,488	35,360,658	797,512	6,594,089	22,259,940	11,374,019	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 provisons), 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 was caused in part by 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.

program declined from 23 to 14 percent. Conversely, the amount of insurance reported under the Title VIII armed services housing program increased by 63 percent but the proportion of the overall total which it represented remained at 11 percent—the same as in 1957.

FHA has assisted in the financing of $53.3 billion in mortgages and loans in 24½ years of operations which ended December 31, 1958. Of this amount, $35.4 billion was accounted for by 4,776,000 home mortgages, $11.4 billion was attributable to 22,260,000 property improvement loans, and $6.6 billion represented multifamily housing project mortgages involving 797,500 dwelling units. In addition, FHA insured 756 loans totaling $5 million for the production and sale of manufactured houses.

The estimated outstanding balance of all FHA-insured loans and mortgages in force at the end of 1958 totaled $26.1 billion, or slightly less than one-half of the $53.3 billion of insurance written through that date. About $22.3 billion of FHA insurance contracts had been terminated by the end of 1958, primarily through the prepayment of home mortgages before maturity and the maturity of short-term property improvement loans. Amortization payments on mortgages and loans remaining in force had reduced the amount of insurance outstanding by $4.9 billion (Table III–3).

The proportion of insurance terminated has varied from program to program, depending on the purpose of the program, prepayment activity, default experience, average duration of obligations, and the difference in dates of enactment and expiration of legislative authorities. For example, the high percentage of insurance terminated under the Title I property improvement program reflects the much shorter duration of these loans, while the high percentage of terminations under the Title VI programs is the result of expiration of insurance authorities coupled with high prepayment activity. Generally speaking, the original programs that are still active, such as Sections 203 and 207 under Title II, have built up relatively high percentages of terminations through prepayments, while the lower proportions reported under Sections 220, 221, 222, 803, and 809 reflect their more recent enactment.

FHA Influence on Residential Financing During 1958

Home Mortgages.—The total amount of nonfarm mortgages recorded during 1958 reversed a 2-year downtrend and rose 13 percent to $27.4 billion. Mortgages insured by FHA represented 17 percent of this amount—a sharp increase from the 9 percent reported for 1957. This compares favorably with the postwar high of 19 percent established in 1949, and with the average of 10 percent for the period from 1950 through 1957. Otherwise, only in the prewar years of 1939–41 and during the war did FHA's percentage of nonfarm mortgage recordings exceed its 1958 level. It should be noted that the FHA volume is not strictly comparable to total recordings, since the total figures include secondary mortgages as well as repetitive recordings for construction and interim short-term financing on properties subsequently financed with long-term mortgages.

During 1958, the total amount of mortgage debt estimated to be outstanding on nonfarm homes increased $10.4 billion. Of this increase, $7.4 billion was conventionally financed, and $3.2 billion was FHA insured. VA-guaranteed loans, however, decreased by $0.2 billion. The FHA proportion of the total outstanding nonfarm home-mortgage debt also increased in 1958. Of the $118.0 billion of nonfarm mortgages estimated to be outstanding at the year end, $19.7 billion or about 17 percent was FHA-insured—2 percentage points higher than at the end of 1957.

FHA's influence on home-mortgage financing is only partially measured by comparisons with mortgage recordings and outstanding home mortgage debt. A relatively high percentage of FHA-inspected dwellings are sold upon completion with conventional or VA-guaranteed financing rather than with FHA-insured mortgages. In 1958, 34 percent were sold without FHA-insured financing, but this represented a reversal of an upward trend of recent years that had reached 57 percent in 1957. The 1958 downswing was at least partially attributable to the better competitive position of FHA mortgages in the money market during the year. A further indication of FHA influence on home mortgage financing can be demonstrated by the proportion of VA new-home appraisal requests for which FHA construction inspections were specified. These transactions represented 38 percent of the VA total in 1958—

TABLE III-2.—*FHA insurance written by title and section, 1957, 1958, and 1934–58*

[Dollar amounts in thousands]

	1958			1957			1934–58		
	Number	Units	Amount	Number	Units	Amount	Number	Units	Amount
Title I	1,038,315	N.A.	$868,443	1,111,975	N.A.	$868,502	22,344,400	N.A.	$11,704,890
Sec. 2 property improvement loans	1,038,315	N.A.	868,443	1,111,962	N.A.	868,568	22,259,940	N.A.	11,374,019
Sec. 2 home mortgages							46,115	46,115	126,611
Sec. 8 home mortgages				8	8	46	38,345	38,345	204,260
Title II	381,001	411,376	4,816,799	198,041	219,865	2,453,758	4,006,692	4,304,668	32,129,588
Sec. 203 home mortgages	353,418	360,973	4,191,921	181,680	185,705	2,031,137	3,930,956	4,070,706	29,913,962
Sec. 207 project mortgages	110	11,373	135,618	44	4,463	41,366	940	97,132	629,645
Sec. 213 cooperative housing	6,124	13,023	170,078	4,543	12,792	164,475	23,502	74,692	807,606
Project mortgages	(297)	(7,106)	(97,800)	(310)	(8,559)	(110,306)	(972)	(52,162)	(556,935)
Sales-type project mortgages	(275)	(4,580)	(61,885)	(291)	(5,889)	(76,891)	(803)	(23,833)	(269,327)
Management-type project mortgages	(22)	(2,016)	(35,914)	(19)	(2,670)	(33,415)	(169)	(28,329)	(287,609)
Home mortgages	(5,827)	(5,827)	(78,279)	(4,233)	(4,233)	(54,169)	(22,530)	(22,530)	(250,671)
Sec. 220	561	3,215	37,841	475	5,606	64,816	1,098	9,929	112,629
Project mortgages	(17)	(2,660)	(31,579)	(20)	(5,151)	(59,929)	(42)	(8,862)	(100,883)
Home mortgages	(544)	(555)	(6,262)	(455)	(455)	(4,887)	(1,056)	(1,067)	(11,746)
Sec. 221	4,405	6,418	57,001	520	520	4,512	4,941	6,954	61,637
Project mortgages	(11)	(2,024)	(17,282)				(11)	(2,024)	(17,282)
Home mortgages	(4,394)	(4,394)	(39,719)	(520)	(520)	(4,512)	(4,930)	(4,930)	(44,356)
Sec. 222 home mortgages	16,374	16,374	218,333	10,779	10,779	147,434	45,255	45,255	604,010
Sec. 225 open-end advances	(4)	(4)	6	(8)	(8)	18	(48)	(48)	99
Title VI							635,939	1,166,812	7,127,565
Sec. 603 home mortgages							624,653	690,007	3,645,217
Sec. 608 project mortgages							7,044	465,674	3,440,017
Sec. 609 manufactured-housing loans							756	N.A.	5,316
Sec. 610 public housing sales							3,386	9,072	24,468
Sec. 603–610 home mortgages							(3,363)	(5,157)	(16,109)
Sec. 608–610 project mortgages							(23)	(3,915)	(8,360)
Sec. 611 site-fabricated housing							100	2,059	12,546
Project mortgages							(25)	(1,984)	(11,991)
Home mortgages							(75)	(75)	(556)
Title VIII	1,672	43,027	643,355	837	26,152	394,427	2,810	159,329	1,791,343
Sec. 803 project mortgages	346	41,700	626,392	121	25,436	385,748	756	157,274	1,765,550
Military housing				(2)	(564)	(3,957)	(274)	(84,883)	(683,143)
Armed services housing	(346)	(41,700)	(626,392)	(119)	(24,872)	(381,791)	(482)	(72,391)	(1,082,407)
Sec. 809 home mortgages	1,326	1,327	16,963	716	716	8,679	2,054	2,055	25,793
Title IX				33	33	294	57,253	74,187	580,697
Sec. 903 home mortgages				33	33	294	57,156	65,702	517,270
Sec. 908 project mortgages							97	8,485	63,427
Total [1]	1,420,987	[2] 454,403	6,328,597	1,310,886	[2] 246,063	3,716,980	27,047,094	[2] 5,789,456	53,334,082

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

TABLE III-3.—*Status of FHA insurance written as of Dec. 31, 1958*

[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	22,306,055	19,659,873	2,646,182		
	Net proceeds	$11,500,630	$9,230,870	$2,269,760	$962,629	$1,307,131
Sec. 8 home mortgages	Number of mortgages	38,345	4,163	34,182		
	Amount	$204,260	$20,975	$183,285	$24,949	$158,336
Title II:						
Sec. 203 home mortgages	Number of mortgages	3,930,956	1,734,202	2,196,754		
	Amount	$29,913,962	$9,783,568	$20,130,394	$2,809,864	$17,320,530
Sec. 207-210 project mortgages	Number of units	97,132	44,752	52,380		
	Amount	$629,045	$183,083	$446,562	$25,914	$420,648
Sec. 213 cooperative housing	Number of units	74,692	22,129	52,563		
	Amount	$807,606	$239,366	$568,240	$23,292	$544,947
Sec. 220 redevelopment housing	Number of units	9,929	1	9,928		
	Amount	$112,629	$11	$112,618	$369	$112,249
Sec. 221 relocation housing	Number of units	6,954	3	6,951		
	Amount	$61,637	$23	$61,615	$327	$61,288
Sec. 222 servicemen's housing	Number of mortgages	45,255	969	44,286		
	Amount	$604,010	$12,277	$591,733	$21,525	$570,208
Title VI (war and veterans' emergency program):						
Sec. 603 home mortgages [2]	Number of mortgages	628,016	404,913	223,103		
	Amount	$3,661,325	$2,169,441	$1,491,884	$517,829	$974,054
Sec. 608 project mortgages [3]	Number of units	469,589	83,851	385,738		
	Amount	$3,448,377	$553,992	$2,894,385	$433,095	$2,461,290
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	1,993	66		
	Amount	$12,546	$12,057	$489	$78	$411
Title VIII:						
Sec. 803 military housing [5]	Number of units	157,274	3,612	153,662		
	Amount	$1,765,550	$28,342	$1,737,208	$62,298	$1,674,910
Sec. 809 civilian housing	Number of mortgages	2,054	1	2,053		
	Amount	$25,793	$12	$25,781	$416	$25,365
Title IX (defense housing program):						
Sec. 903 home mortgages	Number of mortgages	57,156	10,495	46,661		
	Amount	$517,270	$92,542	$424,728	$42,470	$382,259
Sec. 908 project mortgages	Number of units	8,485	2,260	6,225		
	Amount	$63,427	$16,731	$46,695	$4,183	$42,512
Total [6]		$53,334,082	$22,348,600	$30,985,473	$4,929,245	$26,056,228

[1] Includes home mortgages insured under Sec. 2. [2] Includes 3,363 mortgages for $16,108,500 insured under Sec. 610, of which 1,098 mortgages for $4,451,650 have been terminated, leaving 2,265 mortgages for $11,656,850 in force. [3] Includes 3,915 units (23 mortgages) for $8,359,500 insured under Sec. 610, of which 1,198 units (11 mortgages) for $2,167,200 have been terminated, leaving 2,717 units (12 mortgages) for $6,192,300 in force. [4] Includes 745 discounted purchasers' loans for $2,119,559, all of which have been terminated. [5] Includes 72,391 units (482 mortgages) for $1,082,407,326 insured under Sec. 803 armed services housing program. [6] Includes open-end advances of $98,582 insured under Sec. 225, of which $7,386 has been amortized.

considerably above the average of 28 percent for the 1954–57 period.

Multifamily Project Mortgages.—Appraisal of FHA's influence in multifamily project financing is generally limited to comparisons of the amount of FHA-insured project mortgages outstanding with estimates of the total amount of such mortgages outstanding. Since the data on total mortgage debt on multifamily properties are based on projects containing 5 or more units, in contrast to the FHA classification of 8 or more units, the validity of this comparison is somewhat attenuated.

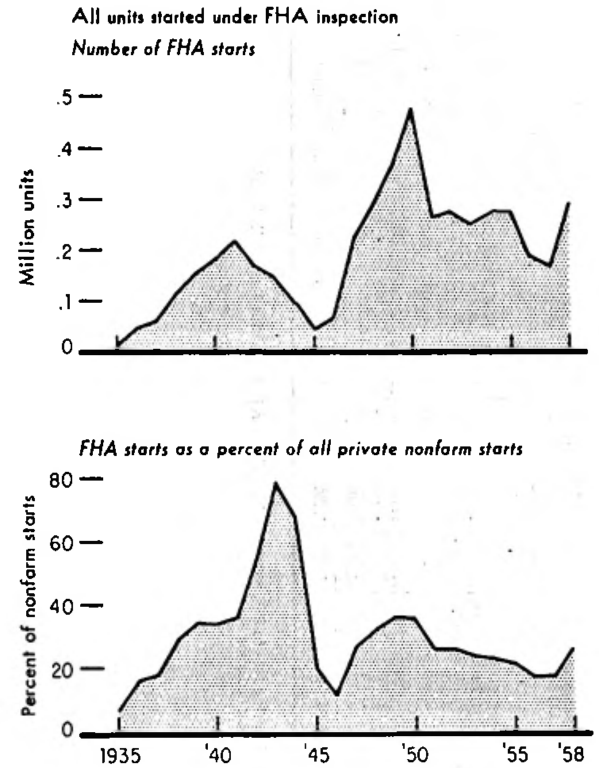
An estimated $15.0 billion of mortgage debt was outstanding at the end of 1958 on multifamily properties. Of this amount, $5.0 billion or 33 percent was covered by FHA insurance. Although this was only slightly above the 32 percent reported at the end of 1957, it continued an uptrend from the 8-year low of 30 percent reported for 1956. However, it was still considerably below the peak level of 38 percent established in 1950 and 1951 at the height of the Section 608 activity under the Veterans' Emergency Housing Program.

Property Improvement Loans.—Of consumer installment credit extended for home repair and modernization purposes during 1958, an estimated 53 percent represented loans insured by FHA. This was slightly higher than the 50 percent reported for 1957, but substantially lower than the 77 percent average for the period 1950–54. Of the $2.1 billion in consumer installment credit outstanding for these purposes, however, an estimated 58 percent was covered by FHA insurance—up from the 52 percent at the end of 1957. FHA's share ranged from 79 to 90 percent in the 1950–54 period, but dropped from 81 to 59 percent in 1955.

Construction Starts.—Privately-financed nonfarm dwelling units started in 1958 reached 1,141,500 units—up 15 percent from 1957. FHA's share of these starts covered 295,400 units or 26 percent of the total, compared to 17 percent in 1957. (Chart III–4 and Table III–4.) Until 1958, the FHA portion of private starts had been declining, but the upturn in 1958, in both total number and proportion, was a concomitant of the great increase in the FHA new-home mortgage business during the year.

CHART III–4

FHA DWELLING UNITS STARTED, 1935–58



FHA Workload

Applications for FHA mortgage insurance covering 980,200 dwelling units were received by FHA field offices during 1958. Of this total, 341,700 units were for new homes, 546,000 for existing homes and 92,500 for multifamily projects. Compared with the previous year, new-home receipts were up by 72 percent, existing-homes by 99 percent, and multifamily project applications by 37 percent.

FHA field offices processed (approved or rejected) applications involving 918,700 units, or about 83 percent more than in 1957. This figure includes 96,200 units covered by "Agreements to Insure" * issued from October to December 1958. Commitments for mortgage insurance were issued for 775,800 units, and, combined with the 96,200 units of "Agreements to Insure," totaled 872,000 units or about 95 percent of the units processed.

These workload figures exclude applications on 24,000 units that were rejected after preliminary examination, and preapplication appraisal work performed on 34,700 units of armed services housing. In addition to the processing workload, FHA field offices had a construction inspection workload of approximately 382,800 units during 1958—51 percent more than in 1957.

During 1958, FHA also received 10,500 requests for subdivision analysis (including resubmissions) covering a total of 373,700 acres, and issued reports outlining development programs for 5,700 subdivisions containing 164,400 acres and 469,700 lots. Analysis was discontinued on 4,300 such submissions due to unacceptability of development proposals or developers' decisions to withdraw.

*The "Agreement to Insure" procedure was introduced on October 16, 1958, in order to conserve the remaining insurance authorization. "Agreements to Insure" are issued in lieu of conditional commitments and are converted to firm commitments upon the request of the lending institution when a prospective purchaser has been identified, subject to the availability of the necessary insurance authorization.

VOLUME OF INSURANCE WRITTEN

This section of the report contains an analysis of the annual trends in the volumes of FHA insurance written under each of the principal programs of home mortgages, multifamily projects, and property improvement loans with reference to the related sections of the National Housing Act.

Home Mortgages

During 1958 FHA home mortgage insurance was available under 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 213 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 insurance was also available under Section 809 of the Title VIII program for civilian employees engaged in armed services research and development.

The FHA-insured $4.6 billion of home mortgages on 389,500 dwelling units in 1958—$1.7 billion on 133,800 units in new homes and $2.9 billion on 255,600 units in existing properties (Table III–5). This represented an increase in total home volume of 92 percent in units and more than 100 percent in amount over 1957. Existing homes showed a greater increase than new homes with a 100 percent rise in units and a 110 percent rise in amount compared to increases of 79 percent in units and 89 percent in amount for new homes. This was the fourth consecutive year in which the volume of existing-home insurance exceeded new-home endorsements. (See Chart III–5.)

TABLE III-4.—*Privately financed nonfarm dwelling units started under FHA programs compared with total for United States, 1935–58*

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. 221	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											13,964	215,700	6.5
1936		48,752							48,752	738									738	49,376	304,200	16.2
1937		56,980							56,980	624									624	60,003	332,400	18.1
1938	5,845	100,966							106,811	3,023									3,023	118,741	399,300	29.7
1939	10,783	133,874							144,657	11,030									11,030	158,119	458,400	34.5
1940	10,194	166,451							176,645	13,462									13,462	180,091	529,600	34.0
1941	9,145	180,156				27,790			217,091	3,446									3,446	220,387	619,500	35.6
1942	4,010	41,578				114,616			160,204	3,296									3,296	165,662	301,200	55.0
1943	307	338				125,474			126,119	1,163					4,205				5,458	146,154	183,700	79.6
1944		208				83,396			83,604	41					19,904				20,035	93,259	138,700	67.2
1945		17,049				21,848			38,897						9,655				9,655	41,159	208,100	19.8
1946		44,244				22,878			67,122	200					2,062				2,262	69,033	662,500	10.4
1947	217	20,884				157,168			178,269	41					1,870				1,911	229,035	845,600	27.1
1948	3,006	82,979				130,464			216,449						50,766				50,766	294,059	913,500	32.2
1949	3,261	241,559				7,806			252,626	813					77,610				77,610	363,802	988,800	36.8
1950	3,191	324,937				117			328,245	2,277	141				109,995	100	268		111,176	486,681	1,352,200	36.0
1951	9,357	177,435						132	186,924	4,651	1,780	5,888			143,331	372	12,315		158,436	263,523	1,020,100	25.8
1952	5,533	190,073						32,570	229,085	7,342	3,791	6,338			39,820	1,328	23,126		76,599	279,901	1,068,500	26.2
1953	4,572	181,436						30,501	216,509	7,451	2,519	5,464			5,895	37	24,030	3,374	50,816	251,969	1,068,300	23.6
1954	22,643	220,189			5			8,073	250,910	11,856	3,569	2,659			199	195	15,575	4,057	35,460	276,307	1,201,700	23.0
1955	296	267,411			320			610	268,655	4,180	539	987			28		6,313	972	25,397	276,695	1,309,500	21.1
1956	2	182,371	230	8	487		252		183,350	557	1,302	2,120	1,082				2,334		8,040	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				910	2	5,991	168,423	992,800	17.0
1958		260,893	546	7,444	683		725		270,290	14,015	3,801	2,956	3,083	1,292					18,297	295,437	1,141,500	25.9
Total	92,362	3,101,806	1,402	8,660	1,847	691,557	2,008	71,904	3,971,546	94,778	24,643	28,685	9,425	1,292	465,526	2,032	84,889	8,405	719,575	4,091,121	17,349,700	27.0

[1] Sec. 2 activity, 1938–50; Sec. 8, 1950–56.
[2] Excludes 2,537 dwelling units started during 1956, 18,681 started during 1957, 32,249 started during 1958 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.

TABLE III-5.—*Home mortgages insured by FHA, 1935–58*

[Dollar amounts in thousands]

Year	Grand total [1] Units	Grand total [1] Amount	Total new [1] construction Units	Total new construction Amount	New construction: Sec. 2 and 8 [2] Units	Sec. 2 and 8 Amount	Sec. 203 [3] Units	Sec. 203 Amount	Sec. 220 Units	Sec. 220 Amount	Sec. 221 Units	Sec. 221 Amount	Sec. 222 Units	Sec. 222 Amount	Sec. 603 Units	Sec. 603 Amount	Sec. 809 Units	Sec. 809 Amount	Sec. 903 Units	Sec. 903 Amount
1935–39	513,615	$2,007,777	235,391	$1,012,590	16,628	$37,914	218,763	$974,676												
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	225,209	1,636,678	1,759	7,428	221,381	1,613,725							2,129	15,525				
1951	261,231	1,928,433	161,673	1,215,535	6,106	28,514	155,416	1,187,402							23	184				
1952	246,109	1,942,307	122,704	968,613	5,615	29,112	102,695	831,748											14,449	$107,716
1953	272,209	2,288,626	151,777	1,258,558	4,276	21,303	121,981	1,038,234											25,520	198,933
1954	222,665	1,942,266	121,847	1,035,366	15,826	80,007	85,184	777,067											20,836	169,340
1955	318,454	3,084,767	131,116	1,269,179	5,705	32,250	120,459	1,188,329					1,608	$20,676					3,344	27,915
1956	253,300	2,638,230	105,315	1,132,030	139	775	101,454	1,087,699	57	$598	1	$9	2,750	35,629			5	$65	909	8,150
1957	202,454	2,251,064	74,602	880,143	8	46	70,252	823,821	455	4,887	168	1,351	3,138	43,182			553	6,671	33	294
1958	389,450	4,551,483	133,820	1,665,886			123,588	1,544,654	540	6,115	3,416	31,339	5,432	72,902			853	10,875		
Total	4,991,944	35,360,658	2,742,030	18,706,274	84,031	328,676	1,907,642	14,183,764	1,052	11,599	3,575	32,699	12,928	172,390	666,300	3,537,186	1,411	17,612	65,091	512,348

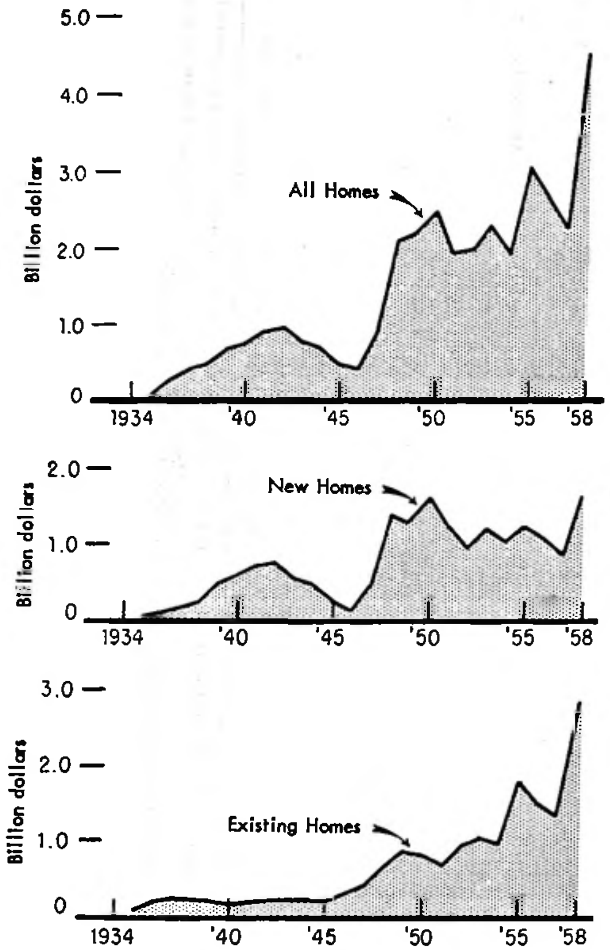
Year	Total existing construction [4] Units	Total existing construction Amount	Existing or refinanced construction: Sec. 8 Units	Sec. 8 Amount	Sec. 203 Units	Sec. 203 Amount	Sec. 213 Units	Sec. 213 Amount	Sec. 220 Units	Sec. 220 Amount	Sec. 221 Units	Sec. 221 Amount	Sec. 222 Units	Sec. 222 Amount	Sec. 603 and 603-610 Units	Sec. 603 and 603-610 Amount	Sec. 611 Units	Sec. 611 Amount	Sec. 809 Units	Sec. 809 Amount	Sec. 903 Units	Sec. 903 Amount
1935–39	278,224	$995,187			278,224	$995,187																
1940–44	243,337	909,240			230,737	973,301									6,600	$25,930						
1945–49	439,055	2,513,302			419,194	2,423,058									19,801	90,244						
1950	126,259	855,690			125,186	852,330									1,073	3,360						
1951	99,558	712,808	46	$215	97,091	706,106	313	$2,464							1,202	3,983	6	$40				
1952	123,345	973,694	200	996	119,673	940,724	3,235	30,355							56	291	69	516			113	$819
1953	120,522	1,030,008	103	553	117,260	998,077	2,089	27,062							72	323					389	3,154
1954	100,818	906,899	71	382	96,125	863,325	4,502	42,095					10	$142	1	6					109	950
1955	187,338	1,815,588	9	50	181,248	1,740,624	1,054	9,026					5,027	65,868								
1956	147,985	1,505,300			138,579	1,381,807	677	7,220			15	$110	8,707	115,926					7	$86		
1957	127,852	1,370,921			115,453	1,207,313	4,233	54,160			362	3,161	7,041	104,252					163	2,008		
1958	256,621	2,885,597			237,385	2,647,267	5,827	78,270	15	$147	978	8,380	10,042	145,431					474	6,088		
Total	2,249,914	16,504,383	429	2,195	2,163,064	15,730,198	22,530	250,671	15	147	1,355	11,657	32,327	431,619	28,804	124,139	75	556	644	8,181	611	4,922

[1] For total number and amount of mortgages insured under each section in 1957, 1958, and cumulatively through the end of 1958 see table 2.
[2] Sec. 2 activity, 1938–50; Sec. 8 activity, 1950–57.
[3] Sec. 203 now includes insurance under Sec. 203(i): 436 units for $2,502,300 in 1954, 14,657 for $90,853,450 in 1955, 10,481 for $65,545,450 in 1956, 3,403 units for $22,331,650 in 1957, and 8,128 units for $61,679,850 in 1958.
[4] Total existing includes insurance under Sec. 225 open-end mortgage program: $19,531 for 1955, $55,351 for 1956, $18,000 for 1957, and $5,700 for 1958.

CHART III–5

VOLUME OF HOME MORTGAGES INSURED, 1935–58

Under all home mortgage programs of FHA



The sharp increase in home insurance endorsements for 1958 was a result of a record level of applications received during late 1957 and 1958, which was sustained by a favorable interest rate situation through most of the year and by the Emergency Housing Act of April 1958 allowing lower downpayments.

The average amounts of home mortgages insured during 1958 were the highest on record. The new-home average increased nearly 6 percent to $12,400 per unit; the existing-home average 5 percent to $11,300 per unit. The increased new-construction average was primarily due to higher construction costs, and to a shift by builders to higher priced markets. Another factor contributing to increased mortgage amounts for both new and existing homes was the legislation enacted during the year allowing lower downpayments and larger maximum mortgage amounts.

Home mortgage insurance written under Section 203 accounted for 93 percent of the dwelling units and 92 percent of the aggregate amount of FHA home business in 1958, as shown in the following table:

Section	Total		New		Existing	
	Units percent	Amount percent	Units percent	Amount percent	Units percent	Amount percent
203	92.7	92.1	92.3	92.7	92.8	91.8
213	1.5	1.7			2.3	2.7
220	.2	.1	.4	.4	(1)	(1)
221	1.1	.9	2.6	1.9	.4	.3
222	4.2	4.8	4.1	4.4	4.3	5.0
809	.3	.4	.6	.6	.2	.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] Less than 0.05 percent.

Section 203's share of both new-home and existing-home insurance was up from 1957, primarily because of a decrease in the use of the Sections 213 and 222 special-purpose programs. The other special-purpose programs accounted for slightly over 1 percent of the total number of units and amount of home mortgages insured during the year.

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	584,770	10.4	39.2	50.4
1956	498,964	7.2	45.7	47.1
1957	422,006	8.8	48.1	43.1
1958	631,104	10.2	33.8	56.0
	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	194,020	8.1	41.5	50.4
1953	207,151	5.2	37.5	57.3
1954	196,291	13.5	44.0	42.5
1955	281,065	9.5	48.0	42.5
1956	257,098	5.1	55.6	39.3
1957	207,096	5.4	60.9	33.7
1958	236,733	6.8	41.2	52.0
	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	188,489	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	35.9	52.0
1958	394,371	12.2	29.4	58.4

[1] Excludes cases reopened after rejection or expiration.

The Section 203 data shown in Table III–5 also include mortgages insured under the moderate-cost home provisions of Section 203(i), which was instituted in 1954 to replace the terminated Section 8. Almost all of these mortgages were on new construction, amounting to $62 million for over 8,100 units.

The trend in the disposition of Section 203 home-mortgage applications closed during selected postwar years is shown in Table III–6. In 1958, 56 percent of the cases were closed by insurance. This was the highest proportion reported in 6 years and represented a sharp reversal of the trend which had persisted since 1953, during which period there had been almost a steady decline in the percent of Section 203 closings through insurance and a corresponding increase in the proportion attributable to expirations until, in 1957, expirations exceeded the insurance volume for the first time in FHA history. This 1958 reversal was primarily due to the favorable interest rate situation previously mentioned, with the percent of mortgages insured for both new and existing homes rising to their highest points and expirations falling to their lowest since 1953. As usual, new-home expirations were relatively higher than existing, pointing up the fact that many builders use FHA commitments as a means of obtaining construction financing and FHA construction inspections and appraisals.

Project Mortgages

Multifamily housing mortgage insurance in 1958 was authorized by the National Housing Act under Title II, Section 207, covering new and rehabilitated rental housing, housing for the elderly, trailer courts or parks, sale of public housing by certain Federal or State agencies, refinanced Section 608 or Section 908 mortgages, and 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. The purposes of these various programs are explained at the beginning of this report.

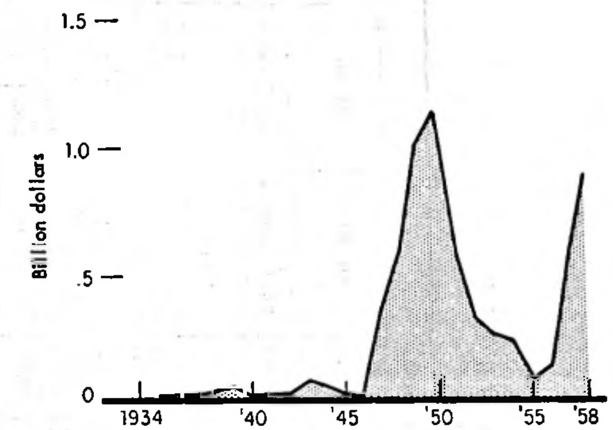
Through December 31, 1958 the insurance provisions of Title VII had not been used.

In 1958, FHA insured multifamily housing mortgages totaling $909 million which were secured by 65,000 dwelling units. Increasing 52 percent over the previous year, 1958 was the third largest year in FHA history in terms of the dollar volume of project mortgage insurance (see Chart III–6). In 1949 and 1950, at the height of the Section 608 Veterans' Emergency Housing Program, FHA project insurance exceeded $1 billion in each year.

CHART III–6

VOLUME OF MULTIFAMILY MORTGAGES INSURED, 1935–58

Under all project mortgage programs of FHA



Multifamily housing living accommodations produced with FHA insurance in 1958 exceeded by one-half the number of units reported for 1957. However, reflecting the rising average mortgage per unit, the year ranked only fifth in the number of units provided. The average unit mortgage has increased from about $7,500 in 1950 to nearly $14,000 in 1958.

Proportionately, multifamily housing mortgage insurance accounted for 14 percent of the 1958 aggregate amount of mortgages and loans insured under all FHA programs.

Applications for project mortgage insurance rose 37 percent in 1958—totaling 92,500 units—while commitments increased 6 percent to 66,900 units. As of December 31, 1958, there were 20,300 dwelling units covered by outstanding commitments and 36,800 units under examination in FHA field offices. Further, some 20,000 dwelling units were involved in preapplication appraisals under the Section 803 Armed Services Housing Program at the year end. There were 25,100 dwelling units reported started in 1958 under FHA inspection, bringing the total project units under construction during the year to 39,100—an increase of 57 percent over 1957. Of these, some 15,100 units were reported as completed during the year and ready for occupancy. In addition to these FHA-inspected project units, there were some 32,000 units reported started under military inspection (Section 803 Armed Services Program), of which 20,000 were reported completed. During 1958, a total of 49,000 Section 803 dwelling units were under construction.

Over two-thirds ($626 million) of all multifamily housing mortgage insurance in 1958 involved Section 803 armed services (Capehart)

TABLE III-7.—*Multifamily housing mortgages insured by FHA, 1935–58*

[Dollar amounts in thousands]

Year	Grand total [1]		New construction													
			Total		Sec. 207		Sec. 213				Sec. 220		Sec. 221		Sec. 608	
							Sales		Management							
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	20,777	$114,420	20,777	$114,420	20,777	$114,420										
1940–44	45,751	188,440	41,890	174,187	7,940	28,752									33,944	$145,436
1945–49	265,213	2,022,878	260,592	2,008,452	1,054	8,519									257,723	1,986,212
1950	154,597	1,160,081	153,477	1,154,680	2,514	18,065	285	$2,091							135,076	1,007,996
1951	74,207	583,774	73,333	577,545	4,890	33,201	1,028	17,720	6,007	$55,194					33,709	259,937
1952	39,830	321,911	39,830	321,911	6,043	41,843	3,681	35,788	6,003	65,913					3,457	29,634
1953	30,701	250,194	30,701	250,194	7,175	63,839	1,915	20,920	5,604	63,054						
1954	28,257	234,022	28,257	234,022	11,442	92,028	3,665	32,145	2,555	24,273						
1955	9,431	76,490	8,639	73,347	4,316	35,916	636	4,855	900	8,900						
1956	11,177	130,247	10,933	129,585	628	5,070	1,254	16,419	1,710	19,655	1,051	$9,375				
1957	43,609	597,348	43,388	596,517	4,242	40,535	5,889	70,801	2,670	33,415	5,151	59,929				
1958	64,053	908,671	64,851	908,208	11,200	135,155	4,580	61,885	2,621	35,914	2,660	31,579	2,024	$17,282		
Total	797,512	6,594,089	785,677	6,552,075	91,193	608,252	23,833	269,327	28,208	287,317	8,862	100,883	2,024	17,282	463,724	3,428,047

Year	New construction—Continued								Existing or refinanced construction									
	Sec. 611		Sec. 803				Sec. 908		Total		Sec. 207		Sec. 213 management		Sec. 608		Sec. 608–610	
			Military		Armed Services													
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39																		
1940–44									3,861	$14,259	3,267	$11,444			594	$2,815		
1945–49	275	$1,650	1,540	$12,071					4,621	14,426	1,344	5,142			470	2,828	2,801	$6,456
1950	473	2,877	15,120	123,052					1,120	2,002					16	133	1,104	1,868
1951	966	5,832	25,683	205,653					874	6,229					864	6,104	10	35
1952	125	706	17,233	135,842			3,207	$22,186										
1953	145	926	12,181	100,558			3,890	30,407										
1954			9,310	74,764			1,282	9,820										
1955			2,261	18,836	420	$3,570	106	923	702	3,143	702	3,143						
1956			982	8,410	5,399	70,655			244	662	208	370	36	$292				
1957			564	3,957	24,872	381,701			221	831	221	831						
1958					41,700	626,392			107	463	107	463						
Total	1,984	11,991	84,883	683,143	72,391	1,082,407	8,485	63,427	11,835	42,015	5,939	21,393	31	202	1,950	11,971	3,915	8,360

[1] For total number and amount of mortgages insured under each section in 1957, 1958, and cumulatively through 1958, see table 2.

housing projects—Table III-7. The 41,700 dwelling units provided by this insured financing represented the largest volume for any year under Section 803 and brought the aggregate for the Armed Services Program to 72,400 units by the year end. Under this program and the Section 803 military (Wherry) housing program (84,900 units) combined, some 157,300 dwellings had been provided on or near military and atomic energy installations throughout the country and its possessions. The $1,766 million in mortgages insured under these programs by December 31, 1958 represented over one-fourth of the total amount of all multifamily housing mortgages insured by FHA.

Section 207 project mortgage insurance in 1958 amounted to $136 million covering 11,400 dwelling units—three times the dollar volume reported for the previous year and the highest year on record for this program. The bulk, $125 million and 10,100 units, of the insurance involved newly-constructed projects subject to the "regular" long-term provisions of this rental housing program. The remaining insurance was used to provide 1,200 living accommodations for elderly persons and the re-insurance of 1 acquired project (24 units) upon sale.

Cumulatively, Section 207 insurance increased to $630 million by the year end, about one-tenth of all multifamily housing mortgages insured by FHA. The greater proportion of this insurance ($608 million) provided 91,000 dwelling units in newly constructed rental projects and 1 mobile home court containing 200 trailer sites. The remaining $21 million was used in refinancing transactions, rehabilitating existing structures, and financing the purchase of existing public housing.

Cooperative housing project mortgage insurance in 1958, dropping one-tenth below 1957, totaled $98 million and covered 7,200 dwelling units. Included were management-type cooperatives that involved $36 million (2,600 units), of which more than one-half was used to finance the construction of investor-sponsored cooperatives. Investor sponsors are permitted to construct the project prior to the formation of the cooperative, which allows the project to be put on the market without delay and gives the prospective member an opportunity to examine the completed structure. It is contemplated that these projects will be sold to management-type cooperative groups within 2 years after completion. Under this procedure, of the 18 projects (2,394 units) insured through the end of 1958, 6 investor-sponsored projects containing 974 dwelling units were sold during 1958 to management-type groups. Sales-type cooperative project insurance in 1958 amounted to $62 million and provided 4,600 single-family dwellings which were constructed for release to the individual cooperative members. After release, these homes can then be insured under the individual mortgage provisions of Section 213 or under Section 203.

By the end of 1958, cooperative project mortgage insurance had involved a total of $557 million (52,200 units); of this, $288 million (28,300 units) was in management-type cooperatives and $269 million (23,800 units) in sales-type cooperatives. In most instances, sales-type cooperative project members have elected to use the individual mortgage provisions of Section 213 after the dissolution of the mortgagor corporations following completion of the projects.

Insurance under the Section 220 slum clearance and rehabilitation program declined in 1958 to $32 million (2,700 dwelling units). Though about one-half of the previous year's number, several additional certified urban renewal areas participated in the program during the year. Eight large metropolitan centers now have utilized the insurance provisions of the Section 220 program along with one area not located in a metropolitan center. Insurance in these areas reached $101 million by the end of 1958 and helped to provide 8,900 dwelling units.

Section 221 relocation project mortgage insurance was written for the first time during 1958. A total of 2,000 dwelling units was provided under this program. The mortgages insured totaled $17 million.

Property Improvement Loans

Through December 1958, approximately 8,500 financial institutions had been approved for insurance under Title I Section 2 of the National Housing Act on unsecured character loans granted for the purpose of modernizing and improving existing properties and building new nonresidential structures. On the average, over 3,500 of these institutions were active under the program throughout the year. No review of the loans is made by FHA, each individual loan being reported to the Commissioner and accepted by him for insurance upon certification by the institution that the loan was made in accordance with existing regulations.

TABLE III-8.—*Property improvement loans insured by FHA, 1934–58*

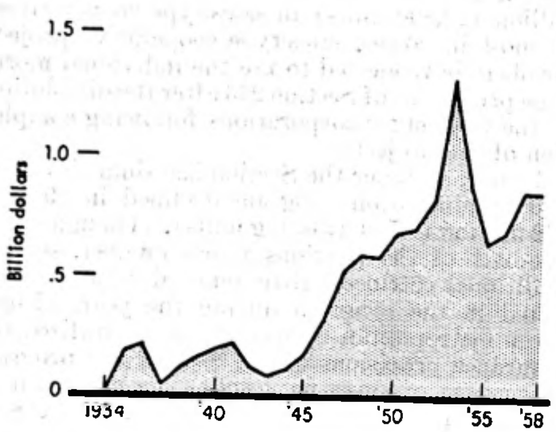
Year	Annual			Cumulative		
	Number	Net proceeds (000)	Average	Number	Net proceeds (000)	Average
1934–39	2,329,648	$821,332	$353	2,329,648	$821,332	$353
1940–44	2,458,920	770,782	313	4,788,568	1,592,115	332
1945–49	5,151,998	2,233,205	433	9,940,566	3,825,320	385
1950	1,447,101	693,761	479	11,387,667	4,519,081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

[1] Authorization controls limited tabulations of loans in 1952. Estimates based on loan reports received indicate that 1,816,581 loans for $1,047,358,000 were originated in 1952 and 1,832,180 loans for $1,092,277,000 were originated in 1953.

CHART III–7

VOLUME OF PROPERTY IMPROVEMENT LOANS INSURED, 1934–58

Under the Title I program—excludes small homes



Each financial institution's portfolio of loans is insured up to 10 percent of the total aggregate amount of net proceeds outstanding, with individual claim payments being limited to 90 percent of the calculated principal loss sustained by the lender on each defaulted note.

Table III–8 presents the trend of insurance written from 1934 through 1958 and shows that 1,038,315 loans involving $868,443,343 in net proceeds to the borrowers were insured in 1958—the fourth highest amount reported since the inception of this program in 1934.

While the number of loans insured in 1958 declined nearly 7 percent from 1957 (see Chart III–7), the aggregate amount of net proceeds insured was practically identical for both years—$868.4 million in 1958 and $868.6 in 1957—resulting in the establishment in 1958 of a new all-time record of $836 in the average net proceeds of loans insured.

STATE DISTRIBUTION OF FHA INSURANCE WRITTEN

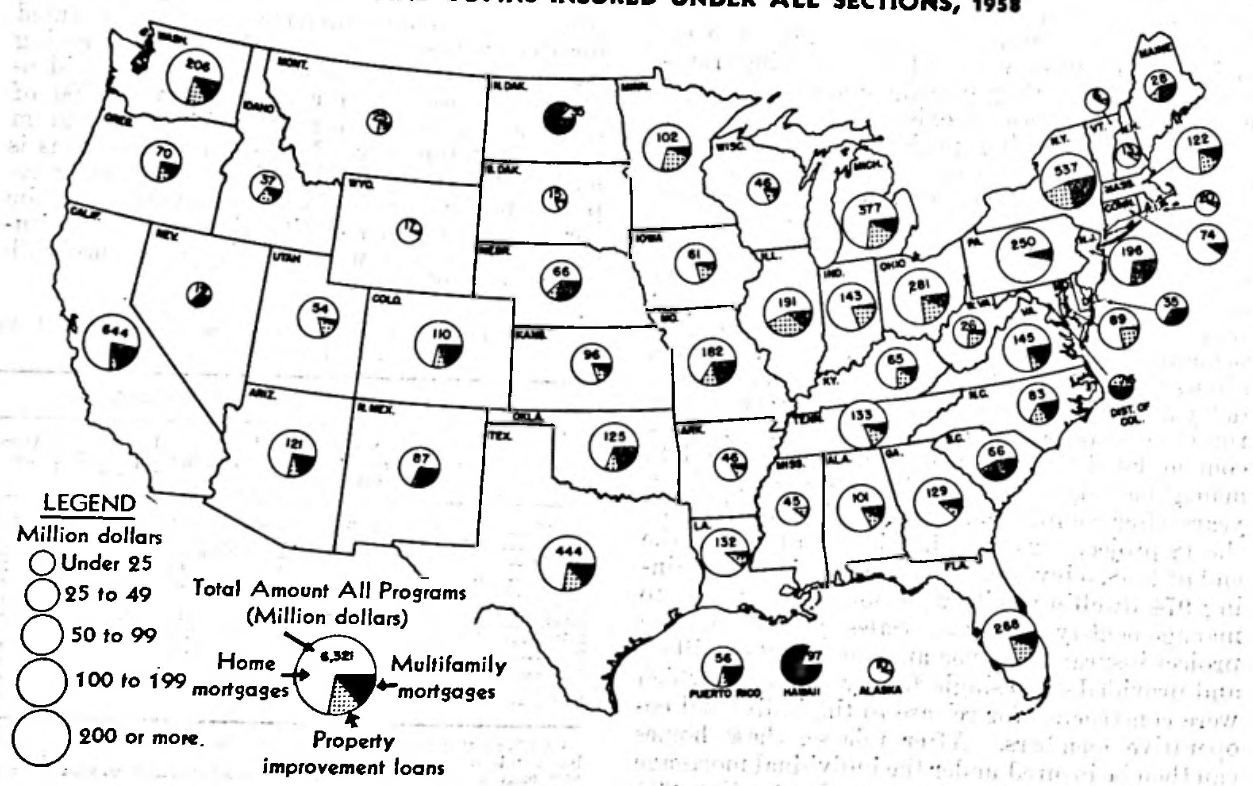
The distribution of FHA insurance activity by States is determined largely by the size and character of the demand for housing and for property improvements, as determined by population size and growth, supply and condition of the housing inventory, and general economic conditions. Of varying importance in determining the volume of FHA business in individual States is the availability of mortgage funds, and lender and borrower financing policies and desires.

Insurance Written During 1958

All Programs.—During 1958, FHA insurance was written in every State, the District of Columbia, Hawaii, Puerto Rico, the Virgin Islands, the Canal Zone, and Guam. The relative volumes of home mortgages, property improvement loans, and project mortgages insured are shown in Table III–9 and Chart III–8 on the basis of the total dollar amounts of the loans and mortgages insured in each area. Home mortgage insurance accounted for nearly three-fourths of FHA's business for the year, and it predominated everywhere except in North Dakota, Hawaii, District of Columbia, and the Canal Zone, where project activity was greater.

CHART III–8

MORTGAGES AND LOANS INSURED UNDER ALL SECTIONS, 1958



Each State reported the insurance of about 7,700 cases. Only 5 States, the Virgin Islands, and Guam insured under 1,000 cases and only 4—California, Michigan, New York, and Texas—reported more than 20,000 cases, but it may be noted that these 4 accounted for 30 percent of all home mortgages insured during the year.

Home Mortgage Programs.—FHA insured home mortgages in every State, Territory and possession except the Canal Zone during 1958. On the average, each State reported the insurance of about 7,700 cases. Only 5 States, the Virgin Islands, and Guam insured under 1,000 cases and only 4—California, Michigan, New York, and Texas—reported more than 20,000 cases, but it may be noted that these 4 accounted for 30 percent of all home mortgages insured during the year.

The State distribution for both new- and existing-home mortgages insured in 1958 is shown in Table III–10, together with the number of dwelling units covered under each of the home mortgage programs. Continuing the trend of recent years, the existing-home volume exceeded the new in every State except Arizona, Delaware, Florida, Mississippi, New Mexico, Utah, and Puerto Rico. In most States the existing-home volume surpassed the new by significant amounts, but in the seven areas in which new-home insurance was larger only Florida and Puerto Rico reported sizeable differences.

Mortgages insured under the regular Section 203(b) program accounted for upward of 80 per-

TABLE III–9.—*Volume of FHA-insured mortgages and loans, by State location of property, 1958*

[Dollar amounts in thousands]

State	Total amount	Home mortgages [1]		Project mortgages [1]		Property improvement loans	
		Number	Amount	Units	Amount	Number	Net proceeds
Alabama	$101,456	6,962	$81,874	680	$9,532	13,046	$10,050
Alaska	9,813	406	9,233			373	580
Arizona	120,623	7,977	88,903	1,653	20,734	14,495	10,986
Arkansas	46,415	3,437	38,303	135	2,705	7,711	5,407
California	644,395	37,832	499,110	8,236	111,327	35,919	33,958
Colorado	110,499	6,346	80,124	1,370	19,605	13,597	10,770
Connecticut	73,697	5,126	66,146	399	4,606	2,629	2,945
Delaware	34,856	1,728	22,676	737	12,145	41	35
District of Columbia	16,190	242	3,070	779	8,730	5,437	4,390
Florida	268,039	16,319	201,652	1,656	25,010	50,530	41,377
Georgia	120,498	9,398	111,105	515	9,205	12,232	9,187
Idaho	36,849	2,229	25,518	280	4,493	7,149	6,838
Illinois	191,013	8,398	107,710	1,504	22,285	66,082	61,019
Indiana	143,341	9,581	112,094	276	3,214	34,188	27,132
Iowa	60,986	3,836	44,723	356	3,183	15,965	13,081
Kansas	96,154	6,729	77,466	490	8,002	14,545	10,686
Kentucky	65,086	4,316	48,204	362	5,778	17,638	11,104
Louisiana	131,874	9,063	115,724	329	4,134	14,035	12,016
Maine	28,034	1,713	16,312	550	8,278	4,453	3,443
Maryland	89,203	5,791	68,601	99	1,625	27,026	19,067
Massachusetts	122,249	7,717	89,790	937	12,338	23,346	20,113
Michigan	377,119	21,709	269,110	2,469	33,118	91,030	74,890
Minnesota	102,067	5,471	71,186	510	7,196	33,602	23,685
Mississippi	45,269	3,551	40,230			6,877	5,039
Missouri	181,821	9,976	117,827	2,571	39,577	36,331	24,417
Montana	24,517	1,480	18,405	150	2,468	3,532	3,644
Nebraska	65,010	3,459	41,054	1,168	18,142	6,905	6,413
Nevada	18,887	878	12,459	348	5,327	1,070	1,102
New Hampshire	13,123	1,104	11,691			1,942	1,432
New Jersey	196,038	11,880	141,874	2,124	31,509	19,999	22,655
New Mexico	87,308	5,022	60,827	1,420	22,693	3,779	3,878
New York	537,026	23,564	292,096	9,265	127,171	108,881	117,758
North Carolina	83,205	4,823	53,062	876	14,817	21,016	14,725
North Dakota	34,833	403	4,606	1,737	28,061	2,540	2,166
Ohio	281,251	16,183	211,183	2,292	21,913	64,650	48,155
Oklahoma	125,132	7,827	85,835	1,698	26,515	15,173	12,782
Oregon	70,461	4,875	53,429	569	8,456	9,615	8,577
Pennsylvania	249,684	19,168	210,688	573	7,434	36,744	31,562
Rhode Island	20,245	1,820	18,805			1,553	1,440
South Carolina	65,765	3,324	36,339	1,700	26,545	4,197	2,881
South Dakota	15,121	1,191	12,392	43	348	3,010	2,381
Tennessee	132,969	9,906	106,628	549	8,896	26,091	17,445
Texas	444,343	29,503	322,021	3,915	59,422	79,786	62,900
Utah	53,800	3,510	43,910	137	2,017	9,872	7,934
Vermont	6,181	591	5,544			873	637
Virginia	145,347	8,705	109,738	1,464	23,515	19,159	12,095
Washington	206,122	14,467	152,026	1,865	27,347	31,504	26,749
West Virginia	25,532	1,514	18,731	94	1,265	7,012	5,536
Wisconsin	46,189	3,107	37,767	221	2,603	7,060	5,819
Wyoming	16,798	1,260	16,137			619	661
Hawaii	96,898	1,285	18,847	4,849	78,038	16	13
Puerto Rico	56,161	4,470	40,109	676	11,154	3,110	4,898
Canal Zone	5,425			327	5,425		
Virgin Islands	214	16	208			7	6
Guam	167	12	166			3	1
Total [2]	6,321,888	381,209	4,544,773	64,953	908,671	1,038,315	868,443

[1] For volume by sections, see tables 10, and 11.
[2] Based on cases tabulated in 1958 including adjustments not distributed by States.

TABLE III-10.—*Volume of FHA-insured new- and existing-home mortgages, by State location of property, 1958*

[Dollar amounts in thousands]

State	Total new construction			Section					Total existing construction			Section				
				203 (i)	203 other	221	222	Other[1]				203	213	221	222	Other[1]
	Number	Units	Amount	Units	Units	Units	Units	Units	Number	Units	Amount	Units	Units	Units	Units	Units
Alabama	2,412	2,417	$29,600	81	1,812	234	72	218	4,650	4,601	$52,274	4,010	-	105	135	351
Alaska	129	130	3,361	-	128	-	2	-	277	281	5,873	274	-	-	6	1
Arizona	5,435	5,465	61,396	500	4,922	-	43	-	2,542	2,579	27,507	1,631	939	-	9	-
Arkansas	1,286	1,295	15,853	19	1,150	53	43	30	2,151	2,173	22,450	2,081	9	4	79	-
California	10,976	11,024	158,673	90	9,962	181	768	23	26,856	27,268	340,437	24,707	1,489	20	1,052	-
Colorado	2,462	2,471	32,386	94	2,358	-	19	-	3,884	3,898	47,738	3,470	167	-	261	-
Connecticut	846	853	10,871	-	840	-	13	-	4,280	4,565	55,274	4,369	-	-	196	-
Delaware	894	896	12,569	-	891	-	5	-	834	841	10,107	821	-	15	5	-
District of Columbia	2	2	28	-	1	-	1	-	240	242	3,043	170	-	65	7	-
Florida	10,197	10,198	123,632	1,395	7,607	-	570	626	6,122	6,153	78,020	5,109	301	-	623	120
Georgia	2,677	2,686	30,839	190	1,988	351	157	-	6,721	6,774	80,266	5,992	57	23	702	-
Idaho	474	474	6,633	-	453	-	21	-	1,755	1,790	18,885	1,751	20	-	19	-
Illinois	2,121	2,121	28,856	127	1,956	-	38	-	6,277	6,343	78,854	6,245	-	1	97	-
Indiana	3,916	3,916	47,527	89	3,793	-	34	-	5,665	5,730	65,467	5,531	160	-	39	-
Iowa	1,210	1,216	14,966	30	1,176	-	10	-	2,626	2,635	29,756	2,462	152	-	21	-
Kansas	2,076	2,087	27,091	3	1,951	6	127	-	4,653	4,687	50,375	4,493	-	30	164	-
Kentucky	878	878	10,619	1	580	284	13	-	3,438	3,445	37,585	3,312	-	86	47	-
Louisiana	3,918	3,930	54,185	96	3,381	7	446	-	5,145	5,233	61,539	4,713	363	3	154	-
Maine	219	219	2,491	-	160	-	59	-	1,494	1,703	13,821	1,622	-	-	81	-
Maryland	1,543	1,543	17,506	7	1,473	-	63	-	4,248	4,299	51,094	3,952	20	-	327	-
Massachusetts	963	964	12,420	2	804	-	158	-	6,754	8,316	77,378	7,836	-	-	480	-
Michigan	9,455	9,455	123,095	394	8,479	553	29	-	12,254	12,501	146,015	11,780	668	6	41	6
Minnesota	1,308	1,313	17,801	-	1,298	-	15	-	4,163	4,193	53,385	3,897	236	-	60	-
Mississippi	2,130	2,132	25,330	145	1,840	-	147	-	1,421	1,443	14,900	1,383	-	-	60	-
Missouri	2,030	2,031	27,531	31	1,972	1	27	-	7,946	8,120	90,296	7,956	10	11	143	-
Montana	357	367	4,911	1	327	-	39	-	1,123	1,207	13,494	1,185	-	-	22	-
Nebraska	840	840	11,047	24	714	-	102	-	2,619	2,644	30,007	2,165	235	-	244	-
Nevada	314	314	4,627	-	310	-	4	-	564	566	7,832	330	235	-	1	-
New Hampshire	117	117	1,412	-	83	-	34	-	987	1,113	10,279	975	-	-	138	-
New Jersey	3,977	3,977	46,359	599	3,238	-	124	16	7,912	8,283	95,515	7,893	-	20	369	1
New Mexico	2,850	2,896	35,304	286	2,386	9	215	-	2,172	2,175	25,523	1,724	240	-	211	-
New York	6,495	6,787	83,954	592	6,114	-	81	-	17,069	18,927	208,142	18,603	-	6	318	-
North Carolina	1,948	1,955	22,515	157	1,742	16	40	-	2,875	2,884	31,147	2,775	-	1	108	-
North Dakota	107	107	1,327	-	106	-	1	-	296	298	3,279	294	-	3	1	-
Ohio	5,450	5,460	72,582	74	4,917	203	266	-	10,733	10,884	138,601	10,387	113	139	245	-
Oklahoma	3,077	3,090	37,419	86	2,617	-	387	-	4,750	4,764	48,410	4,537	-	-	227	-
Oregon	833	838	10,063	-	821	2	15	-	4,042	4,084	43,366	3,991	36	8	49	-
Pennsylvania	5,385	5,387	67,779	6	5,293	3	85	-	13,783	14,051	142,909	13,894	-	4	163	-
Rhode Island	170	171	1,901	-	139	-	32	-	1,650	1,953	16,904	1,761	-	-	192	-
South Carolina	1,007	1,008	11,191	135	805	-	68	-	2,317	2,326	25,147	1,721	-	-	605	-
South Dakota	487	487	5,438	34	345	-	108	-	704	718	6,954	637	-	-	81	-
Tennessee	4,262	4,277	49,858	133	3,468	481	172	23	5,644	5,817	56,770	5,513	73	170	44	17
Texas	13,824	13,846	159,142	1,881	10,716	169	1,080	-	15,679	15,881	162,879	15,256	45	34	544	2
Utah	1,851	1,858	23,156	-	1,404	1	6	447	1,659	1,672	20,754	1,516	104	-	49	
Vermont	50	50	588	-	45	-	5	-	541	641	4,956	620	-	-	21	-
Virginia	2,737	2,742	33,796	3	1,637	664	438	-	5,968	5,993	75,942	4,963	-	89	941	-
Washington	1,646	1,655	21,609	12	1,497	13	133	-	12,821	13,355	130,418	12,779	10	54	512	-
West Virginia	265	265	3,717	1	264	-	-	-	1,249	1,269	15,014	1,260	8	-	1	-
Wisconsin	715	718	9,392	-	704	-	14	-	2,392	2,455	28,375	2,385	-	51	19	-
Wyoming	594	600	7,864	-	596	-	4	-	666	685	8,273	681	-	-	4	-
Hawaii	491	496	6,885	-	360	111	15	10	794	796	11,962	477	230	32	49	2
Puerto Rico	3,839	3,843	34,849	741	2,969	65	68	-	631	664	5,260	654	-	9	1	-
Virgin Islands	12	12	145	-	12	-	-	-	4	4	63	4	-	-	-	-
Guam	4	4	73	-	4	-	-	-	8	8	92	8	-	-	-	-
Total[2]	133,261	133,883	1,664,161	8,059	114,608	3,407	6,416	1,393	247,948	255,930	2,880,612	238,555	5,926	989	9,957	503

[1] Includes Secs. 220 and 809.
[2] Cases tabulated in 1958.

cent of the total volume insured in most jurisdictions. Next in rank in most areas was Section 222 servicemen's housing, also utilized during the year in every State, Hawaii, and Puerto Rico. Section 203(i) low-cost suburban housing was active in three-fourths of the States, but over 40 percent of the activity under this program was concentrated in Florida and Texas. Section 213 individual home mortgage insurance and Section 221 relocation housing mortgage insurance was used in about half of the States, and Section 220 urban renewal homes in 8 States and Hawaii, while Section 809 was confined to Alabama, Florida, and Tennessee.

Project Mortgage Programs.—Multifamily project mortgages were insured in all but six States in 1958. New York led with 9,300 units, followed by California with 8,200 units. These two States together accounted for over one-fourth of all multifamily housing units insured during the year.

The most active multifamily housing program in 1958 was Section 803 armed services housing, with activity reported in more than four-fifths of the States doing FHA project business, and leading in the volume of units insured in the majority of these. Section 207, with over three-fifths of its business concentrated in California, Illinois, and New York, was reported in less than one-half of the States as were Section 213 sales projects. The State distribution of project insurance in 1958

TABLE III-11.—*Volume of FHA-insured multifamily housing mortgages, by State location, 1958*

[Dollar amounts in thousands]

State	All sections			Sec. 207		Sec. 213				Sec. 220		Sec. 221		Sec. 803	
						Sales		Management							
	Number	Amount	Units	Number	Units	Number	Units	Number	Units	Number	Units	Number	Units	Number	Units
Alabama	4	$9,532	680	-	-	-	-	1	8	1	72	-	-	2	600
Alaska	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arizona	35	20,734	1,653	-	-	29	710	-	-	-	-	-	-	6	934
Arkansas	2	2,705	135	1	126	1	9	-	-	-	-	-	-	-	-
California	110	111,327	8,236	13	1,433	38	902	3	209	4	54	-	-	52	5,548
Colorado	25	19,605	1,370	-	-	16	170	-	-	-	-	-	-	9	1,200
Connecticut	7	4,606	399	4	323	-	-	-	-	-	-	1	40	2	36
Delaware	4	12,145	737	1	237	-	-	-	-	-	-	-	-	4	500
District of Columbia	4	8,730	779	2	280	-	-	-	-	1	400	1	93	-	-
Florida	25	26,010	1,656	1	83	13	315	-	-	-	-	-	-	11	1,258
Georgia	6	9,205	515	-	-	3	42	-	-	-	-	-	-	3	473
Idaho	3	4,493	280	-	-	1	10	-	-	-	-	-	-	2	270
Illinois	9	22,285	1,504	5	1,054	-	-	-	-	-	-	-	-	4	450
Indiana	8	3,214	276	2	186	6	90	-	-	-	-	-	-	-	-
Iowa	9	3,183	356	3	227	6	129	-	-	-	-	-	-	-	-
Kansas	3	8,002	490	-	-	-	-	-	-	-	-	-	-	3	490
Kentucky	3	5,778	362	-	-	-	-	-	-	-	-	-	-	3	362
Louisiana	38	4,134	329	-	-	38	329	-	-	-	-	-	-	-	-
Maine	5	8,278	550	-	-	-	-	-	-	-	-	-	-	5	550
Maryland	4	1,625	99	-	-	2	20	-	-	-	-	-	-	2	79
Massachusetts	6	12,338	937	1	108	-	-	-	-	-	-	-	-	5	829
Michigan	75	33,118	2,469	14	932	51	581	-	-	4	186	-	-	6	770
Minnesota	17	7,196	510	-	-	14	270	-	-	-	-	-	-	3	240
Mississippi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Missouri	17	39,577	2,571	-	-	1	10	-	-	2	622	-	-	14	1,939
Montana	1	2,468	150	-	-	-	-	-	-	-	-	-	-	1	150
Nebraska	15	18,142	1,168	5	128	2	40	-	-	-	-	-	-	8	1,000
Nevada	10	5,327	348	-	-	8	148	-	-	-	-	-	-	2	200
New Hampshire	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New Jersey	14	31,509	2,124	5	473	-	-	-	-	2	529	-	-	7	1,122
New Mexico	25	22,693	1,420	-	-	13	242	-	-	-	-	-	-	12	1,178
New York	69	127,171	9,265	36	4,487	-	-	15	2,103	3	797	-	-	15	1,878
North Carolina	6	14,817	876	-	-	-	-	-	-	-	-	-	-	6	876
North Dakota	17	28,061	1,737	-	-	1	61	-	-	-	-	-	-	16	1,676
Ohio	17	21,913	2,292	2	417	6	97	1	96	-	-	8	1,682	-	-
Oklahoma	12	26,515	1,698	-	-	-	-	-	-	-	-	-	-	12	1,698
Oregon	7	8,456	569	2	121	1	8	-	-	-	-	-	-	4	440
Pennsylvania	3	7,434	573	1	229	-	-	-	-	-	-	1	209	1	140
Rhode Island	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
South Carolina	12	26,545	1,700	-	-	-	-	-	-	-	-	-	-	12	1,700
South Dakota	1	348	43	1	43	-	-	-	-	-	-	-	-	-	-
Tennessee	12	8,896	549	-	-	8	74	-	-	-	-	-	-	4	475
Texas	28	59,422	3,915	2	68	-	-	-	-	-	-	-	-	26	3,847
Utah	8	2,017	137	-	-	7	87	-	-	-	-	-	-	1	50
Vermont	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Virginia	10	23,515	1,404	-	-	-	-	-	-	-	-	-	-	10	1,464
Washington	16	27,347	1,865	1	212	-	-	-	-	-	-	-	-	15	1,653
West Virginia	1	1,265	94	-	-	-	-	1	94	-	-	-	-	-	-
Wisconsin	18	2,603	221	17	200	-	-	1	21	-	-	-	-	-	-
Wyoming	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hawaii	61	78,038	4,849	-	-	10	227	-	-	-	-	-	-	61	4,622
Puerto Rico	4	11,154	676	-	-	-	-	-	-	-	-	-	-	4	676
Canal Zone	3	5,425	327	-	-	-	-	-	-	-	-	-	-	3	327
Total	789	908,671	64,053	110	11,373	276	4,580	22	2,616	17	2,660	11	2,024	346	41,700

for all project programs combined and for the individual sections is shown in Table III-11.

Property Improvement Program.—Table III-12 shows that Title I insured loans were made during 1958 by approved financial institutions in every State.

New York, reporting 108,881 loans with net proceeds to borrowers of $118 million, led all other States in the volume of these loans reported for the year. Including Michigan ($75 million), Texas ($63 million), and Illinois ($61 million), these four States accounted for 37 percent of the total net proceeds borrowed to improve properties. Compared to the national average net proceeds of $836 per loan, Puerto Rico reported the highest average of $1,575 and Alaska $1,555, while averages of $630 in Kentucky and $631 in Virginia were the smallest reported.

State data on improvement loans relate to the location of the property and do not necessarily reflect the location of the lending institutions.

Cumulative Insurance Written, 1934–58

All Programs.—The State distributions of the cumulative volume of FHA insurance written through the end of 1958 on home mortgages, multifamily project mortgages, and property improvement loans is shown in Table III-13. In over one-half of the States, the cumulative amount of insurance reported through the year end exceeded $500 million, and in 14 States it was more than $1 billion. Only three States and the possessions reported volumes of less than $100 million for the 1934–58 period. Insurance of 1- to 4-family home mortgages has been the chief activity in virtually all the States and Territories, accounting for more than one-half of the total

Table III-12.—*Volume of FHA property improvement loans insured, by State location, 1958*

State	Net proceeds, 1958		
	Number	Amount	Average
Alabama	13,046	$10,050,222	$770
Alaska	373	579,947	1,555
Arizona	14,495	10,985,881	758
Arkansas	7,711	5,407,143	701
California	35,919	33,958,230	945
Colorado	13,597	10,769,633	792
Connecticut	2,629	2,945,094	1,120
Delaware	41	35,188	858
District of Columbia	5,437	4,390,254	807
Florida	50,530	41,377,427	819
Georgia	12,232	9,187,368	751
Idaho	7,149	6,837,995	956
Illinois	66,082	61,019,055	923
Indiana	34,188	27,132,180	794
Iowa	15,965	13,081,189	819
Kansas	14,545	10,685,807	735
Kentucky	17,638	11,103,579	630
Louisiana	14,035	12,016,008	856
Maine	4,453	3,443,276	773
Maryland	27,026	19,066,839	705
Massachusetts	23,346	20,112,992	862
Michigan	91,060	74,890,093	822
Minnesota	33,602	23,685,472	705
Mississippi	6,877	5,039,140	733
Missouri	36,331	24,417,212	672
Montana	3,832	3,643,960	951
Nebraska	6,905	6,412,864	929
Nevada	1,070	1,101,637	1,030
New Hampshire	1,942	1,432,262	738
New Jersey	19,999	22,654,948	1,133
New Mexico	3,779	3,878,225	1,026
New York	108,881	117,758,019	1,082
North Carolina	21,016	14,725,423	701
North Dakota	2,540	2,165,842	853
Ohio	64,650	48,154,673	745
Oklahoma	15,173	12,782,226	842
Oregon	9,615	8,576,733	892
Pennsylvania	36,744	31,562,307	859
Rhode Island	1,553	1,440,078	927
South Carolina	4,197	2,881,265	687
South Dakota	3,010	2,380,900	791
Tennessee	26,091	17,445,151	669
Texas	79,786	62,899,946	788
Utah	9,872	7,933,502	804
Vermont	873	637,095	730
Virginia	19,159	12,095,360	631
Washington	31,504	26,748,524	849
West Virginia	7,012	5,536,121	790
Wisconsin	7,060	5,818,917	824
Wyoming	619	660,751	1,067
Hawaii	16	12,700	794
Puerto Rico	3,110	4,897,837	1,575
Canal Zone	---	---	---
Virgin Islands	7	5,651	807
Guam	3	1,188	396
Total [1]	1,038,315	868,443,343	836

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

amount in all but three States, the District of Columbia, and the Canal Zone. Lower than average proportions of home mortgages have been reported for the District of Columbia, Maryland, New York, and North Dakota.

Home Mortgage Programs.—California has led all of the States in the cumulative number of FHA home mortgages insured since 1935 (754,900), followed by Michigan (318,200), Texas (305,100), New York (252,300), Ohio (231,000), and Pennsylvania (230,000). Other States with more than 100,000 home mortgages, arranged in order of volume, were Illinois, Washington, New Jersey, Indiana, Florida, Missouri, Oklahoma, and Virginia. Altogether, the combined total of FHA-insured home mortgages in these 14 States represented over two-thirds of the national total for the 1935–58 period. In almost one-half of the States the cumulative number of FHA-insured home mortgages was between 25,000 and 75,000.

Table III–14 shows the cumulative State distributions of activity under the various home mortgage sections of the National Housing Act through the end of 1958. By far the largest number of FHA home mortgages insured in all areas had been processed under the provisions of Section 203, and the next largest volumes under Section 603. Moderate-cost housing insured under Sections 2 and 8, Section 222 servicemen's housing, and Section 903 defense housing have also been reported for most of the States and Territories. Section 213 insured home mortgages are shown for 29 States and Hawaii, but with over one-half concentrated in Arizona and California. Of the more recently enacted programs, Section 221 relocation housing insurance has been written in about one-half of the States, while Section 220 urban renewal housing insurance was utilized in only eight jurisdictions and Section 809 civilian housing in only three States.

Project Mortgage Programs.—By the end of 1958, FHA had insured mortgages on multifamily housing in every State, Hawaii, Puerto Rico, and the Canal Zone. The number of units involved totaled 797,500. New York had insured the largest share of project units, accounting for nearly 20 percent of the total or 143,900 units, followed by New Jersey and California with approximately 62,000 units each.

Almost 60 percent or 465,700 units of all multifamily housing projects were insured under the provisions of the now-expired Section 608 War and Veterans' Emergency Housing Programs. Section 803 military and armed services housing ranked second with 157,000 units or 20 percent, while Section 207 with 97,100 units or 12 percent was third. Table III–15 shows the cumulative volume of insurance written for all FHA multifamily housing programs in each State, Territory, and possession.

Property Improvement Program.—From the beginning of the Title I program in 1934 through the end of 1958 over 22¼ million loans involving $11.4 billion in net proceeds to borrowers have been made by insured private financial institutions. These notes have averaged $511 for each improvement, with the program being active in most of the populated area of the United States and possessions (see Table III–16). Five States, New York ($1,579 million), California ($978 million), Michigan ($909 million), Texas ($678 million), and Ohio ($634 million) have accounted for approximately $4 out of every $10 expended under this program.

LENDING INSTITUTION ACTIVITY

FHA mortgages and property improvement loans may be originated or held only by FHA-approved financial institutions. Approval is auto-

Table III-13.—*Volume of FHA-insured mortgages and loans, by State location of property, 1934–58*

[Dollar amounts in thousands]

State	Total amount	Home mortgages [1]		Project mortgages [1]		Property improvement loans	
		Number	Amount	Units	Amount	Number	Net proceeds
Alabama	$671,535	58,007	$431,217	13,662	$97,027	326,276	$143,290
Alaska	107,853	3,748	58,114	3,853	45,765	3,132	3,975
Arizona	731,070	71,415	541,386	9,486	85,731	181,605	103,054
Arkansas	428,699	46,747	315,837	3,776	41,193	150,423	71,669
California	7,042,756	754,918	5,530,465	61,903	534,164	2,274,361	978,127
Colorado	595,081	56,328	435,261	5,206	52,236	209,283	107,584
Connecticut	673,601	59,069	514,596	7,860	64,291	191,361	94,714
Delaware	153,478	11,469	96,772	6,302	49,570	15,377	7,136
District of Columbia	272,405	7,458	58,686	21,881	151,517	118,019	62,201
Florida	1,584,779	147,941	1,111,373	19,033	161,114	519,416	312,292
Georgia	958,154	84,355	633,147	25,351	192,122	285,386	132,885
Idaho	283,146	26,634	194,424	1,416	13,939	128,495	74,783
Illinois	2,383,454	192,497	1,438,886	24,760	206,517	1,355,876	738,051
Indiana	1,467,095	149,990	1,035,518	10,135	81,752	760,058	349,825
Iowa	521,152	47,097	346,379	2,341	19,501	314,050	155,271
Kansas	826,903	87,512	648,150	7,172	68,245	235,228	110,508
Kentucky	542,541	45,626	336,728	9,072	84,702	265,013	121,111
Louisiana	863,415	81,409	657,850	12,556	83,044	234,705	122,521
Maine	107,226	18,096	121,679	3,226	30,573	94,660	44,974
Maryland	1,054,908	70,021	505,444	44,902	317,406	498,302	232,058
Massachusetts	674,703	39,893	334,304	6,578	56,450	572,340	283,860
Michigan	3,455,249	318,209	2,400,320	16,744	146,041	1,853,234	908,888
Minnesota	712,454	48,566	390,817	6,873	54,178	547,163	267,459
Mississippi	312,920	33,084	222,448	3,202	24,553	141,342	65,919
Missouri	1,349,673	124,302	955,212	13,912	121,392	614,187	273,068
Montana	184,139	17,750	136,264	987	8,772	62,385	39,104
Nebraska	448,276	46,601	340,114	4,094	41,343	130,142	66,819
Nevada	194,859	15,711	141,877	2,831	33,741	28,761	19,241
New Hampshire	95,828	7,459	51,324	1,344	18,326	55,913	26,178
New Jersey	2,103,084	169,571	1,187,339	62,124	476,857	718,144	438,888
New Mexico	343,909	31,209	253,258	4,715	54,603	54,026	36,048
New York	4,870,746	252,276	2,019,057	143,885	1,272,286	2,407,436	1,579,403
North Carolina	700,106	57,798	413,018	22,216	170,570	229,550	116,518
North Dakota	97,473	5,515	44,925	1,891	29,204	43,444	23,343
Ohio	2,672,769	230,963	1,843,711	25,223	195,021	1,346,730	634,037
Oklahoma	967,850	110,128	752,034	6,360	60,868	318,867	154,947
Oregon	664,740	67,206	488,719	5,984	48,208	255,514	127,814
Pennsylvania	2,335,492	230,337	1,570,176	27,478	221,208	1,145,410	544,109
Rhode Island	158,657	14,425	116,231	1,028	9,173	71,481	33,253
South Carolina	404,868	41,646	270,177	10,154	86,666	104,579	48,025
South Dakota	150,846	16,566	115,226	1,274	10,358	44,863	25,262
Tennessee	930,506	92,933	658,912	11,126	74,003	451,875	197,591
Texas	3,087,054	305,079	2,100,912	39,352	308,732	1,325,397	678,011
Utah	482,231	45,880	352,712	1,891	16,860	222,741	112,659
Vermont	52,746	6,276	39,547	193	1,512	24,046	11,687
Virginia	1,309,570	107,209	817,121	48,022	335,969	316,689	156,480
Washington	1,737,836	187,193	1,340,206	12,440	110,675	554,592	286,955
West Virginia	252,965	28,012	187,892	900	4,994	113,899	60,079
Wisconsin	482,394	39,938	309,284	4,341	35,318	279,735	137,793
Wyoming	122,146	15,172	104,203	611	4,976	20,379	12,966
Hawaii	283,897	15,736	155,788	9,410	125,018	4,085	3,091
Puerto Rico	285,729	27,012	196,188	6,929	50,370	39,914	39,171
Canal Zone	5,428	---	---	327	5,425	3	4
Virgin Islands	389	35	377	---	---	12	12
Guam	4,380	286	3,975	---	---	322	413
Total [2]	53,293,384	4,772,179	35,325,276	797,512	6,594,089	22,259,940	11,374,019

[1] For volume by sections, see Tables 14 and 15.
[2] Based on cases tabulated through 1958, 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, 1935-58*

[Dollar amounts in thousands]

State	All sections: Number	All sections: Amount	Number of mortgages: 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	58,007	$431,217	916	44,711		16	436	566	9,836		803	723
Alaska	3,748	58,114	21	3,706		1		19	1			
Arizona	71,415	541,356	2,672	54,661	4,402			165	7,132	50		2,333
Arkansas	46,747	315,837	273	39,059	552	33	60	810	5,377			583
California	754,918	5,530,465	15,283	587,561	9,463	17	201	7,273	126,012	25		9,083
Colorado	56,328	435,261	1,995	47,054	355			742	5,069			213
Connecticut	59,069	514,596	264	49,981				815	7,537			472
Delaware	11,469	96,772	41	8,553			19	36	2,631			189
District of Columbia	7,458	58,686	1	4,571			66	40	2,780			
Florida	147,941	1,111,373	4,380	110,863	301			2,720	26,895		1,201	1,581
Georgia	84,355	633,147	1,568	64,097	57		405	1,680	13,350			3,198
Idaho	26,634	194,424	107	25,488	20			125	527			367
Illinois	192,497	1,438,886	3,065	164,249			3	325	21,975			2,880
Indiana	149,990	1,035,518	1,733	129,525	195			202	15,823			2,512
Iowa	47,097	346,379	905	42,549	275			101	2,551			716
Kansas	57,512	648,150	1,854	70,523			38	947	10,368			3,782
Kentucky	45,626	336,728	292	39,347	70		405	170	4,737			605
Louisiana	81,499	657,850	1,056	64,934	881		10	1,496	12,381			741
Maine	18,096	121,079	46	15,856				339	1,290			565
Maryland	70,021	505,444	1,728	51,699	83			1,146	14,409			956
Massachusetts	39,893	334,394	650	34,073				1,800	3,076			294
Michigan	318,209	2,400,320	7,273	266,648	1,574	4	559	267	41,334			550
Minnesota	48,566	390,817	401	42,684	236			194	4,810			241
Mississippi	33,984	222,448	752	28,034				310	4,168			720
Missouri	124,302	955,212	338	115,320	10		13	479	7,118			1,024
Montana	17,750	136,264	41	17,143				74	334			158
Nebraska	46,601	340,114	681	38,431	365			1,062	5,868			194
Nevada	15,711	141,877	69	12,054	885			27	1,925			751
New Hampshire	7,459	51,324	165	6,519				388	337			50
New Jersey	169,571	1,187,339	2,632	147,937		32	48	1,130	17,014			778
New Mexico	31,209	253,258	86	26,135	722		9	703	2,624			930
New York	252,276	2,019,057	9,111	217,113			8	1,318	23,690			1,027
North Carolina	57,798	413,018	657	46,385			17	361	8,829			1,549
North Dakota	5,515	44,925	10	5,207			3	16	162			117
Ohio	230,963	1,843,711	1,620	199,882	173		474	1,165	24,786			2,803
Oklahoma	110,128	752,034	1,866	87,433	666			1,021	17,741			1,401
Oregon	67,296	488,719	789	59,195	52		10	145	6,847			258
Pennsylvania	230,337	1,570,176	1,211	195,906			7	639	31,454			1,120
Rhode Island	14,425	116,231	61	12,128				908	1,203			75
South Carolina	41,646	270,177	664	30,747	25			1,506	6,378			2,326
South Dakota	16,566	115,226	206	15,321				341	520			178
Tennessee	92,933	658,912	1,131	73,005	397		714	384	16,056		40	1,206
Texas	305,079	2,100,912	9,553	236,366	173	1	295	3,174	52,145			3,372
Utah	45,880	352,712	177	36,471	225	936	1	110	7,920			34
Vermont	6,276	39,547	17	5,902				74	283			
Virginia	107,209	817,121	3,289	76,391	25		766	5,314	18,808			2,526
Washington	187,193	1,340,206	1,873	162,550	10		67	1,767	20,143			783
West Virginia	28,012	187,892	141	26,532	8			6	1,325			
Wisconsin	39,938	309,284	327	34,155			64	92	4,444			856
Wyoming	15,172	104,203	122	13,864	40			21	1,125			
Hawaii	15,736	155,788	6	13,964	200	12	154	524	544			272
Puerto Rico	27,912	196,188	465	23,041			75	164	4,162			5
Virgin Islands	35	377		33					2			
Guam	286	3,975		282				4				
Total[2]	4,772,179	35,325,276	84,460	3,926,738	22,500	1,052	4,927	45,211	628,016	75	2,044	57,156

[1] Includes Sec. 603-610.

[2] Cases tabulated through Dec. 31, 1958, including adjustments not distributed by States.

TABLE III-15.—*Volume of FHA-insured multifamily housing mortgages, by State location, 1935-58*

[Dollar amounts in thousands]

State	All sections: Number	All sections: Amount	All sections: Units	Number of units: Sec. 207	Sec. 213: Sales	Sec. 213: Mngt.	Sec. 220	Sec. 221	Sec. 608	Sec. 608-610	Sec. 611	Sec. 803: Military	Sec. 803: Armed services	Sec. 908
Alabama	240	$97,027	13,662	674		8	72		10,295			1,005	1,570	38
Alaska	34	45,765	3,853	1,496					2,367					
Arizona	223	85,731	9,486	837	4,414				947		160	1,619	1,509	
Arkansas	63	41,193	3,776	337	578				932				1,929	
California	1,261	534,164	61,993	9,605	10,043	1,401	54		21,575	58	973	13,693	6,597	994
Colorado	111	52,236	5,206	251	365				1,898		50	680	1,700	264
Connecticut	94	64,291	7,860	1,950		84		40	3,013			450	240	2,083
Delaware	25	49,570	5,392	601					3,771	20			1,000	
District of Columbia	184	151,517	21,981	2,351			400	93	19,037					
Florida	374	161,114	19,033	607	344	68			10,609			4,169	3,177	
Georgia	192	192,122	25,351	1,592	57	104			18,882	150	195	2,150	2,021	200
Idaho	14	13,930	1,416		20				571			500	270	55
Illinois	312	206,517	24,760	3,490		35	341		17,012			3,416	450	16
Indiana	161	81,752	10,135	1,720	199				6,065			510	680	961
Iowa	49	19,501	2,341	399	351				1,591					
Kansas	90	68,245	7,172	346					3,243	350		823	2,398	12
Kentucky	116	84,702	9,072	682	70				2,247			3,465	2,404	204
Louisiana	181	83,044	12,556	1,345	883				7,071	150	25	782	2,300	
Maine	26	30,573	3,226						688			1,024	614	
Maryland	336	317,406	44,902	3,900	94	138			34,221	486		4,794	1,161	108
Massachusetts	60	56,450	6,578	897					3,186			1,502	949	44
Michigan	427	146,041	16,744	4,825	1,800	448	526		7,214	500		661	770	
Minnesota	177	54,178	6,873	1,273	324				5,036				240	
Mississippi	46	24,553	3,202	12					1,852			858	480	
Missouri	181	121,392	13,912	1,782	10		622		9,439			120	1,939	
Montana	9	8,772	987						135			592	150	110
Nebraska	79	41,343	4,094	260	366	71			1,786			611	1,000	
Nevada	70	33,741	2,831		945				240			801	845	
New Hampshire	12	18,326	1,344						244				1,100	
New Jersey	604	476,857	62,124	5,692		765	529		51,451			1,983	1,242	462
New Mexico	67	54,603	4,715		731				277			2,395	1,312	
New York	1,062	1,272,286	143,885	23,199		24,160	4,392		85,807	566	556	1,642	3,563	
North Carolina	148	170,570	22,210	2,966					9,107	85		5,571	4,311	176
North Dakota	26	29,204	1,891	16	61				43				1,676	95
Ohio	357	195,021	25,223	2,734	201	172	767	1,682	16,207	10		2,528		922
Oklahoma	159	60,868	6,360	132	667				2,974			500	1,698	389
Oregon	153	48,208	5,984	255	52				5,155				440	82
Pennsylvania	415	221,208	27,478	4,374		712	1,159	209	19,474	450		400	231	469
Rhode Island	13	9,173	1,028	36					210			706	76	
South Carolina	109	86,666	10,154	200	25				6,329		25	585	2,900	
South Dakota	15	10,368	1,274	125					258			891		
Tennessee	162	74,003	11,126	1,213	398	48			6,915	250		1,740	562	
Texas	492	308,732	39,352	5,769	173				19,432			9,072	4,916	
Utah	41	16,860	1,891	24	226				737			854	50	
Vermont	7	1,512	103	56					137					
Virginia	394	335,060	48,022	10,316	25				29,672	440		4,329	2,739	501
Washington	147	110,675	12,440	850	10				6,369			3,100	1,811	300
West Virginia	17	4,994	900	188	9	94			209	400				
Wisconsin	185	35,318	4,341	451	41	21			3,828					
Wyoming	10	4,976	611		40				71			500		
Hawaii	135	125,018	9,410	224	311				850			2,077	5,948	
Puerto Rico	33	60,370	6,920						4,947			886	1,096	
Canal Zone	3	5,425	327										327	
Total	9,910	6,594,089	797,512	97,132	23,833	28,320	8,862	2,024	465,674	3,915	1,984	84,883	72,391	8,485

matically extended to certain Federal, State, and municipal government agencies. Members of the Federal Reserve System and institutions participating in the Federal Savings and Loan Insurance and the Federal Deposit Insurance systems are approved upon application. Other types of institutions are approved if they meet certain qualifications and comply with regulations prescribed for such approval. About 13,700 financial institutions were on the approved roster as of December 31, 1958.

Mortgage and Loan Financing During 1958

FHA-insured mortgages and property improvement loans totaling $6.3 billion were financed by an estimated 5,300 lending institutions during 1958. As indicated in Table III-17, the types of institutions which were most active during the year were mortgage companies (40 percent), national banks (20 percent), and State banks (15 percent).

The following table shows the percent distribution of the financing of FHA obligations by the type of loan for the different types of lending institutions:

Type of institution	Home mortgages	Multifamily project mortgages	Property improvement loans	Total
	Percent	*Percent*	*Percent*	*Percent*
National bank	44.4	22.3	33.3	100.0
State bank	35.4	35.6	29.0	100.0
Mortgage company	93.0	6.8	.2	100.0
Insurance company	97.7	2.3	(1)	100.0
Savings and loan association	81.0	1.8	17.2	100.0
Savings bank	77.0	17.5	5.5	100.0
All other	73.4	11.3	15.3	100.0

[1] Less than 0.05 percent.

As is evident, home mortgages accounted for the greatest amount of FHA-insured obligations financed by each type of financial institution in 1958 except State banks, which financed a slightly larger volume of project mortgages. Chart III–9 compares the relative activity of the different types of institutions in the financing of FHA home and multifamily project mortgages during 1958.

Home Mortgage Financing.—All types of financial institutions doing FHA business in 1958 increased their volume of FHA home mortgages financed. Mortgage companies had the greatest increase, rising from $949 million originated in 1957 to $2.3 billion in 1958. They also increased their share of total originations from 42 to 51 percent, far ahead of the second largest supplier of funds. Following the trend of recent years, savings and loan associations have continued to increase their share of originations at the expense of national and State banks until, in 1958, savings and loan associations ranked second with $552 million or 12.2 percent of the total. National banks, although slipping to third place, still financed $550 million or 12.1 percent of the total, while savings banks with $358 million or 7.9 percent of the total took over fourth place from State banks which had $338 million or 7.4 percent of the total. Table III–18 shows the proportions financed by all types of institutions for 1958 and selected earlier years.

The relative participation of the various types of lending institutions in the origination of FHA-insured home mortgages during 1958 varied from program to program (see Table III–17). Mortgage companies, however, were the leading originators in most of the FHA home mortgage programs except Section 220, ranging from 50 percent for the "regular" Section 203 program to 91 percent for Section 221. State banks accounted for 80 percent of the Section 220 home mortgages. National banks and savings and loan associations were the next largest financers of Section 203 and 203(i) home mortgages, while the institutions included in the "other" category originated significant amounts of Section 213 and 809 mortgages.

Multifamily Housing Mortgage Financing.—State banks, which originated mortgages accounting for 37 percent of the project total in 1958, retained the lead that they held among financing institutions in 1957. This lead resulted from the high dollar volume of Section 803 mortgages for the year, as seen in Table III–17. Section 803 also accounted for the fact that national banks held second place in 1958. If Section 803 mortgages were subtracted from each of the institutional totals, the favored position would go to mortgage companies, which not only financed the largest number of project mortgages during the year but accounted for almost a fifth of the total mortgage values. State banks have led in originating project mortgages since 1947, except for the 2 years 1955 and 1956, when national banks outranked them. In each of the years beginning with 1947, State and national banks together have originated the financing of half or more of the amounts of multifamily housing mortgages, the proportion in 1958 being two-thirds of the total. Percentages for all institutions are shown in Table III–18 for selected years.

Chart III–9 compares 1958 home and project

TABLE III–16.—*Volume of FHA property improvement loans insured, by State location, 1934–58*

State	Net proceeds, 1934–58		
	Number	Amount	Average
Alabama	325, 276	$143, 290, 229	$441
Alaska	3, 132	3, 974, 607	1, 269
Arizona	181, 605	103, 954, 071	572
Arkansas	150, 423	71, 668, 705	476
California	2, 274, 361	978, 127, 127	430
Colorado	209, 283	107, 584, 449	514
Connecticut	191, 361	94, 713, 681	495
Delaware	15, 377	7. 135, 852	464
District of Columbia	118, 019	62, 201, 464	527
Florida	519, 416	312. 292, 485	601
Georgia	285, 386	132, 884, 831	466
Idaho	128, 495	74, 782, 660	582
Illinois	1, 355, 876	738, 051, 482	544
Indiana	760, 058	349, 824, 704	460
Iowa	314, 059	155, 271, 084	494
Kansas	235, 228	110, 508, 418	470
Kentucky	265, 013	121, 110, 765	457
Louisiana	234, 705	122. 520, 859	522
Maine	94, 660	44, 974, 273	475
Maryland	498, 302	232, 057, 640	466
Massachusetts	572, 340	283, 859, 900	496
Michigan	1, 853, 234	908, 888, 060	490
Minnesota	547, 163	267, 458, 721	489
Mississippi	141, 342	65, 919, 300	466
Missouri	614, 187	273, 068. 153	445
Montana	62, 385	39, 103, 510	627
Nebraska	130, 142	66, 819, 256	513
Nevada	28, 761	19, 240, 550	669
New Hampshire	55, 913	26, 178, 401	468
New Jersey	718, 144	438, 887, 971	611
New Mexico	54, 026	36, 047. 867	667
New York	2, 407, 436	1, 579, 403, 023	656
North Carolina	229, 550	116, 517, 845	508
North Dakota	43, 444	23, 343, 168	537
Ohio	1, 346, 730	634, 036, 810	471
Oklahoma	318. 867	154, 947, 405	486
Oregon	255, 514	127, 813, 731	500
Pennsylvania	1, 145, 410	544, 108, 501	475
Rhode Island	71, 481	33, 252, 734	465
South Carolina	104, 579	48. 024, 570	460
South Dakota	44, 863	25, 251, 702	563
Tennessee	451, 875	197, 591, 012	437
Texas	1, 325, 397	678, 010, 688	512
Utah	222, 741	112, 658, 664	506
Vermont	24, 046	11, 687, 049	486
Virginia	316, 689	156, 479, 889	494
Washington	554, 592	286, 954, 854	517
West Virginia	113, 899	60, 079, 193	527
Wisconsin	279, 735	137, 792. 522	493
Wyoming	20, 379	12, 966, 472	636
Hawaii	4, 085	3, 090, 917	757
Puerto Rico	39, 914	39, 171, 299	981
Canal Zone	3	3, 541	1, 180
Virgin Islands	12	12, 182	1, 015
Gaum	322	413, 403	1, 284
Total [1]	22, 259, 940	11, 374, 019, 054	511

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

CHART III–9

INSTITUTIONS FINANCING FHA-INSURED MORTGAGES, 1958

By type of institution originating mortgages

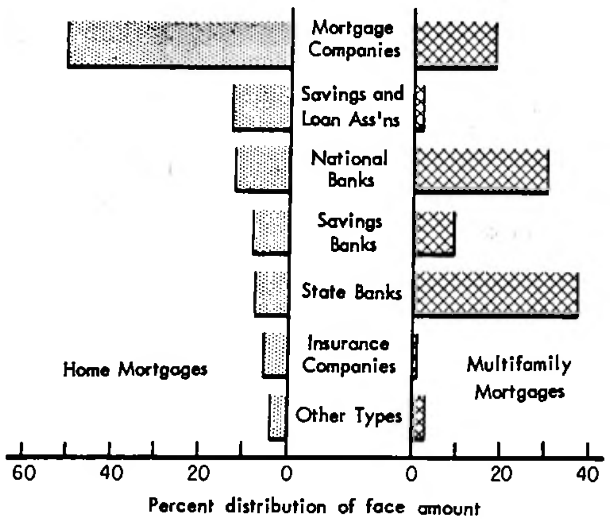


TABLE III–17.—*Financing of FHA-insured mortgages and loans by type of institution, 1958*

[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 mortages and loans:									
Home programs:									
Sec. 203(i)	918	112	5, 716	239	1, 343	22		165	8, 515
Sec. 203 (other)	42, 786	25, 404	170, 219	17, 673	46, 894	28, 256	2, 336	10, 560	344, 128
Sec. 213H	534	476	3, 565	382	342			627	5, 926
Sec. 220H	18	450	62		2			12	544
Sec. 221H	28	107	3, 980	12	240			29	4, 396
Sec. 222	1, 134	1, 068	9, 860	1, 074	1, 621	1, 176		440	16, 373
Sec. 809	12		1, 062	10	1			242	1, 327
Total	45, 430	27, 617	194, 464	19, 390	50, 443	29, 454	2, 336	12, 075	381, 209
Project programs: [3]									
Sec. 207	18	21	41	2	3	32		2	119
Sec. 213 sales	25	20	215	3	1			11	275
Sec. 213 management	3	7	10			2			22
Sec. 220P		8	8	1					17
Sec. 221P	4	4	2		1				11
Sec. 803 armed services	134	146	40		7	9		10	346
Total	184	205	316	6	12	43		23	789
Property improvement loans: Sec. 2	508, 038	333, 750	3, 834	63	125, 387	31, 324		35, 919	1, 038, 315
Total all programs	553, 652	361, 572	198, 614	19, 459	175, 842	60, 821	2, 336	48, 017	1, 420, 313
Face amount of mortgages and loans:									
Home programs:									
Sec. 203(i)	$6, 828	$788	$43, 080	$1, 854	$10, 251	$154		$1, 278	$64, 233
Sec. 203 (other)	520, 773	309, 454	2, 064, 210	228, 760	512, 741	342, 243	$13, 026	127, 906	4, 119, 119
Sec. 213H	7, 047	7, 078	45, 845	6, 108	5, 543			8, 494	80, 114
Sec. 220H	292	5, 025	787		21			136	6, 262
Sec. 221H	244	1, 002	36, 058	101	2, 084			257	39, 746
Sec. 222	14, 887	14, 413	131, 548	14, 816	20, 945	15, 884		5, 836	218, 329
Sec. 809	160		13, 895	115	10			2, 790	16, 971
Total	550, 231	337, 759	2, 335, 424	251, 761	551, 594	358, 280	13, 026	146, 699	4, 544, 773
Project programs: [3]									
Sec. 207	13, 006	26, 066	29, 951	664	4, 080	60, 453		1, 398	135, 618
Sec. 213 sales	6, 418	6, 784	46, 645	859	119			1, 059	61, 886
Sec. 213 management	6, 931	11, 916	12, 590			4, 478			35, 914
Sec. 220P		22, 492	4, 619	4, 469					31, 579
Sec. 221P	10, 083	5, 097	1, 701		400				17, 282
Sec. 803 armed services	239, 724	267, 171	75, 284		7, 532	16, 606		20, 074	626, 392
Total	276, 163	339, 527	170, 790	5, 992	12, 132	81, 536		22, 531	908, 671
Property improvement loans: Sec. 2	412, 427	276, 668	5, 295	56	117, 626	25, 727		30, 642	868, 443
Total all programs	1, 238, 821	953, 955	2, 511, 509	257, 809	681, 352	465, 544	13, 026	199, 872	6, 321, 888
Percentage distribution of amount:									
Home programs:									
Sec. 203(i)	10. 6	1. 2	67. 0	2. 9	16. 0	0. 3		2. 0	100. 0
Sec. 203 (other)	12. 6	7. 5	50. 1	5. 6	12. 5	8. 3	0. 3	3. 1	100. 0
Sec. 213H	8. 8	8. 9	57. 2	7. 6	6. 9			10. 6	100. 0
Sec. 220H	4. 7	80. 2	12. 6		. 3			2. 2	100. 0
Sec. 221H	. 6	2. 5	90. 7	. 2	5. 3			. 7	100. 0
Sec. 222	6. 8	6. 6	60. 3	6. 7	9. 6	7. 3		2. 7	100. 0
Sec. 809	. 9		81. 9	. 7	. 1			16. 4	100. 0
Total	12. 1	7. 4	51. 4	5. 5	12. 2	7. 9	. 3	3. 2	100. 0
Project programs:									
Sec. 207	9. 6	19. 2	22. 1	0. 5	3. 0	44. 6		1. 0	100. 0
Sec. 213 sales	10. 4	10. 9	75. 4	1. 4	. 2			1. 7	100. 0
Sec. 213 management	19. 3	33. 2	35. 0			12. 5			100. 0
Sec. 220P		71. 2	14. 6	14. 2					100. 0
Sec. 221P	58. 4	29. 5	9. 8		2. 3				100. 0
Sec. 803 armed services	38. 3	42. 7	12. 0		1. 2	2. 6		3. 2	100. 0
Total	30. 4	37. 4	18. 8	. 6	1. 3	9. 0		2. 5	100. 0
Property improvement loans: Sec. 2	47. 5	31. 9	. 6	(4)	13. 5	3. 0		3. 5	100. 0
Total all programs	19. 6	15. 1	39. 7	4. 1	10. 8	7. 4	. 2	3. 1	100. 0

See footnotes at end of table.

TABLE III-17.—*Financing of FHA-insured mortgages and loans by type of institution, 1958*—Continued

[Dollar amounts in thousands]

Section	Type of institution								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other [1]	Total [2]
Number of financing institutions:									
Home programs:									
Sec. 203(i)	29	27	145	11	125	12		16	365
Sec. 203 (other)	1,134	1,263	959	175	1,336	315	3	105	5,290
Sec. 213H	8	14	45	3	4			6	80
Sec. 220H	2	2	7		2			2	15
Sec. 221H	7	17	105	3	21			6	159
Sec. 222	140	113	504	47	250	121		31	1,206
Sec. 809	1		26	3	1			3	34
Project programs:									
Sec. 207	8	10	16	2	1	9		1	47
Sec. 213 sales	6	7	34	2	1			1	51
Sec. 213 management	3	3	6			1			13
Sec. 220P		4	3	1					8
Sec. 221P	3	3	1		1				8
Sec. 803 armed services	16	13	9		3	4		2	47

[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.

mortgage originations by type of mortgagee. Project mortgages accounted for a sixth of the $5.5 billion involved.

Property Improvement Loan Financing.—From the beginning of the Title I program, commercial banks have been the source of approximately four-fifths of the total net proceeds of the loans insured. Except in 1955, national banks have generally originated 50 percent and State banks about 30 percent of the amount of these loans. This pattern was continued in 1958 as national banks accounted for 48 percent and State banks 32 percent. Savings and loan associations increased their participation to 14 percent of the total, or 29 percent more than in 1957.

Mortgages Held in Portfolio

FHA-insured mortgages held in the portfolios of financial institutions at the end of 1958 totaled $27 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 programs. About 11,000 institutions were holding FHA home mortgages and over 300 held multifamily project mortgages.

The largest investors in FHA mortgages at the close of 1958 were insurance companies with $8.7 billion or over 32 percent of the total. Savings banks were next with $5.6 billion or 21 percent, followed by national banks with $4.1 billion or 15 percent. As can be seen on Chart III-10, the home mortgage holdings of all types of institutions far exceeded the dollar amount for project holdings, except in the "other type" of institutions category. The preference of the different types of institutions for home or project mortgages is also shown on this chart.

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

Program	Percentage distribution of face amount or net proceeds								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
Home mortgages:									
1946	24.3	17.7	26.7	15.4	9.8	3.2		2.9	100.0
1950	15.8	13.8	27.7	20.8	10.8	7.6		3.5	100.0
1954	22.0	12.5	35.2	11.8	10.8	5.8		1.0	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
1958	12.1	7.4	51.4	5.5	12.2	7.9	.3	3.2	100.0
Project mortgages:									
1946	.7	35.3	23.0	39.5	1.5				100.0
1950	23.6	42.4	8.6	8.3	1.1	13.6	.5	1.9	100.0
1954	23.9	33.7	20.9	4.5	.5	14.5		2.0	100.0
1955	35.5	33.9	19.1		.5	9.8		1.2	100.0
1956	38.5	38.0	5.5	3.3		14.6		.1	100.0
1957	32.7	37.9	14.0	2.3	5.1	7.6		.4	100.0
1958	30.4	37.4	18.8	.6	1.3	9.0		2.5	100.0
Property improvement loans: [2]									
1950	52.8	29.2	.6		4.6	1.3		11.5	100.0
1954	51.4	30.2		(1)	9.0	2.3		7.1	100.0
1955	38.2	40.5	1.0	(1)	8.7	2.2		9.4	100.0
1956	47.0	32.6	.3		8.5	2.5		9.1	100.0
1957	50.2	31.0	1.0	(1)	10.5	2.3		5.0	100.0
1958	47.5	31.9	.6	(1)	13.5	3.0		3.5	100.0

[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, 1958*

[Dollar amounts in thousands]

Section	Type of institution								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total [1]
Number of mortgages:									
Home programs:									
Sec. 8	1,815	1,535	250	3,968	8,323	8,558	8,935	708	34,182
Sec. 203	382,970	197,193	81,407	716,240	216,960	379,496	55,434	44,248	2,074,008
Sec. 213H	540	258	1,207	3,772	128	2,227	10,019	3,086	21,327
Sec. 220H	11	235	43	7	2		686	9	993
Sec. 221H	15	66	2,118	11	139	1	1,597	22	3,969
Sec. 222	5,900	1,907	6,134	11,214	4,181	7,935	3,810	760	41,841
Sec. 603	31,005	19,468	718	108,873	13,424	30,876	11,206	7,533	223,103
Sec. 809	138	4	675	81	3	26	813	163	1,903
Sec. 903	821	248	518	984	444	1,513	41,489	644	46,661
Total	423,215	220,914	93,220	845,150	243,604	430,632	133,989	57,263	2,448,053
Project programs:									
Sec. 207	36	60	28	89	9	224	17	57	526
Sec. 213 sales	14	16	71	9	1				111
Sec. 213 management	5	22	9	4		93	17	15	165
Sec. 220P		21	8	2		8	2	1	42
Sec. 221P	4	4	2		1				11
Sec. 608	247	335	40	3,072	45	1,637	11	514	5,901
Sec. 803 military	2	11	1	72		80	48	38	252
Sec. 803 armed services	153	150	29	1	20	10	70	49	482
Sec. 908		7		9	2	16	30	2	66
Total	461	632	188	3,258	78	2,068	195	676	7,556
Total homes and projects	423,676	221,546	93,408	848,408	243,682	432,700	134,184	57,939	2,455,609
Face amount of mortgage:									
Home programs:									
Sec. 8	$8,858	$7,835	$1,365	$21,038	$44,607	$45,866	$49,552	$4,164	$183,285
Sec. 203 [2]	3,399,297	1,729,176	929,361	6,315,282	1,907,017	3,486,485	510,390	377,001	18,654,009
Sec. 213H	6,689	3,740	17,101	42,565	2,083	24,879	107,788	33,342	238,189
Sec. 220H	192	2,616	535	75	21		7,435	100	10,974
Sec. 221H	127	613	18,086	93	1,179	8	14,191	190	35,386
Sec. 222	76,067	25,948	80,724	155,878	53,257	108,350	47,310	10,413	558,846
Sec. 603 [3]	204,261	122,517	4,968	735,029	85,480	221,268	69,874	48,487	1,491,884
Sec. 809	1,721	53	8,893	1,183	43	365	9,736	1,904	23,896
Sec. 903	7,420	2,308	4,426	8,272	3,663	14,409	378,478	5,652	424,728
Total [4]	3,705,542	1,894,806	1,066,350	7,279,416	2,097,350	3,901,710	1,194,754	481,253	21,621,687
Project programs:									
Sec. 207	26,442	61,341	19,969	54,230	3,323	226,695	16,909	37,651	446,562
Sec. 213 sales	4,207	6,649	19,118	7,742	732				38,447
Sec. 213 management	8,863	42,104	13,600	7,687		169,051	11,607	32,948	285,858
Sec. 220P		62,856	4,619	7,341		20,290	2,577	3,200	100,883
Sec. 221P	10,083	5,097	1,701		400				17,282
Sec. 608 [3]	34,462	150,498	5,281	1,151,427	9,016	1,081,585	23,784	433,867	2,895,919
Sec. 803 military	2,654	20,165	729	210,312		171,061	116,360	118,520	654,801
Sec. 803 armed services	308,631	320,912	60,830	2,899	33,871	16,977	184,031	145,256	1,082,407
Sec. 908		5,702		7,183	219	14,926	17,316	1,349	46,695
Total	395,341	696,325	125,847	1,457,820	47,561	1,700,586	372,586	772,790	5,568,855
Total homes and projects	4,100,883	2,591,131	1,192,205	8,737,236	2,144,910	5,602,304	1,567,340	1,254,043	27,190,542
Percentage distribution of amount:									
Home programs:									
Sec. 8	4.8	4.3	0.8	11.5	24.3	25.0	27.0	2.3	100.0
Sec. 203	18.2	9.3	5.0	33.9	10.2	18.7	2.7	2.0	100.0
Sec. 213H	2.8	1.6	7.2	17.9	.9	10.4	45.2	14.0	100.0
Sec. 220H	1.7	23.8	4.9	.7	.2		67.8	.9	100.0
Sec. 221H	.4	1.7	53.7	.3	3.3	(5)	40.1	.5	100.0
Sec. 222	13.8	4.6	14.4	27.9	9.5	19.4	8.5	1.9	100.0
Sec. 603	13.7	8.2	.3	49.3	5.7	14.8	4.7	3.3	100.0
Sec. 809	7.2	.2	37.2	5.0	.2	1.5	40.7	8.0	100.0
Sec. 903	1.8	.5	1.0	2.0	.9	3.4	89.1	1.3	100.0
Total	17.1	8.8	4.9	33.7	9.7	18.1	5.5	2.2	100.0
Project programs:									
Sec. 207	5.9	13.7	4.5	12.2	0.7	50.8	3.8	8.4	100.0
Sec. 213 sales	11.0	17.3	49.7	20.1	1.9				100.0
Sec. 213 management	3.1	14.7	4.8	2.7		59.1	4.1	11.5	100.0
Sec. 220P		62.3	4.6	7.3		20.1	2.5	3.2	100.0
Sec. 221P	58.4	29.5	9.8		2.3				100.0
Sec. 608	1.2	5.4	.2	39.8	.3	37.3	.8	15.0	100.0
Sec. 803 military	.4	4.0	.1	33.5		26.1	17.8	18.1	100.0
Sec. 803 armed services	28.5	30.5	5.6	.3	3.1	1.6	17.0	13.4	100.0
Sec. 908		12.2		15.4	.5	31.9	37.1	2.9	100.0
Total	7.1	12.5	2.3	26.2	.8	30.5	6.7	13.9	100.0
Total homes and projects	15.1	9.5	4.4	32.1	7.9	20.6	5.8	4.6	100.0

See footnotes at end of table.

TABLE III–19.—*Holdings of FHA-insured mortgages by type of institution, as of December 31, 1958*—Continued

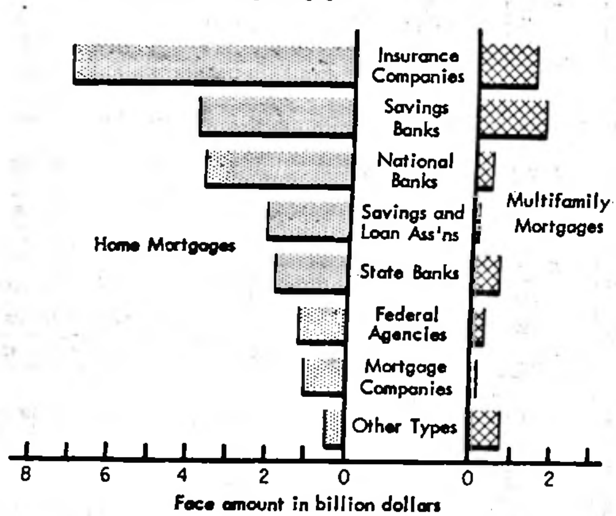
Section	Type of institution								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total [1]
Number of holding institutions:									
Home programs:									
Sec. 8	133	165	62	74	266	82	2	25	809
Sec. 203	2,550	3,406	1,054	463	2,037	405	6	315	10,236
Sec. 213H	13	12	37	7	4	18	1	9	101
Sec. 220H	2	2	6	1	2		1	2	16
Sec. 221H	6	9	88	3	18	1	1	6	132
Sec. 222	303	229	465	108	432	241	6	59	1,903
Sec. 603	732	954	132	223	586	184	2	70	2,883
Sec. 809	3	1	27	10	2	9	1	4	57
Sec. 903	25	17	43	18	26	34	1	7	171
Project programs:									
Sec. 207	17	19	16	32	8	35	1	11	139
Sec. 213 sales	4	5	21	2	1				33
Sec. 213 management	4	4	5	4		14	1	5	37
Sec. 220P		9	3	2		3	1	1	19
Sec. 221P	3	3	1		1				8
Sec. 608	36	43	17	103	21	82	2	23	327
Sec. 803 military	2	4	1	6		17	1	7	38
Sec. 803 armed services	16	15	8	1	7	5	1	15	68
Sec. 908		3		4	1	8	1	2	19

[1] Based on tabulations of audited cases. [2] Includes Sec. 2031. [3] Includes related Sec. 610 mortgages.
[4] Includes Sec. 611 single-family home mortgages not distributed by type of lending institution, 66 cases for $489,160. [5] Less than 0.05 percent.

CHART III–10

INSTITUTIONS HOLDING FHA-INSURED MORTGAGES, DECEMBER 31, 1958

By type of institution holding mortgages



Home Mortgage Holdings.—Financial institutions held 2.5 million home mortgage cases in their portfolios at the end of 1958 for a face amount of $21.6 billion. This was an increase of 7 percent in number and 13 percent in amount over the previous year. The relative percentages held by the different types of institutions also changed slightly in 1958. The insurance companies' share of the total amount decreased to 34 percent but was still the highest reported. Savings banks, however, moved into second place with 18 percent of the total while national banks dropped to third with 17 percent. The share held by mortgage companies jumped from 3 to 5 percent (see Table III–19). Since 1950, the trend in financial institution holdings has been marked by a decline in the proportions held by insurance companies and State banks and increases in the shares held by savings banks and Federal agencies.

Table III–19 also shows the distribution by program of the amounts and number of FHA mortgages held by financial institutions. Between 80 and 90 percent of all mortgages held by each type of institution are regular Section 203 home mortgages. This excludes Federal agencies, which have only 43 percent of their mortgages in Section 203 cases, mainly because of sizable purchases of Section 903 defense housing mortgages by FNMA.

Multifamily Housing Mortgage Holdings.—Savings banks and insurance companies retained in 1958 their positions as holders of the largest dollar volume (original face amounts) of FHA-insured multifamily housing mortgages (Table III–19). Their combined holdings, however, have declined since the end of 1956 from 72 percent to 65 percent in 1957 and to 57 percent as of December 31, 1958. Savings banks held 31 percent and insurance companies 26 percent of the project mortgages in force at the year end.

A marked increase in the volume of Section 803 armed services housing mortgages, minor portions of which were held by either savings banks or insurance companies, accounted for the changes in holdings by national banks, State banks, Federal agencies (FNMA), each reporting an increase of slightly over 2 percent, and by "all other" institutions (principally pension and retirement funds), with an increase of 5 percent over 1957.

Comparative holdings of both home and project mortgages are shown by type of institution in Chart III–10. Project mortgages accounted for over one-fifth of the $27.2 billion volume of FHA-insured mortgages in the portfolios of all approved institutions.

Mortgages and Loans Purchased or Sold in 1958

During 1958 financial institutions purchased or sold over 203,000 FHA-insured mortgages and property improvement loans totaling $2.0 billion in face amount. Compared with 1957, this represented a fractional decrease in number but a 46 percent increase in amount, reflecting mainly a decrease in transfers of property improvement loans involving small amounts per case and a corresponding increase in home and project mortgages averaging much larger amounts. Data showing the purchases and sales of FHA obligations during 1958 by the various types of financial institutions are presented in Table III–20 and Table III–21 respectively.

Home mortgages comprised 77 percent of the amount of FHA-insured loans transferred, multifamily projects 20 percent, and property improvement loans 3 percent. The home mortgage segment dropped from 86 percent in 1957, the project mortgage increased from 10 percent, while property improvement loans declined slightly from 4 percent. Reflecting their leading roles in the transfer of FHA home mortgages, insurance companies, savings banks, and Federal agencies accounted for the largest amounts of purchases, while mortgage companies sold more FHA-insured obligations than all other financial institutions combined.

Purchases and Sales of Home Mortgages.—Over 134,700 home mortgages with an aggregate face

TABLE III–20.—*Purchases of FHA-insured mortgages and loans by type of institutions, 1958*

[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	38	4	27	1	3	9		1	83
Sec. 203	8,432	6,788	2,629	43,814	6,028	31,643	13,152	6,388	118,874
Sec. 213H	50			1	23	1,036	4,023	57	5,190
Sec. 220H							317		317
Sec. 221H					2		1,439	2	1,443
Sec. 222	334	276	235	2,191	378	1,914	1,527	187	7,042
Sec. 603	432	99	55	35	69	36		154	880
Sec. 809	135		2	52	3	26	667	1	886
Sec. 903							1		1
Total	9,421	7,167	2,948	46,094	6,506	34,664	21,126	6,790	134,716
Project programs:									
Sec. 207	3	10	1	3	1	21		17	56
Sec. 213 management							8	6	14
Sec. 220P			1				2	1	4
Sec. 608		1		6		20		1	28
Sec. 803 military						5		3	8
Sec. 803 armed services		1		1	10	1	63	35	111
Sec. 908						1			1
Total	3	12	2	10	11	48	73	63	222
Property improvement loans: Sec. 2	50,559	15,150	1		886	1,049		894	68,539
Total all programs	59,983	22,329	2,951	46,104	7,403	35,761	21,199	7,747	203,477
Face amount of mortgages and loans:									
Home programs:									
Sec. 8	$185	$23	$152	$6	$15	$51		$5	$436
Sec. 203	85,667	68,332	28,557	539,038	57,737	355,876	$146,776	62,676	1,344,657
Sec. 213H	688			10	379	12,218	51,718	940	65,953
Sec. 220H							3,543		3,543
Sec. 221H					14		12,826	17	12,857
Sec. 222	4,678	3,918	3,067	30,931	4,902	26,621	19,262	2,736	96,116
Sec. 603	3,054	539	262	222	604	301		1,178	6,160
Sec. 809	1,681		20	789	43	365	8,027	15	10,939
Sec. 903							9		9
Total	95,953	72,811	32,057	570,995	63,695	395,432	242,161	67,566	1,540,671
Project programs:									
Sec. 207	7,177	7,320	561	4,940	1,163	6,560		14,478	42,199
Sec. 213 management							8,028	13,494	21,522
Sec. 220P			3,200				2,577	3,200	8,977
Sec. 608		63		651		17,747		2,317	20,777
Sec. 803 military						9,992		7,508	17,499
Sec. 803 armed services		445		1,758	17,872	1,038	167,237	105,924	294,274
Sec. 908						393			393
Total	7,177	7,829	3,761	7,349	19,035	35,729	177,842	146,920	405,641
Property improvement loans: Sec. 2	34,567	11,246	1		821	920		453	48,007
Total all programs	137,697	91,885	35,819	578,344	83,551	432,081	420,003	214,938	1,994,318

TABLE III-20.—*Purchases of FHA-insured mortgages and loans by type of institutions, 1958*—Continued

Section	Type of institution								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
Percentage distribution of amount:									
Home programs:									
Sec. 8	42.4	5.2	34.7	1.3	3.5	11.8		1.1	100.0
Sec. 203	6.4	5.1	2.1	40.1	4.3	20.5	10.9	4.6	100.0
Sec. 213H	1.1			(1)	.6	18.5	78.4	1.4	100.0
Sec. 220H							100.0		100.0
Sec. 221H					.1		99.8	.1	100.0
Sec. 222	4.9	4.1	3.2	32.2	5.1	27.7	20.0	2.8	100.0
Sec. 603	49.6	8.7	4.3	3.6	9.8	4.9		19.1	100.0
Sec. 809	15.4		.2	7.2	.4	3.3	73.4	.1	100.0
Sec. 903							100.0		100.0
Total	6.2	4.7	2.1	37.1	4.1	25.7	15.7	4.4	100.0
Project programs:									
Sec. 207	17.0	17.4	1.3	11.7	2.8	15.5		34.3	100.0
Sec. 213 management							37.3	62.7	100.0
Sec. 220P			35.6				28.8	35.6	100.0
Sec. 608		.3		3.1		85.4		11.2	100.0
Sec. 803 military						57.1		42.9	100.0
Sec. 803 armed services		.1		.6	6.1	.4	56.8	36.0	100.0
Sec. 908						100.0			100.0
Total	1.8	1.9	.9	1.8	4.7	8.8	43.9	36.2	100.0
Property improvement loans: Sec. 2	72.0	23.4	(1)		1.7	1.9		1.0	100.0
Total all programs	6.9	4.6	1.8	29.0	4.2	21.7	21.0	10.8	100.0
Number of purchasing institutions:									
Home programs:									
Sec. 8	4	2	10	1	3	5		1	26
Sec. 203	295	329	140	211	200	202	1	80	1,548
Sec. 213H	2			1	1	10	1	1	16
Sec. 220H							1		1
Sec. 221H					1		1	1	3
Sec. 222	39	46	28	87	65	111	1	20	397
Sec. 603	13	14	2	6	9	4		1	49
Sec. 809	2		1	10	2	9	1	1	26
Sec. 903							1		1
Project programs:									
Sec. 207	3	4	1	3	1	4		5	21
Sec. 213 management							1	1	2
Sec. 220P			1				1	1	3
Sec. 608		1		1		3		1	6
Sec. 803 military						2		1	3
Sec. 803 armed services		1		1	4	1	1	12	20
Sec. 908						1			1
Property improvement loans: Sec. 2	43	31	1		7	2		3	87

[1] Less than 0.05 percent.

amount of $1,541 million were transferred during 1958. Compared with 1957, the number of transfers rose 22 percent, and the amount by 30 percent. Section 203 mortgages accounted for 87 percent of the amount in purchases and sales, Section 222 for about 6 percent, and Section 213 for over 4 percent.

Of the total amount of home mortgages purchased, $571 million or 37 percent were bought by insurance companies, $395 million or 26 percent by savings banks, and $242 million or 16 percent by Federal agencies, while the other types of institutions trailed with substantially lower volumes (see Table III-20). All of the various types of institutions increased their purchases of FHA home mortgages during 1958, except Federal agencies whose purchases declined by 5 percent because of a substantial drop in Section 203 buying. The most significant increases (dollarwise) were those of savings banks, whose purchases increased $166 million, and insurance companies, whose purchases increased by $94 million. Both of these increases, as well as those for the other financial institutions, resulted mostly from augmented purchases of Section 203 mortgages during 1958. In the active special-purpose programs—Section 213, 220, 221, and 809—Federal agency (i.e. FNMA) purchases represented all but a small proportion of the total.

In the transfer of FHA mortgages by sales, mortgage companies continued to predominate, accounting for 70 percent of the 1958 total. National banks ranked second with 8 percent, followed by State banks and Federal agencies with 7 percent each (see Table III-21).

Several types of institutions sold slightly smaller amounts of mortgages in 1958 than in 1957. Mortgage company sales, however, rose significantly to $1.1 billion. This was 41 percent above 1957 and accounted for the overall increase in home mortgage sales in 1958. Although savings banks sales increased 83 percent to $20 million and "other types" at $68 million were over $2\frac{1}{2}$ times greater than in the preceding year, Federal

TABLE III-21.—*Sales of FHA-insured mortgages and loans by type of institution, 1958*

[Dollar amounts in thousands]

Section	Type of institution								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
Number of mortgages and loans:									
Home programs:									
Sec. 8	1	36	9		1	25	10	1	83
Sec. 203	9,726	8,695	80,191	2,053	1,686	2,154	9,377	4,992	118,874
Sec. 213H	419	303	3,596	31	255		142	444	5,190
Sec. 220H	6	304	6					1	317
Sec. 221H	7	38	1,318		58			22	1,443
Sec. 222	410	376	4,868	87	217	21	752	311	7,042
Sec. 603	113	431	13	106	34	178		5	880
Sec. 809	6	1	626				134	119	886
Sec. 903			1						1
Total	10,688	10,184	90,628	2,277	2,251	2,378	10,415	5,895	134,716
Project programs:									
Sec. 207	6	7	36		3	4			56
Sec. 213 management	2	5	5				2		14
Sec. 220P		2	1		1				4
Sec. 608				8		20			28
Sec. 803 military			2				3	3	8
Sec. 803 armed services	35	45	20	1	4	5		1	111
Sec. 908	1								1
Total	44	59	64	9	8	29	5	4	222
Property improvement loans: Sec. 2	31,552	21,092	11,600		311	353		3,631	68,539
Total all programs	42,284	31,335	102,292	2,286	2,570	2,760	10,420	9,530	203,477
Face amount of mortgages and loans:									
Home programs:									
Sec. 8	$5	$173	$50		$6	$142	$57	$5	$436
Sec. 203	103,405	95,351	943,885	$18,670	19,036	18,186	88,988	57,135	1,344,657
Sec. 213H	5,762	4,415	44,179	414	4,078		1,631	5,475	65,953
Sec. 220H	80	3,374	77					11	3,543
Sec. 221H	60	354	11,743		494			206	12,857
Sec. 222	5,596	5,117	67,369	1,166	2,911	272	9,475	4,211	96,116
Sec. 603	827	2,961	83	626	292	1.347		25	6,160
Sec. 809	80	12	7,848				1,671	1,328	10,939
Sec. 903			9						9
Total	115,815	111,757	1,075,242	20,875	26,817	19,947	101,822	68,396	1,540,671
Project programs:									
Sec. 207	4,980	4,173	27,328		4,080	1,638			42,199
Sec. 213 management	2,873	8,029	6,176				4,444		21,522
Sec. 220P		2,577	3,200		3,200				8,977
Sec. 608				3,030		17,747			20,777
Sec. 803 military			4,508				7,508	5,484	17,499
Sec. 803 armed services	114,821	114,454	35,001	1,758	12,878	12,532		2,831	294,274
Sec. 908	393								393
Total	123,066	129,234	76,213	4,788	20,159	31,916	11,951	8,314	405,641
Property improvement loans: Sec. 2	21,075	14,763	9,501		234	282		2,153	48,007
Total all programs	250,956	255,754	1,160,955	25,664	47,210	52,145	113,773	78.863	1,994.318
Percentage distribution of amount:									
Home programs:									
Sec. 8	1.1	39.7	11.4		1.3	32.4	13.0	1.1	100.0
Sec. 203	7.7	7.1	70.2	1.4	1.4	1.4	6.6	4.2	100.0
Sec. 213H	8.7	6.7	67.0	.6	6.2		2.5	8.3	100.0
Sec. 220H	2.3	95.2	2.2					.3	100.0
Sec. 221H	.5	2.8	91.3		3.8			1.6	100.0
Sec. 222	5.8	5.3	70.1	1.2	3.0	.3	9.9	4.4	100.0
Sec. 603	13.4	48.1	1.3	10.2	4.7	21.9		.4	100.0
Sec. 809	.7	.1	71.8				15.3	12.1	100.0
Sec. 903			100.0						100.0
Total	7.5	7.3	69.8	1.4	1.7	1.3	6.6	4.4	100.0
Project programs:									
Sec. 207	11.8	9.9	64.7		9.7	3.9			100.0
Sec. 213 management	13.4	37.3	28.7				20.6		100.0
Sec. 220P		28.8	35.0		35.6				100.0
Sec. 608				14.6		85.4			100.0
Sec. 803 military			25.8				42.9	31.3	100.0
Sec. 803 armed services	39.0	38.9	11.9	.6	4.4	4.2		1.0	100.0
Sec. 908	100.0								100.0
Total	30.3	31.9	18.8	1.2	5.0	7.9	2.9	2.0	100.0
Property improvement loans: Sec. 2	43.9	30.7	19.8		.5	.6		4.5	100.0
Total all programs	13.0	12.8	58.2	1.3	2.4	2.6	5.7	4.0	100.0

TABLE III-21.—*Sales of FHA-insured mortgages and loans by type of institution, 1958*—Continued

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 selling institutions:									
Home programs:									
Sec. 8	1	4	8		1	4	1	1	20
Sec. 203	251	312	852	60	120	35	3	76	1,709
Sec. 213H	6	5	38	1	2		1	6	59
Sec. 220H	1	1	2					1	5
Sec. 221H	3	3	68		5			5	84
Sec. 222	56	51	357	15	31	7	1	27	545
Sec. 603	13	23	2	14	3	3		1	59
Sec. 809	1	1	18				1	1	22
Sec. 903			1						1
Project programs:									
Sec. 207	2	5	9		1	2			19
Sec. 213 management	1	5	3				1		10
Sec. 220P		1	1		1				3
Sec. 608				3		3			6
Sec. 803 military			2				1	1	4
Sec. 803 armed services	13	7	9	1	2	2		1	35
Sec. 908	1								1
Property improvement loans: Sec. 2	44	33	8		6	2		4	97

agencies experienced the largest relative gain. From total sales of less than $2 million—1/5 of 1 percent of the total in 1957—Federal agency rates climbed to $102 million, accounting for 7 percent of the 1958 total.

Purchases and Sales of Multifamily Housing Mortgages.—Transfers of project mortgages in the secondary market showed a pronounced upturn in 1958, rising to a total of $406 million from $129 million in 1957. This growth was mainly attributable to transfers of Section 803 armed services housing, which accounted for over 85 percent of the increase and represented 73 percent of the total amount of the project mortgages transferred as compared to 44 percent for 1957. The volume of transfers for the other multifamily housing programs, arranged by the type of financial institution involved, is shown in Table III-20 for purchases and in Table III-21 for sales.

The Federal agency category led all other types of mortgagee in the purchase of project mortgages in 1958, with 44 percent of the total amount. This was almost entirely the result of the FNMA special assistance functions involving the purchase of Section 803 armed services housing mortgages. Institutions of the "other" or miscellaneous type, which were first in purchases of project mortgages in 1957, dropped to second in 1958 with 36 percent of the total. This category of institutions also invested mostly in Section 803 mortgages, and these purchases represented exclusively the investments by various city, State, and organization retirement systems. Savings banks dropped to third place in 1958 with only 9 percent of the total.

State banks led in sales of FHA-insured project mortgages for the eighth consecutive year with 32 percent of the 1958 aggregate face amount, while national banks with 30 percent were a close second. National banks have been increasing their sales of project mortgages in recent years, while savings banks, which ranked second in 1955 and 1956, have been selling fewer, slipping to third place in 1957 and fourth in 1958. Both State and national banks, however, have been the chief originators of FHA mortgages since 1950, as well as the leaders in sales, apparently indicating a preference for financing short-term construction loans involving higher interest rates rather than for holding long-term obligations.

Purchases and Sales of Property Improvement Loans.—Tables III-20 and III-21 present data on the secondary market activity in Title I loans during 1958. Only $48 million of insured notes were purchased and sold in these transactions. Of the 87 institutions buying these notes, 43 were national banks and 31 were State banks. Combined, they accounted for $46 million or 95 percent of all purchases. Of the 97 institutions selling notes, 44 national banks sold 44 percent of the dollar volume, 33 State banks disposed of another 31 percent, and the remaining 20 institutions sold 25 percent.

TERMINATIONS, DEFAULTS, AND CLAIMS PAID

This section of the report contains data on the termination and default status of FHA-insured home and multifamily project mortgages and on claims paid on defaulted Title I property improvement loans. As shown in Table III-3, total terminations of FHA-insured mortgages and loans through December 31, 1958 have amounted to over $22.3 billion or 42 percent of the cumulative face amount of insurance written. Of this total, $12.1 billion was in terminated home mortgages, $1.0 billion in multifamily project mortgages, and $9.2 billion in property improvement loans. During 1958, over $1.7 billion of FHA insurance contracts were terminated—almost $891 million in home mortgages, $170 million in mutifamily project mortgages, and nearly $651 million in Title I property improvement loans.

Terminations of Home and Project Mortgages by Type

Termination of an FHA mortgage insurance contract occurs under any of the following conditions:

1. The loan is paid off at maturity.
2. The loan is prepaid prior to maturity. If prepaid without refinancing or with the proceeds of a non-FHA mortgage involving the same or a new mortgagor, it is classified as a prepayment in full. If the prepayment involves refinancing with a new FHA-insured mortgage, it is classified as a prepayment by supersession.
3. The mortgage is foreclosed and title to the property is acquired by the mortgagee. The mortgagee may either (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 "withdrawals" are cases where the mortgage is foreclosed and the property is purchased by a party other than the mortgagee).

Of all FHA home mortgages insured, 2.2 million or 46 percent had been terminated by the close of 1958. The distribution of terminations by the different programs varied from a high of nearly 65 percent for the expired Section 603 program to fractionally low percentages for new programs such as Section 220, 221, or 809. Some 44 percent of the Section 203 insured cases had been terminated, representing 80 percent of all home terminations.

Prepayments have accounted for nearly all of FHA home mortgage terminations through 1958—80 percent of the total being prepayments in full and another 17 percent prepayments by supersession. The high percentage of prepayments has been typical of all FHA home mortgage programs, except Section 903 where foreclosures predominated (see Table III-22).

Foreclosures have accounted for only 1.8 percent of all FHA home mortgage terminations through 1958, with 1.4 percent being transferred to FHA and titles to the remaining 0.4 percent being retained by mortgagees. While the greatest

TABLE III-22.—*Termination of FHA-insured home mortgages, by type, 1935–58*

[Dollar amounts in thousands]

Disposition	Total[1] Number	Total[1] Amount	Sec. 8 Number	Sec. 8 Amount	Sec. 203 Number	Sec. 203 Amount	Sec. 213 Number	Sec. 213 Amount	Sec. 220 Number	Sec. 220 Amount	Sec. 221 Number	Sec. 221 Amount
Mortgages insured	4,730,373	$35,233,949	38,345	$204,260	3,930,956	$29,913,962	22,530	$250,671	1,056	$11,746	4,930	$44,356
Mortgages terminated:												
Prepaid in full	1,720,975	9,525,047	2,549	12,570	1,413,167	7,871,842	460	4,439	1	11	1	8
Prepaid by supersession	372,081	2,206,897	914	4,688	281,738	1,724,082	94	794				
Matured loans	23,119	79,632			23,061	79,426						
Properties acquired by mortgagee:												
Transferred to FHA	30,449	219,029	643	3,525	10,007	69,015	204	1,486			2	15
Retained by mortgagee	8,141	51,297	55	282	5,634	36,123	2	18				
Other terminations	751	3,751	2	9	595	3,080						
Total terminations	2,155,516	12,085,652	4,163	20,975	1,734,202	9,783,568	760	6,736	1	11	3	23
Mortgages in force	2,574,857	23,148,297	34,182	183,285	2,196,754	20,130,394	21,770	243,935	1,055	11,735	4,927	44,333

Disposition	Sec. 222 Number	Sec. 222 Amount	Sec. 603 Number	Sec. 603 Amount	Sec. 603–610 Number	Sec. 603–610 Amount	Sec. 611 Number	Sec. 611 Amount	Sec. 809 Number	Sec. 809 Amount	Sec. 903 Number	Sec. 903 Amount
Mortgages insured	45,255	$604,010	624,653	$3,645,217	3,363	$16,109	75	$556	2,054	$25,793	57,156	$517,270
Mortgages terminated:												
Prepaid in full	635	8,255	301,353	1,607,738	890	3,608	7	51			1,912	16,525
Prepaid by supersession	311	3,767	88,187	467,481	194	794	2	15	1	12	640	5,363
Matured loans			58	206								
Properties acquired by mortgagee:												
Transferred to FHA	21	226	11,018	74,078	13	46					7,941	70,638
Retained by mortgagee	2	29	2,445	14,826	1	3					2	16
Other terminations			154	662								
Total terminations	969	12,277	403,815	2,164,990	1,098	4,452	9	67	1	12	10,495	92,542
Mortgages in force	44,286	591,733	220,838	1,480,227	2,265	11,657	66	489	2,053	25,781	46,661	424,728

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

number of foreclosures have of course been reported under the major programs, Sections 203 and 603, accounting for 41 percent and 36 percent, respectively, of all foreclosures, these cases have represented less than 1 percent of all Section 203 terminations and only 3 percent of the Section 603 terminations. Section 903, on the other hand, has accounted for 21 percent of the default terminations even though it included only 1 percent of the total number of home mortgages insured, reflecting the fact that over 75 percent of the terminations of Section 903 insured contracts have resulted from foreclosure.

Over 38,000 properties securing FHA-insured home mortgages have been acquired by the lending institutions through foreclosure proceedings. Of these, over 8,100 or 21 percent were retained by the mortgagees. Nearly 70 percent of these retained properties had been covered by Section 203 insured mortgages and most of the rest by Section 603 mortgages, indicating that many of these properties may be profitably disposed of in the sales market.

Of the 30,400 properties that had been acquired by mortgagees and transferred to FHA through 1958 (see Table III–23), about 76 percent had been sold—15 percent for cash and 62 percent for cash and notes. The bulk of these properties acquired by FHA through 1958 have been under Section 603 (38 percent), Section 203 (33 percent), and Section 903 (26 percent). By the year end, the FHA had sold 96 percent of the Section 603 properties and 80 percent of the 203's, while still holding about 56 percent of those properties acquired pursuant to insurance contracts written under Section 903—a reflection both of relatively recent acquisitions and of the less desirable locations necessarily associated with certain defense housing. More detailed information on FHA financial experience with acquired properties is presented in Section 5 of this report.

A total of 2,357 FHA-insured project mortgages involving a total face amount of $1.0 billion had been terminated by the end of 1958. This was approximately 16 percent of the total amount of mortgages insured under these programs. Insurance remaining in force at the year end covered 7,553 projects with original face amounts totaling $5,567 million.

Table III–23.—*Disposition of FHA-acquired home properties, Dec. 31, 1958*

Section	Total number acquired [1]	Number of initial sales: Total	Sold for all cash	Sold for cash and notes [2]	Number of properties on hand [3]
8	643	519	8	511	125
203	10,007	7,998	1,158	6,840	2,025
213	204	137	6	131	67
221	2	1	-	1	1
222	21	11	-	11	10
603 [4]	11,631	11,208	2,902	8,306	460
903	7,941	3,533	555	2,978	4,460
Total	30,449	23,407	4,020	18,778	7,148

[1] Excludes FHA repossessions.
[2] Or contracts of deed.
[3] Includes 647 repossessions.
[4] Includes Sec. 603–610 cases.

As shown in Table III–24, the bulk of these terminations (over three-fifths) consisted of prepayments prior to maturity of the obligations. This includes $17 million prepaid by supersession with new FHA-insured mortgages.

Defaults on the part of mortgagors accounted for nearly all the remaining terminations. Default terminations occur when the mortgagee assigns the mortgage to FHA without foreclosing, in exchange for FHA debentures, 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. By the end of 1958, 681 project mortgages had been terminated as a result of default—444 with property title transferred to FHA, 228 assigned to FHA without foreclosure, and 9 with titles retained by the mortgagees. Only 2 mortgages have been terminated through maturity of the obligations, both occurring subsequent to December 31, 1956.

In 1958, 411 project mortgages were prepaid in full. Most of these terminations (326) were attributable to the Section 213 sales-type cooperative program, where the mortgages are terminated soon after completion of the properties so that the individual units may be conveyed to the individual members of the cooperative. This action dissolves the mortgagor corporation originally organized for the purpose of constructing the single-family dwellings and constitutes prepayment in full of the project mortgage. There were 73 default terminations reported in 1958 which resulted in acquisition of the mortgage notes by FHA. Of these, 57 were under the 608 program, 8 under Section 207 and 4 each under Sections 803 and 908.

The disposition of the projects and mortgage notes acquired by FHA is shown in Table III–25. The number of properties acquired by FHA through the end of 1958 increased to 444, while sales were consummated on only 35 properties, leaving 132 on hand, as compared with 95 projects on hand at the end of 1957.

Data covering multifamily housing operations presented in Table III–25 and elsewhere in this section of the annual report represent the number of mortgages (amounts and dwelling units covered by these mortgages) insured by FHA and their disposition. Some differences exist between the data—acquisitions and sales—shown here and those in Section 5 of this report. This is occasioned by the fact that only the December 31st status of a given case is reflected in the table. Consequently, in some instances, the reacquisition and resale of individual properties by the FHA is not reflected.

Mortgage notes assigned to FHA increased to 457 by the end of 1958, of which 223 remained on hand, equaling the year-end "on hand" figure for December 31, 1957.

Table III–24.—*Termination of FHA-insured multifamily housing mortgages, by type, 1935–58*

[Dollar amounts in thousands]

Disposition	Total: Number	Total: Amount	Sec. 207: Number	Sec. 207: Amount	Sec. 213 Sales: Number	Sec. 213 Sales: Amount	Sec. 213 Management: Number	Sec. 213 Management: Amount	Sec. 220: Number	Sec. 220: Amount	Sec. 221: Number	Sec. 221: Amount
Mortgages insured	9,910	$6,594,089	940	$620,645	803	$269,327	169	$287,609	42	$100,883	11	$17,282
Mortgage insurance terminated:												
Prepayments in full	1,630	639,509	340	135,193	689	228,688	2	804	-	-	-	-
Prepayments by supersession	30	17,310	13	8,032	-	-	-	-	-	-	-	-
Matured loans	2	700	2	760	-	-	-	-	-	-	-	-
Default terminations (total)	(681)	(366,592)	(50)	(38,160)	(3)	(2,192)	(2)	(947)	-	-	-	-
Mortgages assigned by mortgagee:												
Mortgage held or sold by FHA	228	150,932	12	12,453	2	1,974	-	-	-	-	-	-
Title acquired by FHA	229	101,071	6	3,666	1	219	1	700	-	-	-	-
Titles acquired by mortgagee:												
Property transferred to FHA	215	112,950	25	20,634	-	-	1	247	-	-	-	-
Property retained by mortgagee	9	1,639	7	1,407	-	-	-	-	-	-	-	-
Other terminations	14	2,598	9	938	-	-	-	-	-	-	-	-
Total terminations	2,357	1,026,769	414	183,083	692	230,880	4	1,750	-	-	-	-
Mortgages in force, Dec. 31, 1958	7,553	5,567,320	526	446,562	111	38,447	165	285,858	42	100,883	11	17,282

Disposition	Sec. 608: Number	Sec. 608: Amount	Sec. 608–610: Number	Sec. 608–610: Amount	Sec. 611: Number	Sec. 611: Amount	Sec. 803 Military: Number	Sec. 803 Military: Amount	Sec. 803 Armed Services: Number	Sec. 803 Armed Services: Amount	Sec. 908: Number	Sec. 908: Amount
Mortgages insured	7,044	$3,440,017	23	$8,360	25	$11,991	274	$683,143	482	$1,082,407	97	$63,427
Mortgage insurance terminated:												
Prepayments in full	563	260,015	10	1,905	25	11,991	-	-	-	-	1	316
Prepayments by supersession	17	9,278	-	-	-	-	-	-	-	-	-	-
Matured loans	-	-	-	-	-	-	-	-	-	-	-	-
Default terminations (total):	(673)	(280,271)	(1)	(263)	-	-	(22)	(28,342)	-	-	(30)	(16,417)
Mortgages assigned by mortgagee:												
Mortgage held or sold by FHA	187	112,789	-	-	-	-	9	13,305	-	-	18	10,411
Title acquired by FHA	206	80,887	-	-	-	-	8	10,960	-	-	7	4,640
Titles acquired by mortgagee:												
Property transferred to FHA	178	86,363	1	263	-	-	5	4,078	-	-	5	1,366
Property retained by mortgagee	2	232	-	-	-	-	-	-	-	-	-	-
Other terminations	5	1,660	-	-	-	-	-	-	-	-	-	-
Total terminations	1,158	551,825	11	2,167	25	11,991	22	28,342	-	-	31	16,731
Mortgages in force, Dec. 31, 1958	5,886	2,888,193	12	6,192	-	-	252	654,801	482	1,082,407	66	46,695

Terminations of Home and Project Mortgages by Years

Total FHA terminations, foreclosures, and property acquisitions for the years 1950–58 and cumulatively from the beginning of operations are shown in Table III–26, together with the comparable volumes of insurance written and the percentage relationships of total terminations, foreclosures, and FHA acquisitions to the total numbers insured. FHA total home mortgage terminations in 1958 numbered 117,400—very slightly less than in 1957. The volume of terminations under Section 203, which accounted for over 86 percent of all terminations reported during the year, showed a 1.8 percent increase, but this was largely compensated for by a 12 percent decline in the number of Section 603 cases.

The total number of foreclosures during 1958 dropped 9 percent to 3,100 cases, or less than 3 percent of total terminations. Of these mortgages, nearly one-third involved properties being held by mortgagees at the year end, pending the expiration of redemption periods or decision to

TABLE III-25.—*Disposition of FHA-acquired multifamily housing properties and mortgages, Dec. 31, 1958*

Section	FHA-acquired multifamily housing properties					
	Total	Properties sold by FHA				On hand [1]
		Total	With reinsurance	Without reinsurance	With mortgage held by FHA	
Number of projects:						
Section 207	31	24	7	6	11	7
Section 213 sales	1	1			1	
Section 213 mngt	2					2
Section 608	384	283	4	43	236	101
Section 608-610	1	1		1		
Section 803 mil	13	2		1	1	11
Section 908	12	1			1	11
Total	444	312	11	51	250	132
Number of units:						
Section 207	4,859	3,771	1,491	852	1,428	1,088
Section 213 sales	26	26			26	
Section 213 mngt	92					92
Section 608	24,405	16,443	844	2,209	13,390	7,962
Section 608-610	150	150		150		
Section 803 mil	1,846	325		125	200	1,521
Section 908	824	54			54	770
Total	32,202	20,769	2,335	3,336	15,098	11,433

Section	Mortgage notes assigned to FHA					
	Total	Mortgage note disposition				On hand
		Total	Sold with reinsurance	Sold without reinsurance	Foreclosed with property acquired by FHA	
Number of projects:						
Section 207	18	7	1		6	11
Section 213 sales	3	2		1	1	1
Section 213 mngt	1	1			1	
Section 608	393	209		3	206	184
Section 803 mil	17	8			8	9
Section 908	25	7			7	18
Total	457	234	1	4	229	223
Number of units						
Section 207	2,360	1,444	1,102		342	916
Section 213 sales	211	170		144	26	41
Section 213 mngt	70	70			70	
Section 608	26,424	11,575		66	11,509	14,849
Section 803 mil	3,108	1,342			1,342	1,766
Section 908	2,030	634			634	1,396
Total	34,203	16,235	1,102	210	13,923	18,968

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

transfer to FHA. Section 203 led in the total number of foreclosures with 2,100 cases, two-thirds of the total, while Section 903 had 600 cases or 19 percent of the total. However, the Section 203 foreclosures represented only 2 percent of total 203 terminations reported during the year, while the Section 903 foreclosures represented 65 percent of the 1958 terminations under that program. The ratio of cumulative FHA mortgage foreclosures to insurance written for all home mortgage programs combined remained at 0.84 percent in 1958, although all of the sections under which foreclosures have been reported showed an increased ratio, with that under Section 203 being the most significant from a volume standpoint.

The volume of FHA acquisitions, like foreclosures, decreased in 1958 to 2,300 cases—15 percent below 1957—even though Section 203 experienced an increase of 46 percent. The overall decline stemmed from decreases in all other home mortgage sections, and particularly from a 50 percent decline in Section 903. The ratio of acquisitions to mortgages insured was also down slightly from 1957 to 0.64 percent. As with foreclosures, all of the home mortgage sections under which properties have been acquired showed increases in their cumulative acquisition ratios for 1958 over 1957, but this was compensated for by the increasing, though still small, volumes of insurance being written under such programs as Sections 220 and 809, under which there had been no foreclosures or acquisitions through the year end.

Chart III-11 shows the number of FHA home mortgages terminated, and terminations as a percent of insurance in force by years. Terminations and termination rates were highest in the postwar years of 1946–47 when many mortgagors prepaid their mortgages with accumulated savings or by selling their homes. In 1958, however, the termination rate reached the lowest ratio of the postwar period. This was the result not only of a lower number of terminations, but also of a marked increase in the volume of insurance in force. Prepayments primarily determine the number of terminations and, to a great extent, the termination rate, since more than 97 percent of FHA home mortgage terminations have been the result of prepayments.

Foreclosures, as a percent of insurance in force,

CHART III-11

TERMINATION OF FHA HOME MORTGAGES, 1935–58

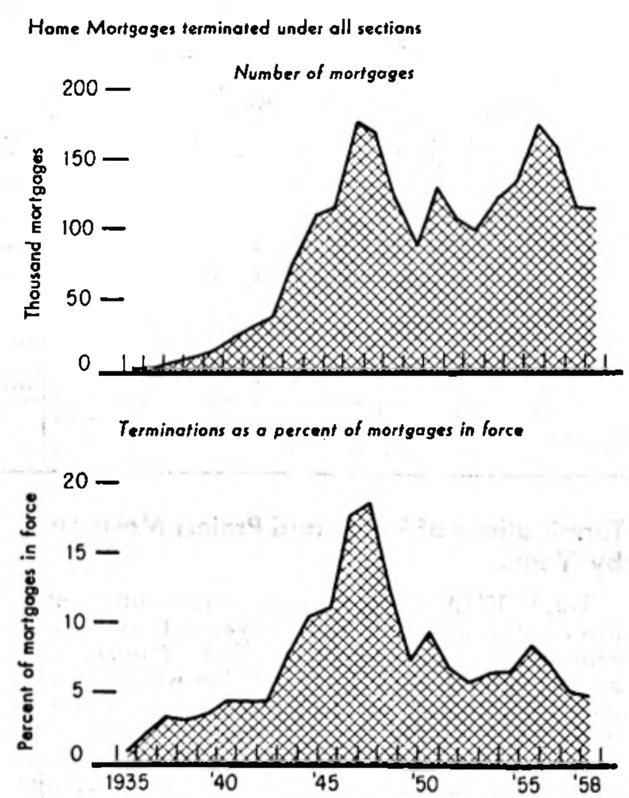


TABLE III-26.—*Terminations of FHA-insured home mortgages, by years, 1950–58*

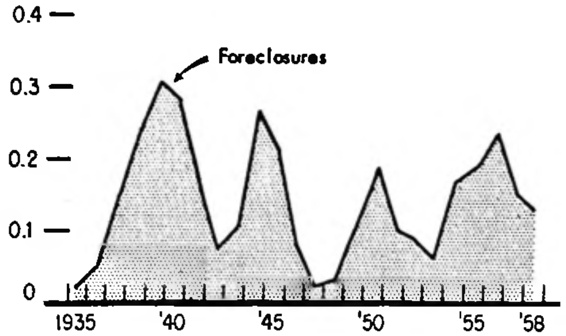
Year	Insurance written: Number of cases for the period	Insurance written: Cumulative through end of year	Total terminations: Number for the period	Total terminations: Cumulative through end of year: Number	Total terminations: Cumulative: Percent of total insured	Foreclosures [1]: Number for the period	Foreclosures: Cumulative: Number	Foreclosures: Cumulative: Percent of total insured	FHA acquisitions: Number for the period	FHA acquisitions: Cumulative: Number	FHA acquisitions: Cumulative: 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	.60	1,573	17,048	.47
1955	310,870	3,901,940	177,746	1,761,004	45.13	4,021	27,870	.71	3,796	20,844	.53
1956	248,121	4,150,061	159,458	1,920,462	46.28	5,268	33,138	.80	4,677	25,521	.61
1957	198,429	4,348,490	117,661	2,038,123	46.87	3,405	36,543	.84	2,657	28,178	.65
1958	381,883	4,730,373	117,393	2,155,516	45.57	3,087	39,630	.84	2,271	30,449	.64
Section 8:											
1951	6,170	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	38,193	754	1,321	3.46	79	193	.51	46	128	.34
1956	139	38,332	035	2,256	5.89	174	367	.96	141	269	.70
1957	8	38,345	879	3,135	8.18	217	584	1.52	219	488	1.27
1958		38,345	1,028	4,163	10.86	189	773	2.02	155	643	1.68
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	1,140,484	42.72	741	8,509	.32	263	5,285	.20
1954	175,698	2,866,157	105,603	1,255,087	43.79	1,131	9,640	.34	427	5,712	.20
1955	294,772	3,160,929	144,937	1,400,024	44.29	1,096	10,736	.34	485	6,197	.20
1956	234,929	3,395,858	133,083	1,533,107	45.15	2,089	12,825	.38	1,572	7,769	.23
1957	181,680	3,577,538	99,659	1,632,766	45.64	1,514	14,339	.40	910	8,679	.24
1958	353,418	3,930,956	101,436	1,734,202	44.12	2,061	16,400	.42	1,328	10,007	.25
Section 213:											
1952	3,235	3,548	1	1	.03						
1953	2,680	6,237	10	11	.18						
1954	4,502	10,739	22	33	.31	4	4	.04	3	3	.03
1955	1,054	11,703	106	139	1.18	46	50	.42	14	17	.14
1956	677	12,470	216	355	2.85	62	112	.90	63	80	.64
1957	4,233	16,703	205	560	3.35	55	167	1.00	71	151	.90
1958	5,827	22,530	200	760	3.37	66	233	1.03	53	204	.91
Section 220:											
1957	455	512	1	1	.20						
1958	544	1,056		1	.09						
Section 221:											
1958	4,394	4,930	3	3	.06	3	4	.08	2	2	.04
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
1958	16,374	45,255	565	969	2.14	19	27	.06	17	21	.05
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	[illegible]	627,893	24,287	260,237	41.45	763	10,740	1.71	735	9,109	1.45
1952	45	627,942	19,743	279,080	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
1958		628,016	13,241	404,913	64.47	152	14,104	2.25	76	11,631	1.85
Section 809:											
1958	1,326	2,054	1	1	.05						
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	10.55
1957	33	57,156	1,633	9,577	16.76	1,416	7,492	13.11	1,273	7,301	12.77
1958		57,156	918	10,495	18.36	597	8,089	14.15	640	7,941	13.89

[1] Includes terminations with titles transferred to FHA or retained by mortgagee; also foreclosed properties held by mortgagees pending redemption period or final disposition—75 under Sec. 8, 759 under Sec. 203, 27 under Sec. 213, 2 under Sec. 221, 4 under Sec. 222, 27 under Sec. 603, 146 under Sec. 903.
[2] Includes Sec. 611 home mortgages and excludes Sec. 2 home loans.
[3] Includes Sec. 603-610 cases.

CHART III–12

FORECLOSURES OF FHA HOME MORTGAGES, 1935–58

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



* Includes cases held in mortgagee inventory.

are shown on Chart III–12 by years. These rates declined slightly in 1958. The 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. It should be noted that these fluctuations are slight, but appear large since they are plotted on a magnified scale.

Data showing the trend of multifamily housing mortgage terminations for selected years from 1950 through 1958 are shown in Table III–27. Almost one-fifth of all dwelling units insured had been terminated by the end of 1958, with about one-third of these unit terminations resulting from default of the mortgagors. The ratio of cumulative terminations to mortgage insurance written (based on units) rose nearly 1 percent in 1958. The increased number of mortgages terminated during the year in part reflected a sizable number of Section 213 sales-type cooperative terminations, which characteristically occur soon after insurance and account for the high termination ratio.

The Section 207 termination ratio for the years 1950 through 1958 has steadily declined from 81 to 46 percent, reflecting a rising level of insurance written coupled with a decreasing number of terminations. Most of the terminated cases under this program were insured under prewar provisions. By the end of 1958, terminations accounted for more than 96 percent of the units in these prewar projects.

Over one-half of all project terminations through 1958 were accounted for by the Section 608 program, and involved about one-sixth of the total number of units insured under this section. Default terminations, moreover, accounted for nearly one-half of these terminations, and stemmed for the most part from mortgages insured under the postwar provisions of this program. The termination ratio of Section 608 as well as of Section 608–610 will continue to rise over the years, since no more insurance can be written under the Title VI programs. Section 611, for instance, has a termination ratio of 100 percent, but covered only 25 projects involving less than three-tenths of 1 percent of all project dwelling units ever insured by FHA.

Section 908, also an expired program, has a high termination ratio which will continue to rise, but, significantly, these terminations resulted almost solely from defaults of the mortgagors.

Defaults of Home and Project Mortgages by Years

After declining steadily since 1954, defaults of FHA-insured home mortgages increased during 1958 by about 40 percent (see Chart III–13), bringing the number in default at the year end to approximately 6 out of every 1,000 insured home mortgages in force, compared to about 5 of every 1,000 at the end of 1957. These defaults, because of a time lag between default and foreclosure, were not reflected in the foreclosure rate by the end of 1958, since it showed a decrease.

Table III–28 presents data for the period 1950–58 on the trend of total FHA home mortgage defaults, of defaults where foreclosure was in

CHART III–13

DEFAULTS OF FHA HOME MORTGAGES, 1950–58

Mortgages in default under all home mortgage programs

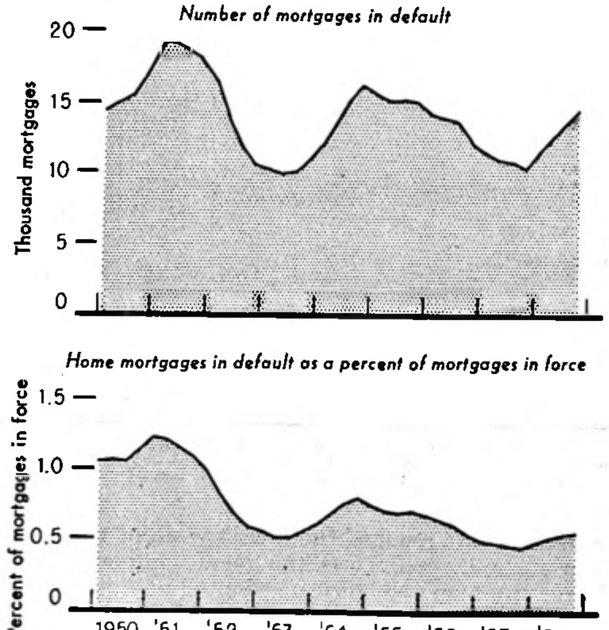


TABLE III–27.—*Termination of FHA-insured multifamily housing mortgages, for selected years, 1950–58*

Year	Total terminations: Number for the period: Number of mortgages	Number of units	Cumulative through end of year: Number of mortgages	Dwelling units: Number	Percent of total insured	Default terminations[1]: Number for the period: Number of mortgages	Number of units	Cumulative through end of year: Number of mortgages	Dwelling units: Number	Percent of total insured
Total:[2]										
1950	137	10,961	553	52,232	10.54	66	2,646	112	9,005	1.82
1952	99	8,321	803	70,089	11.65	39	3,162	233	16,473	2.70
1954	187	12,013	1,129	95,241	14.25	76	5,548	377	27,416	4.10
1955	290	16,991	1,419	112,232	16.56	98	6,909	475	34,325	5.06
1956	162	16,022	1,581	128,254	18.62	65	7,536	540	41,861	6.08
1957	201	10,824	1,872	139,078	18.99	68	4,286	608	46,147	6.30
1958	485	18,750	2,357	[3] 157,828	19.79	73	6,720	681	52,867	6.63
Section 207:										
1950	18	2,883	327	37,252	81.16			25	4,483	9.77
1952	10	733	343	38,512	67.76	1	20	26	4,503	7.92
1954	12	1,136	364	40,616	53.83	1	214	30	4,876	6.46
1955	20	1,710	384	42,326	52.54	10	887	40	5,763	7.15
1956	9	763	393	43,089	53.00	2	360	42	6,123	7.53
1957	5	203	398	43,292	50.48			42	6,123	7.14
1958	16	1,460	414	[3] 44,752	46.07	8	1,102	50	7,225	7.44
Section 213 sales:										
1952	10	1,794	19	2,062	11.42	1	144	1	144	.80
1954	55	2,874	97	8,064	78.12			3	211	1.84
1955	89	3,029	186	11,993	99.03			3	211	1.74
1956	12	420	198	12,413	92.88			3	211	1.58
1957	168	3,083	360	15,496	80.49			3	211	1.10
1958	326	5,723	692	21,219	89.03			3	211	.89
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
1958	1	46	4	150	.53			2	92	.32
Section 608:										
1950	114	7,018	221	13,920	3.25	66	2,646	87	4,522	1.06
1952	67	5,112	419	28,200	6.05	37	2,998	206	11,826	2.54
1954	109	7,347	633	42,472	9.12	70	5,026	339	22,021	4.73
1955	165	10,300	798	52,772	11.33	75	4,209	414	26,230	5.63
1956	128	13,223	926	65,095	14.17	53	5,608	467	31,838	6.84
1957	100	6,343	1,026	72,338	15.53	49	3,047	516	34,885	7.49
1958	132	10,315	1,158	[3] 82,653	17.75	57	4,472	573	39,357	8.45
Section 608–610:										
1950	4	960	4	960	24.58					
1952	1	10	5	970	24.78					
1954	1	10	6	980	25.03					
1955	1	150	7	1,130	28.86	1	150	1	150	3.83
1956	3	48	10	1,178	30.09			1	150	3.83
1957			10	1,178	30.09			1	150	3.83
1958	1	20	11	1,198	30.60			1	150	3.83
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
1958	4	986	22	3,612	4.26	4	986	22	3,612	4.26
Section 908:										
1954	4	253	4	253	3.02	4	253	4	253	3.02
1955	8	594	12	847	9.98	8	594	12	847	9.98
1956	7	948	19	1,795	21.15	7	948	19	1,795	21.15
1957	7	265	26	2,060	24.28	7	265	26	2,060	24.28
1958	5	200	31	2,260	26.64	4	160	30	2,220	26.16

[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.

process, and of the "mortgagee inventory" (i.e. completed foreclosure transactions on which FHA insurance was still in force pending expiration of redemption periods or mortgagees' decisions concerning disposition of the property).

Over three-fourths of FHA-insured home mortgages in default at the end of 1958 were insured under Section 203, but these represented only ½ of 1 percent of the insured cases in force under this section. Section 603, with 8 percent of the defaults, also had a default ratio of ½ of 1 percent. Section 903 accounted for 10 percent of total defaults and had the highest default ratio—3.08 percent or 31 per 1,000 cases. In all FHA home mortagage programs under which defaults had been reported, the number of delinquencies and the delinquency ratios for 1958 were above the 1957 levels.

TABLE III-28.—*Default status of FHA-insured home mortgages, by years, 1950–58*

As of year end	Mortgages in force	Defaults and potential FHA acquisitions					
		Total defaults		Foreclosures in process		Mortgagee inventory [2]	
		Number	Percent of in force	Number	Percent of in force	Number	Percent of in force
Total: [1]							
1950	1,511,402	17,058	1.13	1,167	0.08	950	0.06
1951	1,654,276	18,007	1.09	899	.05	607	.04
1952	1,787,568	10,562	.59	646	.04	513	.03
1953	1,925,485	10,778	.56	822	.04	299	.02
1954	2,007,812	16,231	.81	1,091	.05	1,371	.07
1955	2,140,936	14,988	.70	2,755	.13	807	.04
1956	2,229,599	11,973	.54	1,731	.08	695	.03
1957	2,310,367	10,333	.45	1,013	.04	821	.04
1958	2,574,857	14,455	.56	1,878	.07	1,040	.04
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
1958	34,182	521	1.52	63	.18	75	.22
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
1958	2,196,754	11,001	.50	1,161	.05	759	.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
1958	21,770	184	.85	33	.15	27	.12
Section 220:							
1956	57						
1957	511						
1958	1,055						
Section 221:							
1956	16						
1957	536	1	.19			1	.19
1958	4,927	55	1.12	7	.14	2	.04
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
1958	44,286	88	.20	17	.04	4	.01
Section 603: [3]							
1950	391,226	7,578	1.94	665	.17	644	.16
1951	367,656	6,913	1.88	383	.10	382	.10
1952	347,962	3,317	.95	203	.06	334	.10
1953	326,600	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
1958	223,103	1,171	.52	85	.04	27	.01
Section 809:							
1956	12						
1957	728						
1958	2,053						
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	981	1.89	223	.43
1956	49,179	1,930	3.92	702	1.43	47	.10
1957	47,579	1,025	2.15	60	.13	189	.40
1958	46,661	1,435	3.08	512	1.10	146	.31

[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

FHA home mortgages in process of foreclosure at the end of 1958 represented only 13 percent of the total number in default and about 7 out of every 10,000 insured mortgages in force. The "mortgagee inventory" category accounted for 7 percent of the total in-default mortgages and for 4 of every 10,000 cases in force.

The trend of FHA home mortgage defaults is depicted graphically on Chart III-13 for the period from 1950 through 1958. The steady increase during 1958 of both the number of defaults and the default ratio is evident.

The default ratio for multifamily housing mortgages in force at the end of 1958 continued at the low level reported for a year earlier—less than 1 percent of all units securing insured mortgages in force being involved in the mortgages reported in default. It may be noted that the number of mortgages in default almost doubled during the year, but a disproportionately small increase in the number of units resulted in a ratio of 0.68 percent, up only slightly from the 0.63 percent reported for December 31, 1957.

The trends of insured project mortgages in force, those in default, defaulted mortgages in process of assignment to FHA, and properties being acquired by mortgagees are shown in Table III-29 for each year end from 1950 through 1958. Insured mortgages in force at the end of 1958

CHART III–14

DEFAULTS OF MULTIFAMILY MORTGAGES, 1950–58

Mortgages in default under all multifamily programs

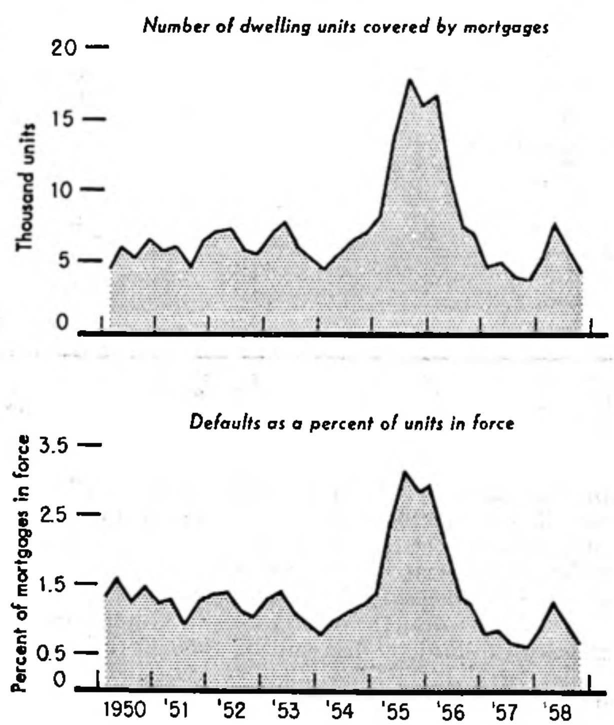


TABLE III-29.—*Status of FHA-insured multifamily housing mortgages in force, for selected years, 1950–58*

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	36	1,933	0.44
1952	7,149	538,305	70	5,585	1.04	2	208	.04	17	526	.10
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	560,606	52	6,962	1.24	2	224	.04	9	485	.09
1957	7,249	593,481	34	3,728	.63	2	32	.01	2	404	.07
1958	7,553	639,684	62	4,334	.68	8	179	.03	7	394	.06
Section 207:											
1950	76	8,650	1	800	9.25						
1952	193	18,323	2	42	.23						
1954	354	34,836	7	886	2.54	1	104	.30	2	150	.43
1955	381	38,234	8	2,532	6.62	1	299	.78	2	538	1.41
1956	384	38,207									
1957	423	42,407	3	454	1.07				2	404	.95
1958	526	52,380	1	208	.40						
Section 213 sales:											
1950	6	285									
1952	24	3,832									
1954	76	2,510	1	274	10.92						
1955	4	117									
1956	39	951									
1957	162	3,757									
1958	111	2,614									
Section 213 management:											
1952	57	12,160									
1954	100	20,367									
1955	115	21,232	6	1,235	5.82						
1956	125	22,917	1	22	.10				1	22	.10
1957	144	25,600									
1958	165	28,179									
Section 220:											
1956	5	1,051									
1957	25	6,202									
1958	42	8,862	1	254	2.87						
Section 221:											
1958	11	2,024									
Section 608:											
1950	6,510	413,909	112	5,695	1.38	12	212	.05	36	1,933	.47
1952	6,630	437,749	67	5,524	1.26	2	208	.05	17	526	.12
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	6,110	390,679	38	5,689	1.42	1	24	.01	3	192	.05
1957	6,010	393,336	23	1,799	.46	2	32	.01			
1958	5,880	383,021	50	1,788	.47	7	141	.04	7	394	.10
Section 608-610:											
1950	18	2,945									
1952	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									
1958	12	2,717									
Section 803 military:											
1950	56	10,609									
1952	186	59,585									
1954	259	81,021	4	708	.87				1	200	.25
1955	263	82,213	14	4,212	5.12	1	350	.43	1	200	.24
1956	265	82,645	7	968	1.17	1	200	.24	2	199	.24
1957	256	82,257	7	1,435	1.74						
1958 [2]	252	81,271	9	2,046	2.52						
Section 803 armed services:											
1955	1	420									
1956	17	5,810									
1957	136	30,691									
1958	482	72,391									
Section 908:											
1952	36	3,207									
1954	92	8,126	12	1,066	13.12	2	92	1.13	4	150	1.85
1955	85	7,638	8	810	10.60	2	220	2.88	4	150	1.96
1956	78	6,690	6	283	4.23				3	72	1.08
1957	71	6,425	1	40	.62						
1958	66	6,225	1	38	.61	1	38	.61			

[1] Includes Sec. 611.
[2] Includes 158 projects involving 52,841 units acquired by the Department of Defense; of these, 3 projects (346 units) were in default status.

TABLE III-30.—*Terminations and default status of FHA-insured home mortgages, by States, as of Dec. 31, 1958*

State	Total mortgages insured 1935-58	Terminations, 1935-58: Total	Terminations, 1935-58: Fore-closures [1]	Terminations, 1935-58: FHA acquisitions	Insured mortgages in force Dec. 31, 1958	Defaults as of Dec. 31, 1958: Total	Defaults as of Dec. 31, 1958: Foreclosures in process	Defaults as of Dec. 31, 1958: Mortgagee inventory [2]	Insured mortgages in good standing Dec. 31, 1958
		As percent of insured				As percent of in force			
Alabama	57,746	39.48	1.53	1.34	34,950	0.25	0.01	0.01	34,862
Alaska	3,727	31.66	8.16	7.78	2,547	2.63	.94	.51	2,480
Arizona	70,004	25.24	1.96	1.79	52,334	.45	.05	.03	52,101
Arkansas	46,676	39.51	1.91	1.53	28,232	.64	.12	.09	28,050
California	739,993	51.09	.26	.15	361,937	.39	.09	.01	360,517
Colorado	55,529	43.37	.41	.30	31,448	.15	.02	.03	31,400
Connecticut	58,965	41.40	2.90	2.72	34,555	.54	.09	----------	34,367
Delaware	11,429	43.75	.54	.26	6,429	.50	.08	.05	6,397
District of Columbia	7,457	62.46	.51	.31	2,700	1.14	----------	----------	2,767
Florida	147,218	29.54	.62	.42	103,728	.46	.02	.02	103,256
Georgia	84,111	37.84	2.29	2.01	52,287	.93	.05	.17	51,801
Idaho	26,540	46.76	.32	.22	14,129	.34	.02	.01	14,081
Illinois	190,880	61.44	.22	.11	73,594	.45	.00	.03	73,260
Indiana	149,758	48.46	.54	.37	77,181	.67	.14	.01	76,665
Iowa	47,017	47.34	.49	.37	24,760	.48	.04	.06	24,640
Kansas	87,384	41.67	1.45	1.13	50,968	.86	.13	.13	50,529
Kentucky	45,506	46.05	.32	.21	24,552	.31	.03	----------	24,477
Louisiana	81,041	39.04	1.60	1.33	49,401	.62	.07	.04	49,095
Maine	18,080	46.43	2.44	1.96	9,686	1.85	.20	.02	9,507
Maryland	68,803	50.47	2.05	1.82	34,076	.38	.03	.02	33,948
Massachusetts	39,568	40.13	1.70	1.35	23,688	1.08	.27	.06	23,431
Michigan	316,411	45.32	.69	.37	173,028	.66	.08	.08	171,892
Minnesota	48,232	49.78	.75	.58	24,222	.50	.01	.01	24,101
Mississippi	33,770	37.81	.62	.44	21,003	.43	.02	.04	20,912
Missouri	124,097	47.48	.42	.33	65,177	.29	.01	.03	64,991
Montana	17,725	47.17	.10	.03	9,365	.32	.02	.01	9,335
Nebraska	46,597	48.06	.58	.33	24,204	.58	.10	.02	24,064
Nevada	15,644	31.94	1.10	.97	10,647	.47	.05	.05	10,597
New Hampshire	7,413	52.52	2.23	1.31	3,520	3.47	.03	.06	3,398
New Jersey	167,534	54.33	1.23	.90	76,506	1.13	.10	.04	75,641
New Mexico	31,164	27.55	.14	.05	22,577	.13	.02	.02	22,548
New York	246,883	40.92	.91	.59	145,847	.91	.07	.03	144,517
North Carolina	57,279	37.89	.75	.54	35,575	.54	.02	.05	35,382
North Dakota	5,507	42.09	.38	.11	3,189	.88	.03	.31	3,161
Ohio	230,093	53.29	.71	.61	107,467	.70	.08	.01	106,620
Oklahoma	109,941	41.03	1.10	.93	64,820	.45	.08	.05	64,536
Oregon	66,663	43.56	.71	.55	37,625	.68	.04	.08	37,371
Pennsylvania	229,586	54.26	.28	.14	105,002	.62	.02	.03	104,347
Rhode Island	14,400	39.29	1.20	.85	8,742	1.34	.02	----------	8,625
South Carolina	41,119	39.62	5.30	5.00	24,829	1.37	.76	.14	24,490
South Dakota	16,559	47.85	.39	.11	8,635	.54	.02	.27	8,588
Tennessee	92,855	37.49	.59	.44	58,044	.24	0.02	.02	57,906
Texas	300,574	34.52	1.13	.89	196,830	.39	.07	.08	196,058
Utah	45,805	47.86	1.00	.88	23,863	.43	.02	.01	23,781
Vermont	6,265	55.91	1.28	.78	2,762	1.45	.14	----------	2,722
Virginia	104,087	40.73	1.35	1.21	61,697	.20	(3)	.01	61,534
Washington	185,703	50.65	.48	.28	91,639	.42	.04	.05	91,257
West Virginia	27,991	55.91	1.23	1.07	12,342	.41	.02	.02	12,291
Wisconsin	39,671	57.13	.58	.44	17,007	.96	.06	.04	16,844
Wyoming	15,078	53.60	.25	.18	6,906	.40	----------	.06	6,968
Hawaii	15,736	33.61	.04	.02	10,447	.69	----------	----------	10,375
Puerto Rico	27,912	16.42	.23	.10	23,328	.09	.01	----------	23,307
Virgin Islands	35	2.86	----------	----------	34	----------	----------	----------	34
Guam	286	3.85	----------	----------	275	----------	----------	----------	275
Total [4]	4,726,064	45.61	.84	.64	2,570,548	.56	.07	.04	2,556,093

[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, 1958, excluding Title I, Sec. 2, homes.

covered 7,553 projects with 639,684 units. Of these, 62 projects, accounting for 4,334 units, were reported in default, with 15 in the process of assignment or title transfer. Defaulted project mortgages together with cumulative acquisitions (mortgage notes assigned and property title transferred to FHA) represented 7 percent of units covered by insurance written from 1935 through 1958.

Not all units reported in default result in mortgage note assignment or property transfers to FHA, since a substantial number of these mortgages regain good standing. This restoration of status tends to minimize the ratio of terminations by default to insurance in force, discussed in the previous section.

The trend of project defaults is shown graphically in Chart III-14. The default ratio markedly reflects the experience of the Section 608 program, particularly in the earlier years of the period depicted. In 1958 this program accounted for only 60 percent of the units covered by insurance in force, as compared with over 90 percent in 1950. Except for 1956, Section 608 defaults represented about one-half of all defaulted units for each of the year ends beginning with 1954.

Terminations and Defaults by States

The termination and default status of FHA home mortgages in each State, Territory, and possession as of December 31, 1958 is shown in

TABLE III-31.—*Terminations and default status of FHA-insured multifamily housing mortgages, by State location, as of Dec. 31, 1958*

State	Total units covered by insurance 1935-58	Units in terminated mortgages 1935-58: 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, 1958	Units in default as of Dec. 31, 1958: Total	Units in default as of Dec. 31, 1958: Potential acquisitions [3]	Units covered by insured mortgages in good standing Dec. 31, 1958
		As percent of insured units					As percent of units in force		
Alabama	13,062	17.75	12.16	2.67	9.43	11,237	0.87	0.87	11,139
Alaska	3,853	33.38	33.38	26.86	6.51	2,567	----------	----------	2,567
Arizona	9,486	49.77	1.80	.76	1.04	4,765	----------	----------	4,765
Arkansas	3,776	33.24	12.58	1.27	11.31	2,521	----------	----------	2,521
California	61,903	25.53	3.70	1.38	.55	46,168	1.09	----------	45,667
Colorado	5,206	20.05	1.84	1.84	----------	4,162	----------	----------	4,162
Connecticut	7,860	16.44	1.78	----------	1.78	6,568	----------	----------	6,568
Delaware	5,392	18.62	15.36	14.61	.74	4,388	4.83	4.83	4,176
District of Columbia	21,881	30.91	5.25	1.87	3.38	15,117	----------	----------	15,117
Florida	19,033	17.92	14.85	4.58	10.27	15,622	1.14	.46	15,444
Georgia	25,351	16.00	8.45	3.21	5.17	21,295	1.13	----------	21,055
Idaho	1,416	39.83	39.12	10.81	28.32	852	----------	----------	852
Illinois	24,700	28.19	.19	----------	.19	17,779	----------	----------	17,779
Indiana	10,135	17.89	9.52	7.42	2.10	8,322	.30	.30	8,297
Iowa	2,341	15.21	----------	----------	----------	1,985	----------	----------	1,985
Kansas	7,172	16.02	8.45	4.90	3.35	6,023	----------	----------	6,023
Kentucky	9,072	10.72	12.32	1.55	10.77	7,555	----------	----------	7,555
Louisiana	12,556	40.07	32.83	10.00	22.83	6,772	3.07	----------	6,564
Maine	3,220	8.03	5.55	----------	5.55	2,967	7.82	----------	2,735
Maryland	44,902	17.55	3.67	1.96	1.71	37,020	2.01	----------	36,276
Massachusetts	6,578	15.92	10.84	----------	10.84	5,531	----------	----------	5,531
Michigan	16,744	24.13	.86	----------	----------	12,703	----------	----------	12,703
Minnesota	6,873	23.91	10.65	2.47	8.03	5,230	----------	----------	5,230
Mississippi	3,202	33.82	33.14	.50	32.64	2,119	----------	----------	2,119
Missouri	13,912	25.99	8.34	----------	8.27	10,296	----------	----------	10,296
Montana	987	5.07	5.07	5.07	----------	937	----------	----------	937
Nebraska	4,094	14.24	----------	----------	----------	3,511	----------	----------	3,511
Nevada	2,831	20.99	----------	----------	----------	1,982	----------	----------	1,982
New Hampshire	1,344	13.10	12.20	----------	12.20	1,168	.68	----------	1,160
New Jersey	62,124	20.33	6.71	3.95	2.69	49,496	1.12	----------	48,942
New Mexico	4,715	15.10	----------	----------	----------	4,003	----------	----------	4,003
New York	143,885	10.91	1.98	.70	1.06	128,187	.60	----------	127,423
North Carolina	22,216	12.00	5.12	1.18	3.94	19,550	.20	----------	19,510
North Dakota	1,891	3.54	3.54	2.49	1.06	1,824	----------	----------	1,824
Ohio	25,223	17.33	1.68	1.59	.10	20,851	----------	----------	20,851
Oklahoma	6,360	34.21	20.99	9.69	11.31	4,184	3.73	3.73	4,028
Oregon	5,984	19.32	10.68	9.88	.80	4,828	.21	.21	4,818
Pennsylvania	27,478	22.89	5.41	4.58	.83	21,187	----------	----------	21,187
Rhode Island	1,028	3.50	----------	----------	----------	992	----------	----------	992
South Carolina	10,154	26.13	23.19	10.10	13.09	7,501	3.65	----------	7,227
South Dakota	1,274	3.61	----------	----------	----------	1,228	----------	----------	1,228
Tennessee	11,120	13.13	2.78	----------	2.78	9,665	----------	----------	9,665
Texas	30,352	19.50	13.95	2.94	10.98	31,678	.05	----------	31,662
Utah	1,891	35.96	24.01	18.51	5.50	1,211	----------	----------	1,211
Vermont	193	29.02	22.80	----------	22.80	137	----------	----------	137
Virginia	48,022	22.70	4.97	.43	4.54	37,121	.20	----------	37,047
Washington	12,440	24.20	12.91	3.30	9.53	9,429	----------	----------	9,429
West Virginia	900	28.89	8.56	3.56	5.00	640	----------	----------	640
Wisconsin	4,341	15.02	.94	.94	----------	3,689	----------	----------	3,689
Wyoming	611	11.95	----------	----------	----------	538	----------	----------	538
Hawaii	9,410	4.50	----------	----------	----------	8,987	----------	----------	8,987
Puerto Rico	6,029	23.96	23.96	----------	23.96	5,269	----------	----------	5,269
Canal Zone	327	----------	----------	----------	----------	327	----------	----------	327
Total	797,512	19.79	6.63	2.38	4.04	639,684	.68	.09	635,350

[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.

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 had been transferred to FHA. The fifth column indicates the number of FHA home mortgages in force at the year end. Data in the next three columns shows the percentages of mortgages in force that are in default, in process of foreclosure, or in the "mortgagee inventory" category, while the last column lists the numbers of FHA mortgages in good standing.

In two-thirds of the States the number of terminations ranged between 40 and 60 percent of the cumulative number of mortgages insured, and in 15 States and Hawaii between 20 and 40 percent. It was less than 20 percent only in Puerto Rico, the Virgin Islands, and Guam, where most insured cases are of relatively recent origin, and exceeded the 60 percent mark only in the District of Columbia and Illinois.

As previously noted, FHA home mortgage insurance contracts have been terminated primarily by prepayments. Foreclosures have represented a very small percentage of total terminations, accounting for less than 10 per 1,000 cases in over one-half of the States and between 10 and 20 per 1,000 in about one-fourth of the States. Five States have reported foreclosure ratios of between 20 and 30 cases per 1,000, while higher rates were reported only in South Carolina (53 per 1,000) and Alaska (81 per 1,000).

FHA home mortgage acquisition ratios were only moderately lower than foreclosure ratios in most of the States, demonstrating that the majority of foreclosed properties are eventually transferred to FHA. In nearly half of the States, less than 5 of each 1,000 insured home mortgages were terminated with FHA acquisition of the properties, and in more than two-thirds of the States the number was less than 10 per 1,000. Acquisition rates ranged from 10 to 20 per 1,000 cases in almost one-fourth of the States but exceeded 20 per 1,000 in only 4 States, with Alaska being the highest (78 per 1,000). As shown in Table III–30, FHA home mortgages were reported in default in every State and Territory except the Virgin Islands and Guam. In most areas, however, the default rate was less than 10 cases per 1,000 of the insured mortgages in force. Defaults rates exceeded 10 per 1,000 in 9 States, with the highest ratio reported for New Hampshire—35 per 1,000 cases.

Included in the total default category were cases in process of foreclosure and those where foreclosure had been completed, but where the insurance contracts had not been terminated since the properties were being held by the mortgagees until the redemption period expired or the mortgages were returned to good standing. In three-fourths of the States and Puerto Rico, home mortgage foreclosures in process involved less than 1 of every 1,000 insured cases. In the remainder of the States they ranged between 1 and 3 cases per 1,000, except in Alaska (9 per 1,000) and South Carolina (8 per 1,000). Mortgagee inventories of foreclosed properties awaiting further disposition were less than 1 case per 1,000 in all but 6 States and rose as high as 5 cases per 1,000 only in Alaska.

All States and virtually all Territories had reported project mortgages terminated by the end of 1958 (Table III–31). In relation to all dwelling units covered by insurance written from 1935 through 1958, the States of Arizona and Louisiana had reported the highest proportions of dwelling units accounted for by terminated mortgages, 50 percent and 46 percent respectively. Five additional States had reported mortgages terminated for over a third of their insured units, while six States had terminations accounting for less than 10 percent of their totals.

Percentages of units represented by default terminations ranged widely from zero in 8 States (disregarding the Canal Zone, which has reported no terminations) to 39 percent reported in Idaho. Three additional States have had defaults of more than 30 percent. Contrasts between ratios of total terminations and default terminations are noteworthy. For example, Arizona, which led in the percentage (50) of terminations, had less than 2 percent of the default terminations. Illinois and Michigan, both with a high volume of units insured, each had about a fourth of them terminated, but each with less than 1 percent by default.

Nationally, mortgages in default but not yet terminated represent less than 1 percent of the dwelling units covered by mortgages with insurance in force. Current default status affects only about a third of the States, and not all of these to any appreciable extent. In California, Maryland, New Jersey, New York, Texas, and Virginia, all with 30,000 or more units with mortgage insurance in force, the percentage of units in default is 2 percent or less. Delaware, Louisiana, Maine, Oklahoma, and South Carolina all have percentages of 3 percent or more, but the number of units involved in each case is relatively low. Potential acquisitions of considerable magnitude, relatively speaking, were reported only in Delaware and Oklahoma, where all units in default were in the process of mortgage note assignment or property title transfer to FHA.

CHART III–15

PROPERTY IMPROVEMENT LOANS, 1934–58

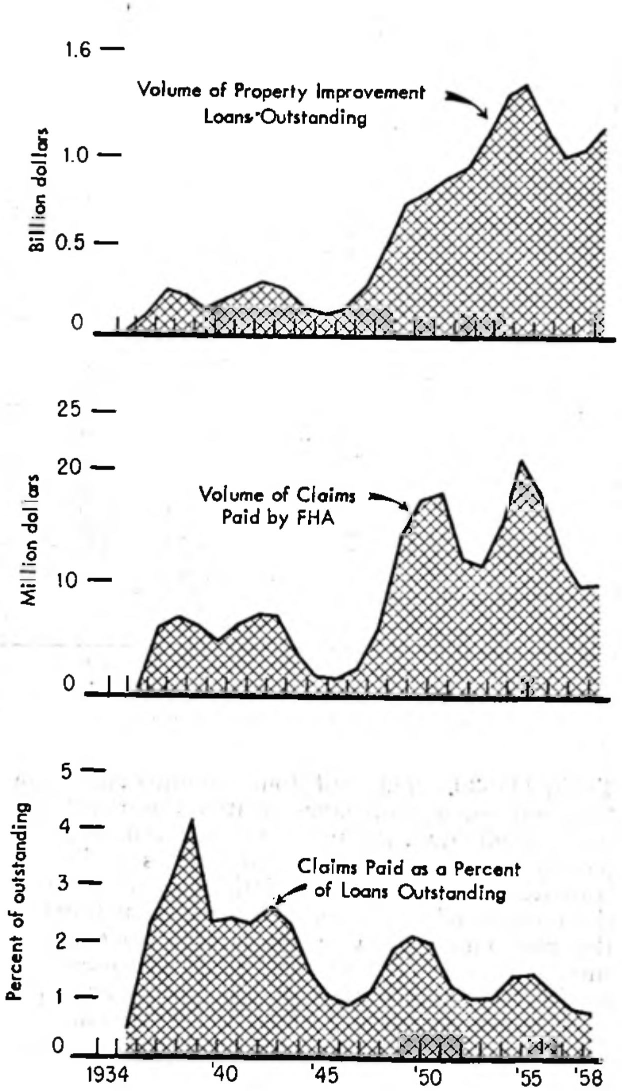


Table 32.—*Property improvement loans outstanding and claims paid by FHA, 1934–58*

[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	----------	----------	1947	$501,171	$5,830	1.16
1935	93,582	$447	0.48	1948	748,438	14,346	1.92
1936	253,218	5,885	2.32	1949	803,293	17,494	2.18
1937	224,861	6,801	3.06	1950	880,433	18,148	2.04
1938	144,449	6,016	4.17	1951	959,394	12,066	1.26
1939	199,347	4,649	2.33	1952	1,130,827	11,524	1.02
1940	253,676	6,115	2.41	1953	1,377,679	14,995	1.09
1941	303,149	7,071	2.33	1954	1,436,558	21,047	1.47
1942	265,583	6,998	2.64	1955	1,175,670	17,648	1.50
1943	155,667	3,588	2.30	1956	1,029,367	12,242	1.19
1944	115,153	1,670	1.45	1957	1,072,848	9,723	.91
1945	140,247	1,524	1.09	1958	1,184,387	9,854	.83
1946	262,376	2,434	.93				

Claims Paid on Property Improvement Loans

Claims paid during 1958 amounted to $9,854,000—only $131 thousand or 1 percent over the low point for the past decade established in 1957. In contrast, the volume of net proceeds of loans outstanding during 1958 averaged $1.2 billion, a 10 percent increase over 1957 and the seventh straight year that outstanding loans have averaged over one billion dollars (see Table III–32). This substantially larger amount of insured outstanding loans, when compared to the slight increase in claim payments during the year, resulted in a claim payment ratio of 0.83, the lowest reported for any year since 1935.

Trend.—As shown graphically in Chart III–15, claims paid in the years from 1935 through 1950 generally followed the trend established by the average amount of net proceeds outstanding in the preceding year. From 1950 through 1952 (marked by the Korean crisis), the volume of claims deviated from this pattern, declining while the volume of outstanding loans continued to increase. In 1953 the parallel trend of claims paid to loans outstanding was reestablished, extending through 1956 without the one-year lag. During 1957 this correlation was disrupted again when claim payments continued to decrease and loans outstanding increased. In 1958 when both claims paid and outstanding loans increased over 1957, the trend relationship was renewed again. Omitting 1935, the first year any Title I loan could be eligible for a claim, the ratio of claims paid to average loans outstanding has varied from a high of 4.17 in 1938 to the 1958 record low of 0.83.

Through 1958, claims amounting to $218.2 million have been paid to financial institutions on the $11.3 billion of property improvement loans insured since 1934 under this program. The 1958 cumulative claim ratio of 1.92 percent is the lowest recorded since the early days of the program (1936). Of the $218.2 million of claims paid to insured lenders, FHA has recovered $102.6 million or 47 percent, and it is estimated that an additional $14.6 million will be recovered, thus further reducing the actual loss ratio to only 0.89 percent of insurance written. All claims and operating expenses under the property improvement program have been met by the FHA out of income since July 1, 1939, when insurance premiums were first authorized by the Congress. In addition, a capital and insurance reserve fund of $74 million has been accumulated. In 1958, the excess of income over claims and operating expenses amounted to $10 million.

State Distribution.—Table III–33 shows that claims paid on property improvement insured loans in each State and possession from 1934 through 1958 involved 642,951 notes with unpaid balances totaling $218 million, an average of $339 for each loan. The volume of claims paid by States generally followed the pattern of loans insured. For example, comparison shows that claims in New York ($30.5 million), California ($22.5 million), Michigan ($16.3 million), Illinois ($11.2 million), Pennsylvania ($11.1 million), and Texas ($10.9 million), amounted to $102.5 million or 47 percent of all claims paid. During the same period these 6 States accounted for $5.4 billion of the loans insured, or 48 percent of the $11.4 billion total. The average size of claim in individual States varied from $692 in Alaska and $564 in Nevada down to $259 in Mississippi and $266 in Alabama. Comparison of the volume of claims paid to loans insured by States shows considerable divergence, with Vermont reporting the highest ratio of 5.65 percent compared to 1.42 percent for Minnesota. Guam with only $1,374 in claims had the most favorable ratio of 0.33 percent.

Table III-33.—*Claims paid on FHA property improvement loans, by State location, 1958 and 1934–58*

State	Claims paid, 1958			Claims paid, 1934–58			Percent of claims paid to loans insured
	Number	Amount	Average	Number	Amount	Average	
Alabama	318	$113,555	$357	11,020	$2,933,000	$266	2.05
Alaska	7	7,176	1,025	91	62,970	692	1.58
Arizona	381	173,487	455	4,858	2,056,583	423	1.08
Arkansas	237	84,412	356	6,987	2,103,332	301	2.93
California	685	226,968	331	67,461	22,532,775	334	2.30
Colorado	301	144,005	478	4,672	1,807,543	387	1.68
Connecticut	97	48,340	498	6,119	2,226,425	364	2.35
Delaware	3	657	219	670	244,288	360	3.42
District of Columbia	187	68,264	365	4,611	1,496,282	325	2.41
Florida	752	332,479	442	15,540	5,760,196	371	1.84
Georgia	327	116,375	356	10,757	3,201,423	298	2.41
Idaho	165	100,239	608	3,963	1,720,558	434	2.30
Illinois	1,336	689,958	516	31,032	11,240,856	362	1.52
Indiana	877	357,379	408	23,247	6,815,901	293	1.95
Iowa	330	131,341	398	8,500	2,978,967	350	1.92
Kansas	371	152,773	412	6,722	2,016,535	300	1.82
Kentucky	438	161,276	368	7,192	2,312,980	322	1.91
Louisiana	262	99,818	381	7,325	2,016,825	275	1.65
Maine	117	53,316	456	3,668	1,215,033	331	2.70
Maryland	1,044	359,314	344	14,374	4,310,205	300	1.86
Massachusetts	462	194,952	422	17,084	5,880,345	344	2.07
Michigan	2,165	993,608	459	50,832	16,291,978	321	1.79
Minnesota	513	193,545	377	10,831	3,801,022	351	1.42
Mississippi	153	52,767	345	8,372	2,166,112	259	3.29
Missouri	746	263,111	353	16,341	4,777,669	292	1.75
Montana	57	43,185	758	1,636	739,320	452	1.89
Nebraska	112	56,216	502	3,259	1,138,824	349	1.70
Nevada	30	17,690	590	751	423,572	564	2.20
New Hampshire	63	21,128	335	2,624	863,277	329	3.30
New Jersey	533	242,906	456	28,218	9,864,802	350	2.25
New Mexico	53	21,760	411	1,605	640,097	399	1.78
New York	2,408	1,327,095	551	69,003	30,470,401	442	1.93
North Carolina	334	105,630	316	7,024	2,085,618	297	1.79
North Dakota	51	25,099	492	1,623	601,477	371	2.58
Ohio	1,385	626,051	452	30,823	10,503,688	341	1.66
Oklahoma	296	109,120	369	8,472	2,515,061	297	1.62
Oregon	211	105,657	501	7,603	2,786,860	367	2.18
Pennsylvania	753	298,343	396	35,099	11,105,723	316	2.04
Rhode Island	23	7,645	332	1,823	578,948	318	1.74
South Carolina	117	42,287	361	4,338	1,218,824	281	2.54
South Dakota	50	22,163	443	1,347	561,007	410	2.22
Tennessee	405	137,376	339	11,149	3,281,906	294	1.66
Texas	2,144	764,445	357	39,261	10,868,561	277	1.00
Utah	202	103,434	512	5,273	2,343,578	444	2.08
Vermont	34	16,355	481	1,743	660,891	379	5.65
Virginia	381	135,623	356	8,327	2,812,571	338	1.80
Washington	594	262,477	442	13,395	4,500,690	336	1.57
West Virginia	127	55,203	435	3,367	1,311,407	389	2.18
Wisconsin	190	98,517	519	7,359	2,693,509	366	1.95
Wyoming	13	5,885	453	598	317,062	530	2.45
Hawaii	1	1,489	1,489	30	15,474	516	.50
Puerto Rico	10	7,346	735	4,489	1,321,731	294	3.37
Canal Zone							
Virgin Islands							
Guam				3	1,347	449	.33
Total [1]	23,004	9,853,779	428	642,951	218,225,453	339	1.92

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

Financing Institutions.—More than 5,500 financial institutions have participated in the Title I program since the enactment of the 1950 Reserve. Table III–34 shows claims paid by type of financial institution during 1958 and a cumulative comparison of claims to insured loans under this reserve. In 1958, national and State banks received 77 percent of the $9,848 thousand paid in claims, an average of $428 on each loan. Chart III–16 presents the relation of claims paid on the $7.4 billion of property improvement insurance written under the 1950 Reserve through 1958.

National banks and State chartered banks had accounted for 83 percent of the proceeds of loans insured and have received 80 percent of all claim payments. Through 1958 the ratio of claims paid to the amount of loans insured varied by type of institution from a high of 1.71 for finance companies to a low of 1.20 for all other types.

Table III–34.—*Claims paid on FHA-insured property improvement loans by type of institution, 1958 and 1950–58; and insurance written, 1950–58*

(1950 Reserve)

Type of institution	Claims paid			
	Number	Amount (000)	Percent of amount	Average claim
Claims paid 1958:				
National bank	10,327	$4,451	45.2	$431
State bank	7,536	3,165	32.2	420
Mortgage company	336	146	1.5	434
Insurance company				
Savings and loan association	2,774	1,399	4.2	504
Savings bank	364	161	1.6	443
Federal agency				
All other	1,667	526	5.3	315
Total	23,004	9,848	100.0	428
Claims paid, 1950–58:				
National bank	120,269	49,740	51.2	414
State bank	63,573	26,827	27.8	422
Mortgage company	1,088	540	.5	496
Insurance company	3	2	(1)	704
Savings and loan association	18,950	8,816	9.1	465
Savings bank	3,009	1,248	1.3	415
Federal agency	3	1	(1)	354
All other	23,103	10,040	10.1	435
Total	229,998	97,214	100.0	422
Insurance written, 1950–58:				
National bank	6,166,136	3,691,888	50.0	599
State bank	3,700,153	2,292,263	31.1	620
Mortgage company	44,246	38,343	.5	867
Insurance company	449	314	(1)	699
Savings and loan association	909,239	611,000	8.3	672
Savings bank	240,677	140,452	2.0	609
Federal agency	270	153	(1)	565
All other	894,013	595,570	8.1	666
Total	11,950,083	7,375,992	100.0	617

[1] Less than 0.05 percent.

CHART III–16

PROPERTY IMPROVEMENT LOANS UNDER THE 1950 RESERVE, 1950–58

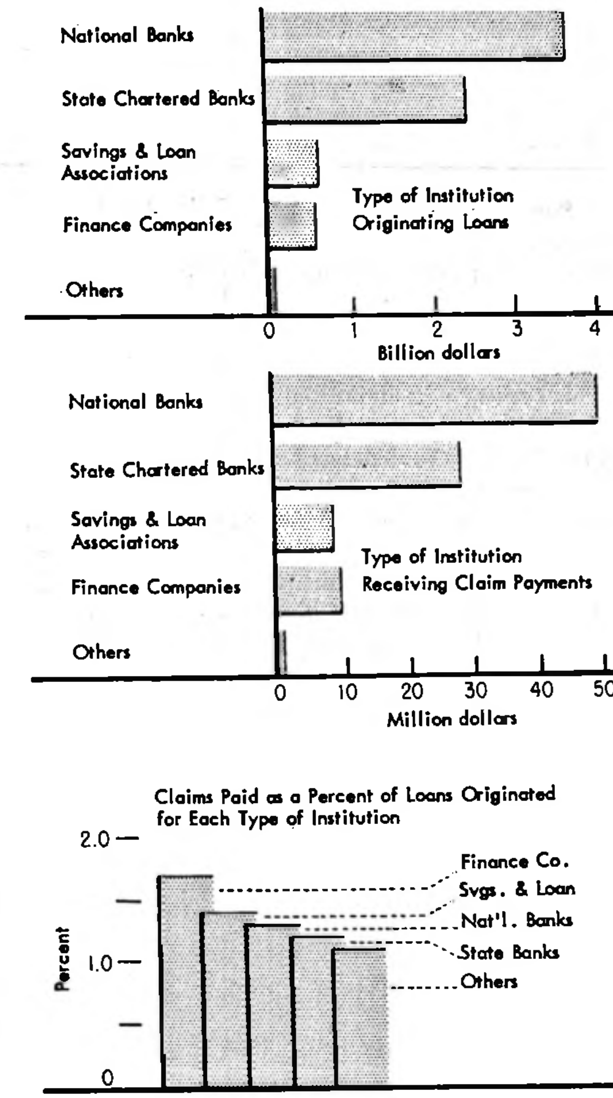


Table III-35.—*Number of payments received prior to default by term of property improvement loans, 1958*

[Total Class 1 and 2 Loans]

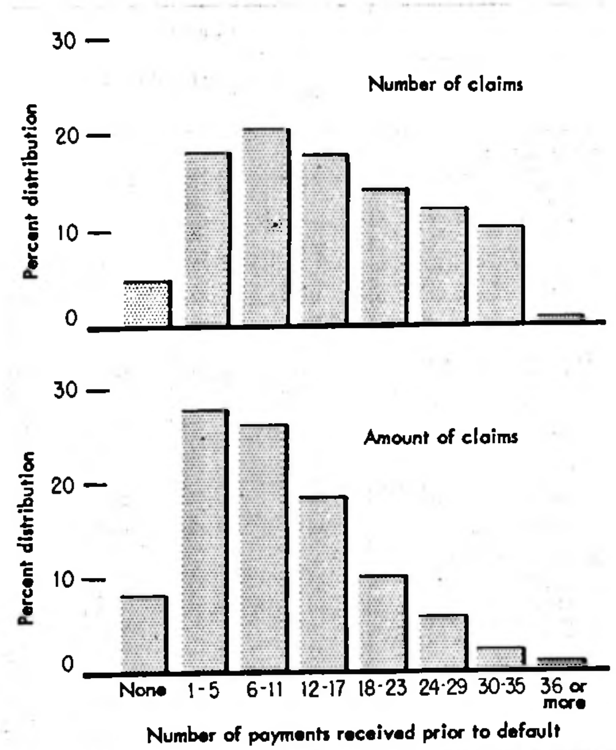
Number of payments received prior to default	Term of defaulted loan—percentage distribution					Percentage distribution		Average claim paid
	6-11 months	12-23 months	24-35 months	36 months	37 or more months	Total number	Total amount	
0	31.7	10.1	6.1	3.8	9.2	4.8	8.3	$742
1-5	68.3	34.1	20.5	15.4	33.5	18.4	27.8	646
6-11	----	38.6	24.0	18.4	27.3	20.8	20.3	540
12-17	----	16.7	23.1	17.0	15.0	18.2	18.5	435
18-23	----	.5	18.5	15.8	3.4	14.4	10.2	303
24-29	----	----	6.6	15.0	1.5	12.3	5.7	197
30-35	----	----	.3	13.4	2.3	10.4	2.3	98
36 or more	----	----	----	.3	7.8	.7	.9	516
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	428
Percent of total	0.2	5.2	11.3	76.3	7.0	100.0	----	----
Median	2.3	6.9	11.6	16.1	7.0	14.0	----	----

Payments Received Prior to Default.—A cross tabulation of the number of payments made by borrowers prior to default, by the number of payments called for in the original insured note, is shown in Table III-35. Over 3 out of every 4 defaulted loans called for payment in 36 months. This typical note defaulted between the 16th and 17th month, with an average claim of $435. Chart III-17 shows that 5 percent of the 1958 claims, representing 8 percent of the dollar volume, involved notes upon which the borrower made no payment. Another 39 percent of the loans, accounting for 54 percent of the total claims paid, defaulted during the first year after one installment or more had been repaid. Three-quarters of all claims, representing $9 out of every $10 paid, were in default before the 24th month.

CHART III-17

PAYMENTS MADE PRIOR TO DEFAULT, 1958

Claims paid on property improvement loans



Characteristics of Mortgage and Loan Transactions Insured by FHA in 1958

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 1958.

SECTION 203 HOME MORTGAGE TRANSACTIONS

During 1958, 295,000 or over one-fourth of the privately financed dwelling units started in the non-farm areas of the nation were in structures approved for FHA mortgage insurance and subject to FHA compliance inspections during construction. Of these, almost 261,000 units, or all but 12 percent, were in one- to four-family homes approved under the Section 203 program.

Completions under this program during the year totaled 209,400 units, including a sizeable number approved and started in 1957. Mortgage transaction closed with Section 203 insurance during 1958 covered nearly 123,600 of these new units and an additional 237,400 units in existing properties, or about 93 percent of the FHA home mortgages insured in 1958.

Since Section 203 is the major long term home mortgage insurance program, the following analysis of the characteristics of the insured home mortgages, the properties securing them, and the mortgagors purchasing these 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 comparable data by State and standard metropolitan areas, tables containing 1958 data are available, upon request, from the Division of Research and Statistics, Federal Housing Administration, Washington 25, D.C.

During 1958, virtually all of the mortgagors in 1-family transactions were owner-occupants. In addition, most (99.3 percent) of the new-home Section 203 mortgages and a smaller share (92.7 percent) of the existing-home mortgages were secured by single-family dwellings, as indicated by Table III-36. Of the 2- to 4-family new home transactions, about one-tenth of the 2-family homes and about half of the 3- and 4-family transactions involved processing as rental properties.

Type of mortgagor	New homes				Existing homes			
	1958	1957	1956	1955	1958	1957	1956	1955
Owner-occupant	99.4	98.3	98.1	98.2	99.7	99.7	99.5	99.5
Landlord	.2	.2	.3	.7	.3	.3	.5	.5
Builder	.4	1.5	1.6	1.1	(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.

The bulk of the new-home mortgage transactions—95 percent—involved purchases by owner-occupant of homes constructed by commercial builder. The remaining new-home transactions involved the construction of houses by or for mortgagor on their own lots. The pattern for existing-home transactions differed slightly. While the same (95 percent) proportion of the transactions covered purchase cases, 4 percent involved the refinancing of existing loans and a fractional share covered financing improvements.

1-family amenity income cases

Purpose of loan	New homes				Existing homes			
	1958	1957	1956	1955	1958	1957	1956	1955
Financing new construction	4.6	9.7	12.7	12.4	0.6	1.2	1.6	1.5
Financing purchase	95.4	90.3	87.3	87.6	95.4	93.7	89.8	86.7
Refinancing existing loan	(1)	(1)	(1)	(1)	3.9	4.8	8.1	11.2
Financing improvements	(1)	(1)	(1)	(1)	.1	.3	.5	.6
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 Section 203 new- and existing-home transactions insured during 1958 may be compared with those of selected previous years by reference to Table III-37. For the purpose of this discussion, "typical" transactions are delineated in terms of these medians and averages. Although moderate increases can be noted in most of the items characterizing both new- and

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

Units per structure	1958	1957	1954	1950	1946
	Structures—percentage distribution				
New homes:					
One	99.3	99.3	98.1	99.0	98.7
Two	.7	.7	1.6	.9	1.0
Three	(1)	(1)	.1	(1)	.1
Four	(1)	(1)	.2	.1	.2
Total	100.0	100.0	100.0	100.0	100.0
Existing homes:					
One	92.7	95.7	96.2	95.5	93.6
Two	6.4	3.9	3.2	4.1	5.8
Three	.7	.3	.3	.2	.3
Four	.2	.1	.3	.2	.3
Total	100.0	100.0	100.0	100.0	100.0
	Dwelling units—percentage distribution				
New homes:					
One	98.4	98.5	95.9	97.7	96.9
Two	1.4	1.4	3.1	1.8	2.1
Three	.1	(1)	.3	.1	.2
Four	.1	.1	.7	.4	.8
Total	100.0	100.0	100.0	100.0	100.0
Average	1.01	1.01	1.02	1.01	1.02
Existing homes:					
One	85.6	91.3	91.9	90.1	87.4
Two	11.8	7.5	6.1	7.8	10.9
Three	2.0	.9	1.0	.7	.7
Four	.6	.3	1.0	1.4	1.0
Total	100.0	100.0	100.0	100.0	100.0
Average	1.08	1.05	1.05	1.06	1.07

[1] Less than 0.05 percent.

existing-home transactions, the typical existing-home increases tended to be relatively higher than for similar transactions involving new construction.

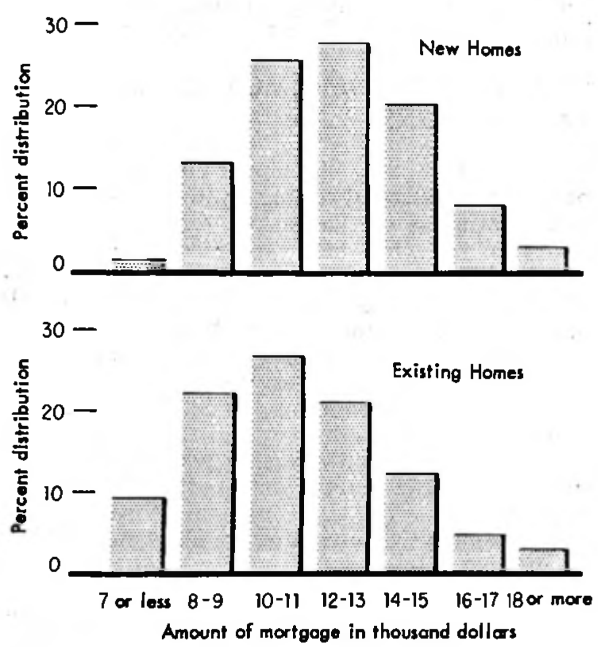
In the typical new-home transaction insured during 1958, the amount of the mortgage was $12,697, its term about 27 years, the total monthly payment $96.10 (including property taxes and hazard and FHA insurance premiums in addition to debt services), and a ratio of loan to value of 91.5 percent. The property had an FHA estimated value of $14,207, of which about 15 percent or $2,223 represented the land market price. The house was a single-family structure containing 1,092 square feet and provided 5.8 rooms of which three were bedrooms. Customarily, garage facilities of some sort were included, these being reported in almost 3 out of every 4 transactions. The prospective monthly housing expense (monthly payment plus cost of household operation and property maintenance and repair) was estimated at $120.87 to be carried by a typical new-home occupant with an annual effective income of $6,803. On the average, about one-fifth of this income was expected to be required for housing expense.

Compared with the typical new-home case insured in 1957, the mortgage amount was 7 percent higher, the mortgage duration about 22 months longer, the loan-value ratio up by 6 percentage points, and the monthly payment 6 percent higher. Property value declined fractionally while the land price was up by 3.5 percent which accounted for the half percent rise in the site-value relationship. The structure was practically the same size as last year, reflecting the stability of the room and bedroom counts. The slight rise in the expense-income ratio resulted from the larger proportionate rise in the monthly housing expense (5 percent) than occurred in income (2.5 percent).

CHART III–18

AMOUNT OF MORTGAGE, 1958

Single family home mortgages, Section 203



The typical existing-home transaction insured in 1958 involved a mortgage of $11,325, representing about 90 percent of the property value, and was scheduled to be repaid over a period of about 24 years at a monthly rate of $90.30, including payments for property taxes and hazard and FHA insurance in addition to those for interest and principal. The typical mortgage was secured by a single-family dwelling appraised by FHA at $12,778, of which 16.5 percent or $2,150 represented the price of the land. The house was a 1-family structure containing 1,053 square feet (exclusive of space in basement, attic, and garage) and provided 5.8 rooms, of which 3 were bedrooms. Three out of four of these existing homes had garage facilities.

The typical existing-home occupant mortgagor had an annual income of $6,502, of which $115.31 per month was expected to be required for housing expense (monthly mortgage payment plus cost of household operation and property maintenance and repair). The average housing expense-income ratio was slightly over 20 percent.

Compared with the typical existing-home mortgage insured in 1957, the 1958 mortgage amount

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

Median [1]	1958	1957	1956	1955	1954	1952	1950	1948	1946
New homes:									
Mortgage:									
Amount	$12,697	$11,823	$11,010	$10,034	$8,862	$8,273	$7,101	$7,058	$5,504
Term in years [2]	27.3	25.5	25.5	25.6	22.9	21.7	24.1	20.1	21.0
Loan-value ratio (percent)	91.5	85.1	86.6	88.7	85.3	83.7	88.0	81.0	87.0
Total monthly payment [3]	$96.10	$90.29	$81.63	$74.14	$68.62	$64.16	$54.31	$58.08	$46.18
Property:									
FHA-estimated value	$14,207	$14,261	$13,203	$11,742	$10,078	$10,022	$8,286	$8,721	$6,558
Market price of site [2]	$2,223	$2,148	$1,887	$1,626	$1,456	$1,227	$1,035	$1,049	$761
Site-value ratio (percent) [2]	15.4	14.9	14.1	13.4	13.1	12.0	12.0	11.7	11.5
Percent with garages [2]	72.7	70.6	72.8	69.8	66.6	53.4	48.7	55.1	58.1
Structure:									
Calculated area (sq. ft.)	1,092	1,105	1,064	1,022	961	923	838	912	(4)
Number of rooms	5.8	5.8	5.7	5.6	5.4	5.3	4.9	5.4	5.5
Number of bedrooms	3.5	3.5	3.4	3.4	3.3	3.1	(4)	(4)	(4)
Mortgagor: [3]									
Annual effective income	$6,803	$6,632	$6,054	$5,484	$5,139	$4,811	$3,861	$4,000	$3,313
Monthly housing expense	$120.87	$115.17	$104.48	$95.70	$88.91	$83.16	$75.41	$78.64	$62.85
Expense-income ratio (percent) [2]	20.4	19.7	19.5	19.7	19.6	19.6	21.6	21.7	20.9
Existing homes:									
Mortgage:									
Amount	$11,325	$10,498	$10,013	$9,603	$9,030	$8,047	$6,801	$5,969	$4,607
Term in years [2]	24.2	22.5	22.5	22.7	20.1	19.7	20.2	19.3	18.9
Loan-value ratio (percent)	90.2	84.9	82.9	85.0	78.5	77.9	77.8	77.9	78.4
Total monthly payment [3]	$90.30	$85.54	$78.62	$74.57	$74.34	$65.08	$56.65	$49.76	$40.83
Property:									
FHA-estimated value	$12,778	$12,572	$12,261	$11,555	$11,549	$10,289	$8,865	$7,579	$5,934
Market price of site [2]	$2,150	$2,041	$1,931	$1,707	$1,591	$1,296	$1,150	$970	833
Site-value ratio (percent) [2]	16.5	15.7	15.1	14.2	13.3	12.3	12.4	12.0	13.3
Percent with garages [2]	74.9	78.5	81.1	79.9	79.6	70.7	70.6	70.5	83.4
Structure:									
Calculated area (sq. ft.)	1,053	1,060	1,060	1,030	1,035	992	1,006	972	(4)
Number of rooms	5.8	5.8	5.7	5.6	5.6	5.5	5.6	5.6	5.9
Number of bedrooms	3.2	3.2	3.2	3.1	3.1	3.1	(4)	(4)	(4)
Mortgagor: [3]									
Annual effective income	$6,502	$6,206	$6,033	$5,669	$5,696	$4,938	$4,274	$3,731	$3,101
Monthly housing expense	$115.31	$110.12	$102.00	$97.34	$97.41	$86.63	$78.99	$71.00	$58.11
Expense-income ratio (percent) [2]	20.4	19.0	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 distribution of all characteristics are represented by continuous data within groups. For definition of sample and terms see page 60.
[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.

was 8 percent higher while the monthly mortgage payment was greater by 5.5 percent. The average duration of the mortgage was almost 21 months longer and the loan-value ratio rose by more than 5 percentage points. The typical property value increased only slightly—1.5 percent—while the land value was up more than 5 percent, which is reflected in the increase of the ratio of land price to total value. The structure was about 1 percent smaller in floor area, but the number of rooms (5.8) and bedrooms (3.2) remained constant. Table III-37 also indicates a slight increase in the housing expense-income ratio, reflecting the 3 percent rise in the typical mortgagor income compared with an increase of almost 5 percent in the monthly housing expense.

The trend of selected characteristics of the typical Section 203 new- and existing-home cases during the post war period is also shown in Table III-37. The rise in the levels of mortgage amounts, durations, and loan-to-value ratios of Section 203 transactions in 1958 reflects the liberalizations of credit provisions of the Housing Act of 1957 and the Emergency Housing Act of 1958.

The upward trend in the FHA mortgage amount for new homes, as indicated by the more than 7 percent rise over 1957, paralleled the 6 percent increase in the average amount of total nonfarm mortgage recordings of $20,000 or less from 1957 to 1958. Home mortgages guaranteed by the Veterans' Administration registered an increase of 4 percent during the same period.

Several factors have been responsible for the rise in new-home values. There has been a trend toward building more luxurious and spacious homes, although in 1958 the increases in area and room count were not very apparent. Construction costs continued to advance to new peaks, as reflected by the record levels of the Boeckh construction cost index as well as in the average earnings of building workers. In addition, the average construction cost for new private 1-family houses started, as estimated by the Bureau of Labor Statistics, remained at high levels. Another factor was the rapidly rising level of land prices and site development costs. Higher insurable loan-value ratios available in 1958 required lower downpayments and put higher valued homes within the reach of a larger potential market.

During 1958, the typical mortgage amount for existing homes was up almost 8 percent—somewhat higher than for new homes. Similarly, typical values, income, and land prices showed relatively greater changes.

In Table III-37, the upward trend in property values (Chart III-21), land prices (Chart III-23) and mortgagors incomes (Chart III-25) indi-

Technical Notes

Size of Sample.—Data presented in this section of the report are based on 45,800 new-home and 56,100 existing-home cases. These cases represent 60 percent of the new-home cases and 40 percent of the existing-home cases reported as insured under Section 203(b) during the first 9 months of 1958, selected on the basis of case number in order to assure a random distribution.

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

Calculated Area is the area of spaces in the main building above basement or foundations, measured at the outside surfaces of exterior walls. Garage space, finished spaces in attics when less than 50 percent of the ground floor area, and areas with ceiling heights of less than 5 feet are excluded.

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

cates the general inflation in prices and rise in personal income that has characterized the period since World War II. In fact, typical land prices in 1958 for new homes have nearly tripled, while existing home sites were two and a half times more expensive than those registered in 1946.

Property values for new and existing homes have at least doubled during the postwar period, but the size of the new home expanded by a fifth while the typical existing home was only a tenth larger. The income of FHA mortgagors in 1958 was twice as high as was typical in 1946, while the typical national non-farm income increased about four-fifths for the corresponding period. The rise in land prices was principally caused by the exhaustion of suitable sites and the consequent scarcity, coupled with a new large demand for land and rising costs of development. Property values were also affected by land prices, as well as reflecting the production of larger and better equipped homes, and the general inflation that has characterized the postwar period.

Mortgage amounts have generally kept pace with property values, reflecting the frequent changes in Section 203 maximum insurable amounts and loan-value ratios authorized by Congress in recognition of rising property and construction costs.

Mortgage Characteristics

Amount of Mortgage Distribution.—Table III–38 shows distributions of mortgage amount for mortgages insured during 1958 and selected earlier years. This table shows a gradual increase in the average and median amount and a corresponding upward shift in the proportion of mortgages in each mortgage amount class between the early postwar years and the more recent years. For instance, the typical mortgage on both new and existing homes more than doubled in the 12-year period since 1946 and the proportion of mortgages in the $12,000 or more category rose from insignificance to 60 percent for new homes and 41 percent of the existing home transactions. Chart III–18 and Table III–38 show that approximately one-half of the mortgages insured were for amounts between $10,000 and $13,999. In addition, another fourth of the new homes and about 15 percent of the existing homes were in the $14,000–$16,999 category. A further indication of the larger share of new homes in the higher amount groups may be noted by the $1,372 difference between the typical mortgage for new homes of $12,697 and the $11,325 reported for existing homes. These data reflect the generally higher price level of new homes and do not result from more favorable terms for new-home buyers, since legislation enacted in 1956 made the credit condition for existing properties (other than those completed less than 1 year) comparable to those for new homes.

On the average, new-home mortgages insured in 1958 amounted to $12,762 while existing-home mortgages averaged $11,513, both representing an increase of 7 percent over 1957. As indicated in Table III–38, these higher levels of mortgage amounts resulted principally from increases in the relative shares of new-home mortgages of $13,000 or more, and of existing homes in the $11,000 or more bracket. Only 1 percent of the new homes had mortgages of less than $8,000, while less than 10 percent of the existing-home transactions 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 the lesser, and are written for durations of 10, 15, 20, 25, or 30 years.

The availability and popularity of the longer term mortgage is reflected in the 7 percent increase in the typical new-home mortgage term and a 6

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

Amount of mortgage	Percentage distribution 1958	1957	1954	1950	1946
New homes:					
Less than $4,000		[1]	0.1	0.4	8.3
$4,000 to $4,999		0.1	.1	1.1	22.6
$5,000 to $5,999	0.2	.2	.7	9.0	31.4
$6,000 to $6,999	.4	.7	5.2	33.0	25.0
$7,000 to $7,999	.7	2.6	23.3	28.5	9.5
$8,000 to $8,999	3.7	9.1	22.8	16.0	2.4
$9,000 to $9,999	9.7	11.6	22.8	8.3	.4
$10,000 to $10,999	12.9	13.8	10.6	1.9	.2
$11,000 to $11,999	12.9	14.4	9.1	.8	.2
$12,000 to $12,999	13.7	15.1	3.9	.5	[1]
$13,000 to $13,999	14.1	12.0	1.8	.2	
$14,000 to $14,999	11.2	8.6	1.1	.1	
$15,000 to $16,999	14.6	8.1	1.1	.2	
$17,000 to $19,999	5.1	3.4	.3		
$20,000	.8	.6	.1		
Total	100.0	100.0	100.0	100.0	100.0
Average	$12,762	$11,910	$9,143	$7,307	$5,548
Median	$12,697	$11,823	$8,862	$7,101	$5,504
Existing homes:					
Less than $4,000		0.4	0.4	4.4	27.8
$4,000 to $4,999		.4	1.1	8.3	29.0
$5,000 to $5,999	1.0	1.1	3.6	16.3	21.3
$6,000 to $6,999	2.7	3.3	9.5	22.0	11.0
$7,000 to $7,999	5.7	7.6	15.8	18.6	4.7
$8,000 to $8,999	10.1	13.8	18.5	13.0	2.7
$9,000 to $9,999	12.2	14.8	16.0	7.2	1.2
$10,000 to $10,999	14.1	15.9	12.7	4.5	1.1
$11,000 to $11,999	12.8	12.4	7.4	1.9	.2
$12,000 to $12,999	11.5	10.4	6.0	1.7	.4
$13,000 to $13,999	9.7	7.3	3.2	.7	.1
$14,000 to $14,999	7.1	4.8	2.6	.7	.2
$15,000 to $16,999	8.5	4.8	2.9	.7	.3
$17,000 to $19,999	3.8	2.5	.2		[1]
$20,000	.8	.5	.1		
Total	100.0	100.0	100.0	100.0	100.0
Average	$11,513	$10,752	$9,283	$7,102	$4,920
Median	$11,325	$10,408	$9,030	$6,801	$4,697

[1] Less than 0.05 percent.

percent increase for the existing-home mortgage term.

As indicated by Table III–39, more than half of the new homes had 30-year durations, while the 25-year mortgage predominated for existing-home transactions during 1958. The use of the maximum-term mortgage of 30 years increased sharply during the year. For example, in 1957, 25 percent of the new homes and only 6 percent of the existing homes had 30-year mortgages, but in 1958 the maximum mortgage was used for 53 percent of the new homes insured and in about 18 percent of the existing-home transactions.

Total Monthly Mortgage Payment Distribution.—In addition to principal amortization and interest, the total monthly mortgage payment covers the monthly instalments for property taxes and special assessments, hazard and FHA mortgage premiums, and ground rent, if any.

Chart III–19 depicts the distributions of total monthly payments called for in the new and existing single-family home mortgage transactions insured under Section 203 during 1958. Both new- and existing-home transactions required higher monthly payments, reflecting the higher mortgage amounts made available by the Housing Acts of 1957 and 1958 regardless of use of longer terms. In the chart, the curves for new and existing homes reach their peak in the $80–$89 range,

TABLE III–39.—*Term of mortgage, 1-family homes, Sec. 203, 1955–58*

Term of mortgage in years	New homes: Percentage distribution 1958	1957	1956	1955	Existing homes: Percentage distribution 1958	1957	1956	1955
10	[1]	0.1	0.1	0.1	0.1	0.3	0.5	0.4
15	0.4	.9	.8	.7	3.3	7.1	5.5	4.9
20	5.2	12.6	12.7	13.7	26.0	40.2	41.1	42.1
25	41.7	61.5	62.2	58.4	53.1	46.4	49.3	45.2
30	52.7	24.9	24.2	27.1	17.5	6.0	3.6	7.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	27.3	25.5	25.5	25.6	24.2	22.5	22.5	22.7
Median	30.0	28.0	27.9	28.0	26.9	25.3	25.3	25.3

[1] Less than 0.05 percent.

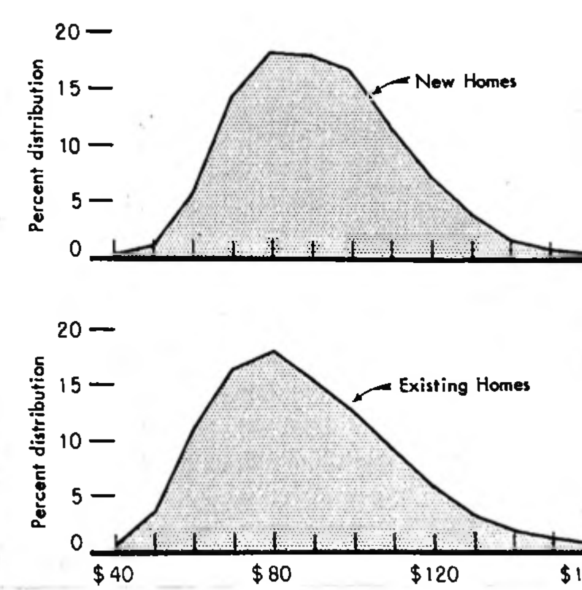
where about 18 percent of the transactions were reported. However, almost an equal proportion of new-home owners had monthly payments of $90–99. In addition, the curves also show that a larger proportion of the existing homes had payments under $80, while new-home mortgages were reported more frequently in the higher ranges.

Percentage distributions for 1958 and for selected prior years are shown in Table III–40. In line with the higher level of mortgage principal in 1958, the typical new-home payment rose slightly more than 6 percent above 1957 while the median existing-home payment increased 5.5 percent. As indicated in the table, there were significant shifts in the new-home monthly payment distribution from 1957 to 1958—principally declines in the proportions below $100 and increases

CHART III–19

TOTAL MONTHLY MORTGAGE PAYMENT, 1958

Single family home mortgages, Section 203



Monthly mortgage payment in dollars

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

Total monthly mortgage payment	Percentage distribution				
	1958	1957	1954	1950	1946
New homes:					
Less than $30		0.1	0.1	0.2	5.4
$30 to $39	(1)	.1	.1	4.0	25.0
$40 to $49	0.1	.3	3.3	29.8	31.1
$50 to $59	.9	2.5	20.5	35.2	27.1
$60 to $69	5.5	10.2	30.0	20.4	9.0
$70 to $79	14.2	16.5	23.3	7.2	1.8
$80 to $89	18.3	19.8	11.5	1.7	.3
$90 to $99	18.0	18.2	6.0	.7	.2
$100 to $109	16.7	13.8	2.8	.4	.1
$110 to $119	11.9	8.8	1.3	.2	
$120 to $129	7.2	4.8	.6	.1	
$130 or more	7.2	4.9	.5	.1	
Total	100.0	100.0	100.0	100.0	100.0
Average	$97.48	$91.91	$71.36	$55.38	$46.06
Median	$96.10	$90.29	$68.62	$54.31	$46.18
Existing homes:					
Less than $30		0.3	0.2	2.3	14.5
$30 to $39	(1)	.2	.7	7.7	31.3
$40 to $49	.5	.8	4.3	21.8	26.9
$50 to $59	3.5	5.1	13.8	27.2	12.8
$60 to $69	11.1	14.0	21.5	19.3	5.7
$70 to $79	16.4	18.5	21.3	10.2	2.8
$80 to $89	18.0	19.7	15.3	5.3	1.2
$90 to $99	15.4	15.3	9.4	2.6	.6
$100 to $109	12.8	10.3	5.9	1.6	.4
$110 to $119	9.2	6.7	3.6	.9	.4
$120 to $129	5.7	3.8	2.2	.6	.1
$130 or more	7.4	5.3	1.8	.5	.3
Total	100.0	100.0	100.0	100.0	100.0
Average	$93.07	$88.17	$77.10	$58.94	$43.25
Median	$90.30	$85.54	$74.34	$56.65	$40.83

[1] Less than 0.05 percent.

in those above that point. For existing homes, noticeable declines in the groups below $90 and gains in the intervals above were quite apparent.

Ratio of Loan to Value.—Mortgages included in the sample for the first 9 months of 1958 were processed under the credit regulations of August 5, 1957, and also those set forth under the Emergency Housing Act of 1958. Under the 1957 law, an FHA-insured mortgage on sales housing could not exceed 97 percent of the first $10,000 of FHA value, 85 percent of the next $6,000, and 70 percent of the remaining appraised value. If the house was not subject to FHA inspection during construction and construction had been completed less than 1 year before insurance of the mortgage, the ratio with respect to the first $10,000 was 90 percent. These provisions were liberalized by the Emergency Housing Act of 1958 to make the 97 percent and 90 percent ratios applicable to the first $13,500 of the appraised value rather than to the first $10,000, and the 85 percent ratio is applied to the next $2,500 rather than the next $6,000.[1] This increase in the maximum mortgage ratio has the corresponding effect of decreasing minimum down payments. Table III-41 shows the loan-value distributions by property value intervals for Section 203 cases insured during 1958. Most of the mortgages were at or near the maximum amount set forth in the legislation and administrative rules. The greatest concentrations of maximum-limit cases are found in the new- and existing-home valuations of less than $11,000, where the law provides the most favorable down payment terms. In addition, significant shares of maximum-term mortgages are evident in the $11,000 through $13,999 groups, reflecting the effect of the new regulations set forth in the Emergency Housing Act of 1958, which raised the most favorable point up to $13,500.

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

TABLE III-41.—*Ratio of loan to value by property value, 1-family homes, Sec. 203, 1958*

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	0.3	92.6		0.8		31.7	0.8	4.0	4.8	24.6	33.3	100.0
$8,000 to $8,999	1.2	95.5	0.3	.2	0.4	.5	12.5	1.8	6.9	30.3	47.1	100.0
$9,000 to $9,999	4.6	96.3	.2	(1)	.3	.2	1.1	1.6	7.4	20.0	60.2	100.0
$10,000 to $10,999	9.9	95.6	.1	.2	.5	.0	1.4	2.7	9.8	37.4	47.3	100.0
$11,000 to $11,999	9.6	93.5	.1	.2	.4	1.2	1.7	3.8	12.7	59.9	20.0	100.0
$12,000 to $12,999	10.6	92.8	.1	.2	.8	1.3	3.2	7.7	18.7	50.4	17.6	100.0
$13,000 to $13,999	11.4	92.6	.1	.3	1.3	2.3	5.3	7.3	17.5	49.4	16.5	100.0
$14,000 to $14,999	11.4	92.0	1.6	.3	2.2	2.4	4.2	10.4	18.6	53.9	6.4	100.0
$15,000 to $15,999	10.9	91.2	.2	.3	2.1	2.6	5.7	11.0	25.0	52.5	(1)	100.0
$16,000 to $16,999	9.2	89.8	.4	.7	2.6	3.8	6.7	15.5	27.0	43.3		100.0
$17,000 to $17,999	6.7	87.5	.4	.8	3.7	2.9	8.0	20.6	47.0	16.6	(1)	100.0
$18,000 to $18,999	4.8	87.0	.5	.7	2.7	4.8	9.7	21.3	50.6	9.7		100.0
$19,000 to $19,999	3.4	86.4	.6	.9	4.0	5.7	10.1	23.9	53.1	1.7		100.0
$20,000 to $21,999	3.5	85.2	.9	1.1	4.3	4.9	14.8	28.4	45.6			100.0
$22,000 to $24,999	1.9	82.5	2.1	2.5	5.4	6.2	17.9	54.4	11.4	.1		100.0
$25,000 and over	.6	76.5	4.6	4.9	14.4	21.8	42.3	6.0	5.3	.7		100.0
Total	100.0	91.5	.5	.5	1.9	2.6	5.6	11.5	23.2	39.7	14.5	100.0
Existing homes:												
Less than $8,000	4.8	93.0		.1	.3	.0	3.2	5.8	20.5	32.2	37.0	100.0
$8,000 to $8,999	6.5	94.5	(1)	.1	.5	.8	2.6	5.0	17.2	33.2	40.0	100.0
$9,000 to $9,999	8.4	94.3		(1)	1.1	1.1	2.5	6.1	21.4	27.1	40.7	100.0
$10,000 to $10,999	10.8	93.5	(1)	.1	1.0	1.3	4.7	7.8	20.1	20.8	35.2	100.0
$11,000 to $11,999	10.7	91.7	(1)	.2	1.2	1.8	4.3	8.7	27.7	40.6	15.5	100.0
$12,000 to $12,999	11.4	91.2	(1)	.2	1.8	1.8	6.5	11.4	26.9	35.6	15.8	100.0
$13,000 to $13,999	10.4	90.2	.1	.2	2.0	2.7	7.0	13.7	29.1	32.8	12.4	100.0
$14,000 to $14,999	8.6	89.2	.1	.4	2.0	4.4	7.4	16.5	29.9	34.4	4.9	100.0
$15,000 to $15,999	7.5	88.2	.1	.4	4.5	2.9	10.9	15.8	34.8	30.6	(1)	100.0
$16,000 to $16,999	6.2	87.9	.2	.6	2.9	4.2	8.8	19.2	37.2	26.9		100.0
$17,000 to $17,999	4.4	86.6	.5	.4	2.7	3.8	12.1	25.8	37.6	17.1		100.0
$18,000 to $18,999	3.4	85.8	.2	.4	3.4	5.4	10.8	31.2	38.0	10.5	.1	100.0
$19,000 to $19,999	2.0	84.4	.1	1.0	4.6	5.0	14.6	30.8	33.2	4.7		100.0
$20,000 to $21,999	2.5	83.9	.2	.8	5.4	9.2	13.4	35.9	34.2	.6	.3	100.0
$22,000 to $24,999	1.9	82.7	.5	.5	5.5	7.1	18.6	51.3	16.0	.5		100.0
$25,000 and over	.5	75.6	2.0	5.0	10.7	26.1	43.8	1.7	2.7			100.0
Total	100.0	90.2	.1	.3	2.1	2.8	7.1	14.3	27.4	29.1	16.8	100.0

[1] Less than 0.05 percent.

It is interesting to note that 17 percent of the existing-home mortgages had loan-value ratios of 96 percent or more while only 14.5 percent were at the maximum for new homes, demonstrating the recent equality of credit terms for new and existing homes. However, the typical loan-value ratio for existing homes tended to be slightly lower than for new homes for virtually all value classes, probably because of the more conservative attitude of lenders on existing properties as well as the inclusion of refinancing transactions. The existence of the high loan-value ratios in the upper value groups of the new- and existing-home distributions results primarily from the inclusion of Alaska homes.

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

Loan-value ratios for Section 203 cases insured during the year were significantly higher than in the previous year, reflecting the increases in maximum ratio provided by the Emergency Housing Act of 1958. For new homes, sharp increases may be noted in the 91 to 95 percent and the 96 to 97 percent intervals. In fact, well over half of the new homes insured under this program required down payments of less than 10 percent.

CHART III-20

RATIO OF LOAN TO VALUE, 1950–58

Single family home mortgages, Section 203

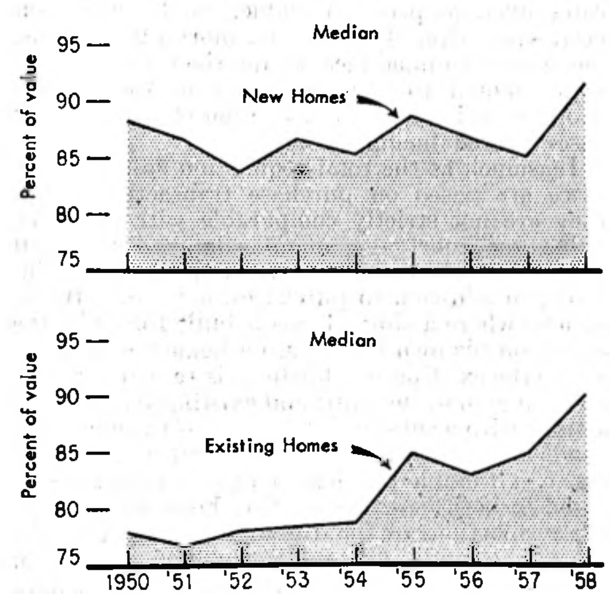


TABLE III-42.—*Ratio of loan to value, 1-family homes, Sec. 203, selected years*

Ratio of loan to value (percent)	Percentage distribution				
	1958	1957	1954	1950	1946
New homes:					
50 or less	0.5	1.0	0.8	0.6	0.6
51 to 55	.2	.5	.4	.4	.8
56 to 60	.3	.8	.7	.5	.8
61 to 65	.6	1.3	1.4	.9	1.3
66 to 70	1.3	2.7	2.6	1.6	3.3
71 to 75	2.6	5.6	5.1	3.2	4.8
76 to 80	5.6	10.6	28.8	8.8	11.8
81 to 85	11.5	35.3	11.8	10.9	14.1
86 to 90	23.2	30.0	25.6	57.1	62.5
91 to 95	39.7	11.5	22.8	16.0	
96 to 97	14.5	.7			
Total	100.0	100.0	100.0	100.0	100.0
Average	88.7	82.3	82.2	85.0	84.1
Median	91.5	85.1	85.3	88.0	87.0
Existing homes:					
50 or less	.1	.6	1.1	2.1	1.3
51 to 55	.1	.3	.8	1.4	.9
56 to 60	.2	.6	1.6	2.2	1.2
61 to 65	.5	1.1	2.8	3.7	2.8
66 to 70	1.6	3.0	7.7	8.8	5.8
71 to 75	2.8	6.0	9.8	13.5	8.8
76 to 80	7.1	15.8	52.2	51.5	60.7
81 to 85	14.3	29.3	7.3	4.4	3.6
86 to 90	27.4	26.4	10.8	9.8	14.9
91 to 95	29.1	16.3	5.9	2.6	
96 to 97	16.8	.6			
Total	100.0	100.0	100.0	100.0	100.0
Average	88.1	82.5	77.8	76.4	78.6
Median	90.2	84.9	78.5	77.8	78.4

This trend toward lower down payments is further reflected in the typical loan-value ratio of 91.5 percent, a sharp increase from the 85 percent ratio reported in 1957.

A similar shift is very apparent for existing homes, with the typical loan-value ratio increasing from 85 percent in 1957 to 90 percent during 1958. Significant changes in the existing-home loan-value pattern are also apparent in the categories above 90 percent. Moreover, almost 17 percent of the existing homes were insured with loan-value ratios of 96 or 97 percent, compared with less than 1 percent in 1957. In addition, 29 percent had loan-to-value relationships of 91 to 95 percent in 1958—a sharp rise when compared with the 16 percent recorded for 1957.

Property Value Characteristics

An important part of the FHA underwriting procedure is the determination of an estimate of value for each property proposed as security in an application for mortgage insurance. In the preparation of these estimates, consideration is given to such items as the estimated replacement cost of the property, its rental value, sale prices of comparable houses, neighborhood, market price of site, materials and quality of construction, the size of the house, and garage capacity. The following pages are devoted to an analysis of some of the interrelationship of the significant characteristics of properties involved in Section 203 insured mortgage transactions during 1958.

Property Value Distribution.—Property values of $10,000 to $16,999 were reported for 3 out of every 4 new-home and 2 out of every 3 existing-home transactions. New-home valuations were quite evenly distributed in the $10,000 to $16,999, range, with a slight predominance of the $13,000 to $14,999 category. By comparison, existing-home values tended to concentrate in the $10,000 to $13,999 classes. In addition, another one-fifth of the cases were reported in the $14,000 to $16,999 intervals. (Table III–43 and Chart III–22.) Only 6 percent of the new homes were valued at less than $10,000, while almost one-fifth of the existing homes had such a valuation. Properties appraised by FHA at $20,000 or more accounted for 6 percent of the new-home and 5 percent of the existing-home transactions.

FHA values for new homes on the average were fractionally lower than those reported in 1957 (Chart III–21), while existing-home values moved upward less than 1 percent. Table III–43 discloses that, with the exception of small upward shifts in the $10,000 to $16,999 valuations, there were declines in the proportion of new homes in the ranges below $10,000 and above $16,999. For existing construction, homes in virtually all value classes between $10,000 and $20,000 increased slightly while all others declined.

CHART III–21

FHA ESTIMATE OF PROPERTY VALUE, 1950–58

Single family home mortgages, Section 203

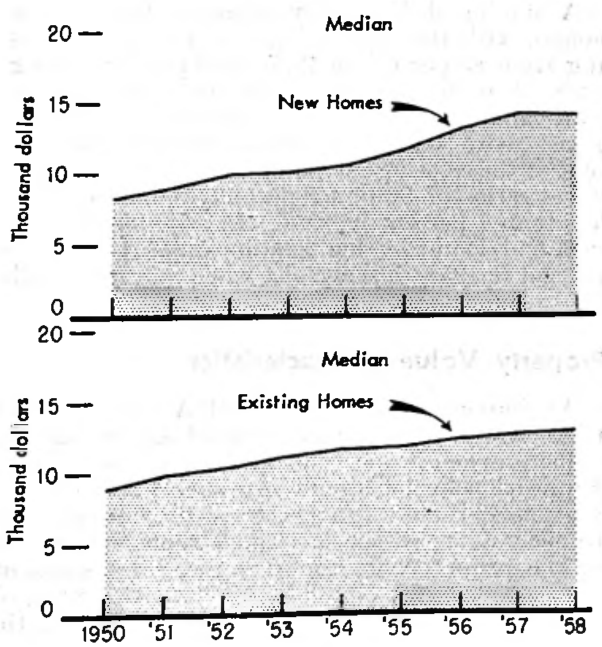


TABLE III–43.—*Property value, 1-family homes, Sec. 203 selected years*

FHA estimate of property value	Percentage distribution				
	1958	1957	1954	1950	1946
New homes:					
Less than $4,000				(1)	2.3
$4,000 to $4,999				0.4	10.0
$5,000 to $5,999			(1)	1.6	20.3
$6,000 to $6,999	(1)	(1)	0.6	18.3	27.8
$7,000 to $7,999	0.3	0.4	6.0	20.8	22.4
$8,000 to $8,999	1.2	2.4	18.8	22.5	11.1
$9,000 to $9,999	4.6	6.7	15.7	15.9	3.4
$10,000 to $10,999	9.9	7.9	12.4	10.0	1.5
$11,000 to $11,999	9.6	8.1	12.8	4.7	.5
$12,000 to $12,999	10.6	10.0	10.1	2.3	.3
$13,000 to $13,999	11.4	11.0	7.8	1.4	.2
$14,000 to $14,999	11.4	11.0	5.5	.7	.1
$15,000 to $15,999	10.9	11.2	3.8	.5	.1
$16,000 to $16,999	9.2	9.0	2.5	.3	
$17,000 to $17,999	6.7	7.0	1.3	.2	(1)
$18,000 to $19,999	8.2	8.4	1.4	.2	
$20,000 to $21,999	3.5	3.7	.8	.2	
$22,000 to $24,999	1.9	2.4	.3	(1)	
$25,000 and over	.6	.8	.2	(1)	
Total	100.0	100.0	100.0	100.0	100.0
Average value	$14,394	$14,464	$11,120	$8,594	$6,597
Median value	$14,207	$14,261	$10,678	$8,286	$6,558
Existing homes:					
Less than $4,000		0.2	(1)	1.2	9.0
$4,000 to $4,999		.1	0.2	1.4	16.8
$5,000 to $5,999	0.3	.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	3.4	3.2	5.5	15.8	12.1
$8,000 to $8,999	6.5	7.1	10.1	17.1	7.0
$9,000 to $9,999	8.4	9.1	11.1	14.5	3.4
$10,000 to $10,999	10.8	10.7	12.6	11.3	2.5
$11,000 to $11,999	10.7	10.4	12.1	7.6	1.1
$12,000 to $12,999	11.4	11.0	11.8	5.7	1.2
$13,000 to $13,999	10.4	9.8	9.1	3.3	.5
$14,000 to $14,999	8.6	8.8	6.6	2.0	.3
$15,000 to $15,999	7.5	7.4	6.8	1.7	.4
$16,000 to $16,999	6.2	5.9	4.1	1.1	.2
$17,000 to $17,999	4.4	4.3	2.9	.8	.1
$18,000 to $19,999	5.4	5.1	3.1	.9	.2
$20,000 to $21,999	2.5	2.6	1.9	.4	.3
$22,000 to $24,999	1.9	2.0	.5	.2	(1)
$25,000 and over	.5	.9	.2	.1	(1)
Total	100.0	100.0	100.0	100.0	100.0
Average value	$13,069	$13,028	$11,934	$9,298	$6,269
Median value	$12,778	$12,572	$11,540	$8,865	$5,934

[1] Less than 0.05 percent.

Transaction Characteristics.—Table III–44 indicates average property value, total acquisition cost, sale price, closing costs, mortgage amount, mortgagor's annual income, and the ratio of mortgage amount to property value of the various property value groups of Section 203 one-family cases insured during 1958.

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

As would be expected, increases in sale prices, closing costs, mortgage amounts, and mortgagor's annual incomes accompanied increases in property value, while the reverse tended to be true for the ration of loan to value.

Comparison of the new- and existing-home averages of the various characteristics for corresponding property value groups reveals that mortgagor's incomes and incidental closing costs and for the most part sale price and total acquisition costs were higher for existing-home transactions, while the mortgage amounts and loan-to-value ratios for the most part were higher for new-home buyers. In all groups, the average valuations were higher for new homes than for comparable existing dwellings. Although the average closing cost—$313—was the same for all transactions, incidental closing costs were in general always higher for existing 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 annual income of $7,217, which was more than 3 percent greater than that reported for the typical existing-home buyer. However, in comparable value ranges the income of existing-home mortgagors was higher

CHART III–22

FHA ESTIMATE OF PROPERTY VALUE, 1958

Single family home mortgages, Section 203

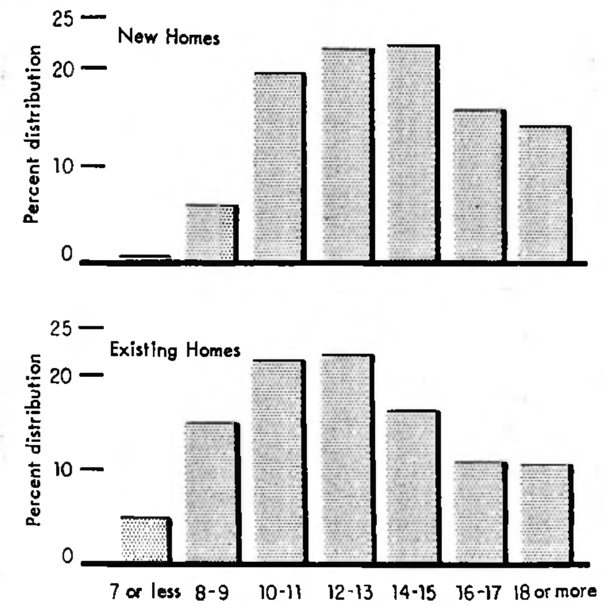


TABLE III–44.—*Transaction characteristics by property value, 1-family homes, Sec. 203, 1958*

FHA estimate of property value	Percentage distribution	Average						Ratio of loan to property value
		Property value	Total acquisition cost [1]	Sale price [1]	Closing costs [1 2]	Amount of mortgage	Mortgagor's annual income	
New homes:								
Less than $8,000	0.3	$7,659	$7,196	$6,995	$201	$6,606	$4,874	86.3
$8,000 to $8,999	1.2	8,532	8,554	8,309	245	7,855	4,772	92.1
$9,000 to $9,999	4.6	9,503	9,684	9,444	240	8,997	5,274	94.7
$10,000 to $10,999	9.9	10,425	10,589	10,350	239	9,780	5,621	93.8
$11,000 to $11,999	9.6	11,427	11,640	11,379	261	10,623	5,999	93.0
$12,000 to $12,999	10.6	12,425	12,618	12,328	290	11,367	6,385	91.5
$13,000 to $13,999	11.4	13,414	13,680	13,383	297	12,181	6,768	90.8
$14,000 to $14,999	11.4	14,406	14,698	14,373	325	12,926	7,129	89.7
$15,000 to $15,999	10.9	15,395	15,708	15,375	333	13,672	7,531	88.8
$16,000 to $16,999	9.2	16,303	16,710	16,374	336	14,330	8,027	87.4
$17,000 to $17,999	6.7	17,378	17,698	17,344	354	14,946	8,514	86.0
$18,000 to $18,999	4.8	18,375	18,744	18,381	363	15,643	9,003	85.1
$19,000 to $19,999	3.4	19,357	19,739	19,359	380	16,246	9,551	83.9
$20,000 to $21,999	3.5	20,712	21,164	20,715	449	17,123	10,224	82.7
$22,000 to $24,999	1.9	23,074	23,609	23,140	469	18,336	11,390	79.5
$25,000 and over	.6	27,359	27,693	27,089	604	20,208	13,348	73.9
Total	100.0	14,394	14,596	14,283	313	12,762	7,217	88.7
Existing homes:								
Less than $8,000	4.8	7,086	7,334	7,094	240	6,553	4,938	92.5
$8,000 to $8,999	6.5	8,401	8,671	8,419	252	7,791	5,240	92.7
$9,000 to $9,999	8.4	9,376	9,675	9,416	259	8,663	5,564	92.4
$10,000 to $10,999	10.8	10,373	10,736	10,454	282	9,520	5,857	91.8
$11,000 to $11,999	10.7	11,359	11,730	11,443	287	10,302	6,198	90.7
$12,000 to $12,999	11.4	12,355	12,769	12,457	312	11,077	6,573	89.7
$13,000 to $13,999	10.4	13,359	13,783	13,472	311	11,856	6,922	88.7
$14,000 to $14,999	8.6	14,335	14,797	14,475	322	12,581	7,360	87.8
$15,000 to $15,999	7.5	15,319	15,811	15,470	341	13,310	7,810	86.9
$16,000 to $16,999	6.2	16,335	16,843	16,491	352	14,083	8,281	86.2
$17,000 to $17,999	4.4	17,313	17,830	17,474	356	14,770	8,722	85.3
$18,000 to $18,999	3.4	18,298	18,872	18,503	369	15,460	9,268	84.5
$19,000 to $19,999	2.0	19,284	19,875	19,479	396	16,141	9,831	83.7
$20,000 to $21,999	2.5	20,678	21,426	20,077	449	17,094	10,537	82.7
$22,000 to $24,999	1.9	23,027	23,861	23,333	528	18,701	11,681	81.2
$25,000 and over	.5	26,715	26,883	26,326	557	19,529	13,427	73.1
Total	100.0	13,069	13,446	13,133	313	11,513	6,975	88.1

[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.

TABLE III-45.—*Property characteristics by property value, 1-family homes, Sec. 203, 1958*

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 (sq. ft.)	Average: Number of rooms	Average: Number of bedrooms	Percent of structures with garage
New homes:									
Less than $8,000	0.3	$7,659	$8,392	$1,016	13.3	929	4.9	2.8	19.8
$8,000 to $8,999	1.2	8,532	9,166	1,228	14.4	850	4.7	2.7	43.4
$9,000 to $9,999	4.6	9,503	9,971	1,441	15.2	901	4.8	2.9	59.2
$10,000 to $10,999	9.9	10,425	10,968	1,573	15.1	958	5.0	2.9	60.1
$11,000 to $11,999	9.6	11,427	11,874	1,658	14.5	1,014	5.1	3.0	61.4
$12,000 to $12,999	10.6	12,425	12,942	1,794	14.4	1,071	5.2	3.0	67.2
$13,000 to $13,999	11.4	13,414	13,916	1,967	14.7	1,095	5.3	3.0	68.3
$14,000 to $14,999	11.4	14,406	14,953	2,182	15.1	1,127	5.3	3.0	67.9
$15,000 to $15,999	10.9	15,395	15,950	2,377	15.4	1,168	5.5	3.0	68.8
$16,000 to $16,999	9.2	16,393	16,889	2,595	15.8	1,206	5.5	3.0	73.2
$17,000 to $17,999	6.7	17,378	17,905	2,786	16.0	1,272	5.6	3.0	74.3
$18,000 to $18,999	4.8	18,375	18,960	2,985	16.2	1,332	5.8	3.1	80.7
$19,000 to $19,999	3.4	19,357	19,920	3,207	16.6	1,389	5.9	3.2	84.1
$20,000 to $21,999	3.5	20,712	21,283	3,525	17.0	1,444	6.0	3.2	83.6
$22,000 to $24,999	1.9	23,074	23,582	3,924	17.0	1,580	6.2	3.2	86.7
$25,000 and over	.6	27,359	28,331	4,460	16.3	1,653	6.2	3.1	84.5
Total	100.0	14,394	14,921	2,223	15.4	1,138	5.4	3.0	72.7
Existing homes:									
Less than $8,000	4.8	7,086	10,150	1,057	14.9	950	5.0	2.4	47.6
$8,000 to $8,999	6.5	8,401	10,893	1,286	15.3	950	4.9	2.4	59.9
$9,000 to $9,999	8.4	9,376	11,620	1,467	15.6	970	5.0	2.4	65.0
$10,000 to $10,999	10.8	10,373	12,504	1,661	16.0	1,002	5.1	2.5	66.2
$11,000 to $11,999	10.7	11,359	13,297	1,829	16.1	1,021	5.1	2.6	68.2
$12,000 to $12,999	11.4	12,355	14,306	2,000	16.2	1,061	5.3	2.7	70.2
$13,000 to $13,999	10.4	13,359	15,139	2,176	16.3	1,093	5.4	2.8	73.2
$14,000 to $14,999	8.6	14,335	16,052	2,339	16.3	1,125	5.4	2.8	74.2
$15,000 to $15,999	7.5	15,319	17,033	2,547	16.6	1,171	5.6	2.9	75.7
$16,000 to $16,999	6.2	16,335	18,003	2,741	16.8	1,224	5.7	2.9	80.5
$17,000 to $17,999	4.4	17,313	18,952	2,959	17.1	1,269	5.7	3.0	81.7
$18,000 to $18,999	3.4	18,298	20,045	3,165	17.3	1,335	5.9	3.0	80.4
$19,000 to $19,999	2.0	19,284	20,920	3,344	17.3	1,367	5.9	3.0	85.2
$20,000 to $21,999	2.5	20,678	22,464	3,736	18.1	1,455	6.1	3.1	88.3
$22,000 to $24,999	1.9	23,027	24,775	4,105	17.8	1,539	6.3	3.2	90.8
$25,000 and over	.5	26,715	29,146	4,557	17.1	1,731	6.4	3.3	92.0
Total	100.0	13,069	16,045	2,150	16.5	1,105	5.4	2.7	74.9

than for new-home buyers. This probably results from the higher down payments required, as indicated by somewhat lower loan-value ratios reported for existing-home transactions, as well as the necessity of being able to meet comparatively larger housing expenses.

Property Characteristics.—Table III-45 shows, by property value groups, averages of property value, replacement costs, market price of an equivalent site, land price-value ratio, calculated area, number of rooms, number of bedrooms and percentage of structures with garage facilities for the new and existing homes insured under Section 203 during 1958.

Under the FHA valuation procedure, replacement cost establishes the upper limit to value, since, as stated in the FHA underwriting manual, "A typical buyer acting intelligently would not be warranted in paying more for property than the cost of producing an equivalent property." Therefore, as is evident in Table III-45, the FHA estimates of property value are always below replacement cost of the properties. The difference between value and replacement costs is noticeably greater for existing properties than for new, principally because of depreciation. For Section 203 new-home transactions closed in 1958, value averaged almost 97 percent of replacement cost while the comparable figure for existing homes was only 87 percent. The lower values of existing properties reflect the shorter economic life of the structures and also the influence of obsolescence on such items as structural design, the amount and type of equipment included, and, occasionally, the location. In both new- and existing-home transactions, the ratio of value to replacement cost in general advanced with increases in property value—for new homes, from 91 percent for those valued at less than $8,000 to almost 98 percent in the $22,000 to $24,999 value class, while for existing homes the comparable range was from 70 percent to 93 percent. The land market price involved in Section 203 transactions averaged $2,223 or 15.4 percent of the total value of a new home and $2,150 or 16.5 percent of the value of an existing home. For both new and existing properties, land prices advanced as property values increased. In each value group, land prices and the ratio of land prices to total value were higher for existing homes than for new. The land prices of higher valued properties ($20,000 or more) represented a somewhat larger proportion of the total value as compared with lower priced homes, possibly because of their larger sizes and more desirable locations. In the lower values—below $14,000—existing homes had higher land values than new homes, probably attributable to their location in neighborhoods closer to centers of cities which had better shopping and community facilities. As indicated in Table III-45, the proportion of houses with garages was somewhat higher for existing-home transactions in comparable value groups, with garage facilities 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 class. A more detailed analysis of these items is presented in a subsequent portion of the report dealing with the sizes of FHA homes in 1958.

Market Price of Site.—The available market price of equivalent site as defined by FHA is the FHA estimated price for an equivalent site including street improvements or utilities, rough grading, terracing and retaining walls, if any. Table III-46 shows a cross tabulation of the FHA estimate of value and available market price of equivalent site, while Chart III-23 shows the upward trend in land prices. As might be expected, the price of site increased as total valulations grew, with the typical land price for new- and existing-home mortgage transactions representing more than 15 percent of the total FHA valuation of the property. However, the typical land price for new homes was $2,177 or 7 percent more than the $2,036 reported as typical for existing-home sites. One out of four new and existing homes securing insured mortgages had sites valued between $1,500 and $1,999. In addition, another 38 percent of the new-home sites were valued between $2,000 and

CHART III-23

MARKET PRICE OF EQUIVALENT SITE, 1950-58

Single family home mortgages, Section 203

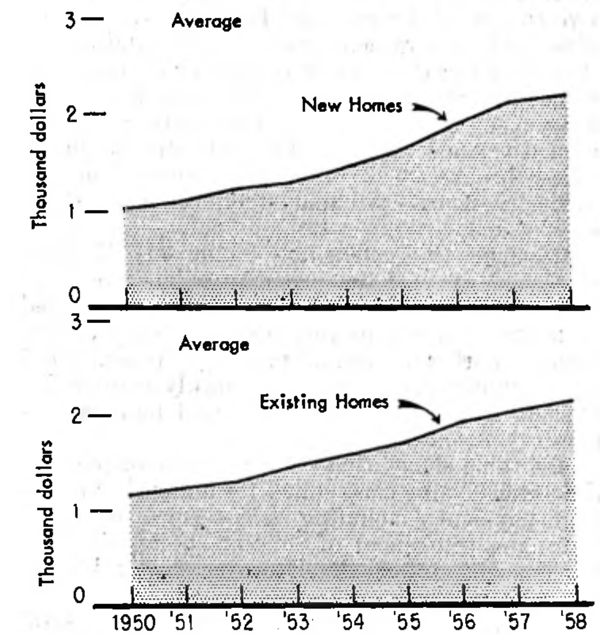


TABLE III-46.—*Available market price of equivalent site by property value, 1-family homes, Sec. 203, 1958*

FHA estimate of property value	Percentage distribution	Median market price of site	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
			Available market price of equivalent site—percentage distribution										
New homes:													
Less than $8,000	0.3	$919	0.8	58.7	38.0	1.6	------	------	------	------	------	------	------
$8,000 to $8,999	1.2	1,231	.2	23.5	57.1	12.2	3.5	3.5	------	------	------	------	------
$9,000 to $9,999	4.6	1,417	.3	12.1	45.2	25.0	12.9	4.4	0.1	(1)	(1)	(1)	------
$10,000 to $10,999	9.9	1,625	(1)	5.6	33.8	42.8	11.7	5.1	.8	0.2	------	(1)	------
$11,000 to $11,999	9.6	1,688	.1	2.6	30.9	43.7	15.1	5.8	1.1	.6	0.1	------	(1)
$12,000 to $12,999	10.6	1,831	(1)	2.2	19.8	42.1	26.8	5.8	1.8	1.0	.3	0.1	0.1
$13,000 to $13,999	11.4	1,986	(1)	1.0	13.2	36.7	28.4	16.3	3.0	.9	.3	.1	.1
$14,000 to $14,999	11.4	2,231	------	.6	6.3	26.9	35.2	21.3	7.5	1.8	.3	.1	(1)
$15,000 to $15,999	10.9	2,435	(1)	.2	3.4	19.2	31.2	28.1	13.6	3.5	.4	.2	.2
$16,000 to $16,999	9.2	2,676	(1)	.2	2.1	12.9	25.0	27.7	22.6	7.4	1.3	.6	.2
$17,000 to $17,999	6.7	2,916	------	.1	1.6	8.5	16.9	27.7	31.5	9.6	2.8	.7	.7
$18,000 to $18,999	4.8	3,082	(1)	------	.5	4.9	13.8	25.7	30.8	16.4	5.5	1.0	1.4
$19,000 to $19,999	3.4	3,297	.1	.1	.7	2.7	9.5	20.1	28.4	25.4	8.0	3.2	1.8
$20,000 to $21,999	3.5	3,589	------	------	.5	2.8	6.4	13.0	23.0	24.3	15.6	7.5	6.9
$22,000 to $24,999	1.9	4,020	------	.2	.3	1.0	4.3	6.8	18.6	17.1	25.5	12.8	12.8
$25,000 and over	.6	4,665	------	.7	1.8	3.2	5.6	4.9	10.6	7.4	13.7	16.2	35.9
Total	100.0	2,177	(1)	2.3	14.3	25.8	21.5	16.2	10.9	5.1	2.1	.9	.9
Existing homes:													
Less than $8,000	4.8	1,123	1.2	37.7	45.2	13.4	1.9	.5	.1	------	------	------	------
$8,000 to $8,999	6.5	1,344	.3	17.1	47.4	27.5	5.9	1.4	.3	.1	------	------	------
$9,000 to $9,999	8.4	1,518	.1	10.2	38.4	34.6	10.6	4.8	1.2	.1	(1)	(1)	------
$10,000 to $10,999	10.8	1,697	.1	5.5	29.7	37.4	15.3	7.4	3.5	.8	.2	.1	(1)
$11,000 to $11,999	10.7	1,828	.1	3.3	23.4	35.4	18.9	10.6	5.7	1.8	.7	.1	(1)
$12,000 to $12,999	11.4	1,990	(1)	1.9	16.5	32.3	23.5	13.6	7.9	2.4	1.1	.5	.3
$13,000 to $13,999	10.4	2,180	.1	1.3	10.9	28.3	25.2	15.5	10.9	4.9	1.9	.6	.4
$14,000 to $14,999	8.6	2,335	.1	.9	7.6	23.7	26.5	17.9	12.0	6.0	3.1	1.1	1.1
$15,000 to $15,999	7.5	2,574	.1	.3	5.2	16.7	24.5	21.8	16.1	7.5	4.0	2.1	1.7
$16,000 to $16,999	6.2	2,761	(1)	.3	2.4	13.2	22.0	23.1	17.9	10.4	5.0	2.2	3.5
$17,000 to $17,999	4.4	2,995	(1)	.2	2.3	9.7	17.8	20.2	20.2	13.4	7.0	4.1	5.1
$18,000 to $18,999	3.4	3,158	------	.2	1.5	7.1	14.4	20.0	21.6	14.3	7.3	4.1	9.5
$19,000 to $19,999	2.0	3,333	------	.3	1.1	4.8	11.8	17.8	21.2	15.8	10.4	6.1	10.7
$20,000 to $21,999	2.5	3,710	.1	.1	.6	3.3	7.8	12.3	18.3	17.9	14.0	9.3	16.3
$22,000 to $24,999	1.9	4,114	------	.1	.7	1.5	4.7	10.1	13.4	16.6	14.3	13.4	25.2
$25,000 and over	.5	4,520	------	------	2.3	5.4	3.7	5.4	10.0	11.0	11.7	12.4	38.1
Total	100.0	2,036	.1	5.2	18.6	24.8	17.6	12.7	9.3	5.0	2.8	1.6	2.4

[1] Less than 0.05 percent.

$2,999 compared with approximately 30 percent for existing homes. It is interesting to note comparison of several value groups showing the variation of site and property value. For instance, more than three-fourths of the new homes and two-thirds of the existing homes in the $10,000 class had sites valued between $1,000 and $1,999. As for the medium price range, for example, the $15,000 house, 79 percent of the new homes and 63 percent of the existing homes were on sites valued between $1,500 and $2,999. In the higher priced brackets, $22,000 or more, more than half of the homes were situated on lots valued at $4,000 or higher.

Financial Characteristics.—Table III–47 indicates, for each of the property value groups of FHA new- and existing-home transactions insured under Section 203 in 1958, averages of property value, mortgage term, property taxes, total monthly mortgage payment, monthly prospective housing expense, rental value, and mortgagor's monthly income.

The table shows that the average mortgage in the $14,000 value class called for a monthly mortgage payment (including debt service, property taxes, and insurance) of $97.80 to be repaid over nearly a 28-year period. However, the total housing expense comes to $123.04, which includes in addition to mortgage payment the probable cost of household operations and anticipated maintenance and repairs.

The typical new-home mortgage was written for a duration of more than 27 years, while that for existing homes was 24 years. The terms of the new-home mortgages were fairly consistent at the 27-year duration in all but the less than $10,000 or more than $22,000 value classes, while the existing-home mortgage terms tended to increase generally as the values increased. In corresponding value classes mortgage terms for new-home buyers were longer than for existing-home buyers.

Longer mortgage terms may have been granted to buyers of higher valued homes because of their high credit standing or in some instances to bring the monthly payment schedule within the payment ability of the prospective buyers. Another contributing factor may have been the longer remaining economic life of higher valued properties, which may also have accounted for the fact that the average term of the new-home mortgage exceeded that of existing-home mortgages in comparable value ranges.

Next to principal and interest, property taxes were the most important item of the total monthly mortgage payment—averaging slightly more than 15 percent of the total payment for both new- and existing-home transactions. Average taxes were directly proportional to property values and moved upward as property value increased, indicating that wide variations in local tax rates and in special assessments affected all value classes fairly evenly. In all corresponding value groups between $10,000 and $24,999, property taxes were slightly higher for existing homes than for new. Total monthly payment advanced with the rise in value, primarily resulting from the increased debt service on higher average mortgage amounts and partially from increased taxes on higher valued properties. These monthly payments for new homes ranged from $59 for homes valued at less than $8,000, to $166 for those having valuations of $25,000 or higher, and from $58 to $163 for existing homes. In addition, the average payment for new homes was $97.48, slightly higher than the $93.07 reported for all existing home mortgages.

TABLE III–47.—*Financial characteristics by property value, 1-family homes, Sec. 203, 1958*

FHA estimate of property value	Percentage distribution	Average: Property value	Average: Term of mortgage (years)	Monthly average: Property taxes	Monthly average: Total mortgage payment	Monthly average: Prospective housing expense	Monthly average: Mortgagor's income	Monthly average: Rental value
New homes:								
Less than $8,000	0.3	$7,659	26.9	$10.75	$59.00	$80.28	$406.20	$66.37
$8,000 to $8,999	1.2	8,532	26.1	8.81	62.40	81.48	397.03	69.08
$9,000 to $9,999	4.6	9,503	26.7	10.43	69.27	89.22	439.51	76.55
$10,000 to $10,999	9.9	10,425	27.2	10.73	74.25	96.07	468.39	83.21
$11,000 to $11,999	9.6	11,427	27.4	11.71	80.44	103.17	499.89	89.93
$12,000 to $12,999	10.6	12,425	27.4	12.39	85.97	109.56	532.07	96.97
$13,000 to $13,999	11.4	13,414	27.4	13.53	92.23	116.69	563.98	103.41
$14,000 to $14,999	11.4	14,406	27.7	14.90	97.80	123.04	594.10	111.13
$15,000 to $15,999	10.9	15,395	27.7	16.17	103.77	129.54	627.56	118.70
$16,000 to $16,999	9.2	16,393	27.5	17.24	109.29	135.94	668.91	125.73
$17,000 to $17,999	6.7	17,378	27.3	18.18	114.46	142.25	709.54	132.88
$18,000 to $18,999	4.8	18,375	27.0	19.70	120.74	149.38	750.21	139.61
$19,000 to $19,999	3.4	19,357	27.1	21.30	125.99	155.34	795.93	146.38
$20,000 to $21,999	3.5	20,712	27.0	22.78	133.53	164.54	851.97	155.38
$22,000 to $24,999	1.9	23,074	26.6	25.51	144.05	179.42	949.17	169.33
$25,000 and over	.6	27,359	25.5	29.15	166.37	205.79	1,112.30	201.79
Total	100.0	14,394	27.3	15.06	97.48	122.67	601.41	111.09
Existing homes:								
Less than $8,000	4.8	7,066	21.1	8.47	58.34	79.79	411.53	62.03
$8,000 to $8,999	6.5	8,401	22.6	9.16	65.71	87.26	436.63	70.90
$9,000 to $9,999	8.4	9,376	23.4	10.13	70.57	92.72	463.70	77.32
$10,000 to $10,999	10.8	10,373	23.9	11.49	76.08	99.96	488.12	84.48
$11,000 to $11,999	10.7	11,359	24.4	12.56	82.75	106.42	516.47	91.46
$12,000 to $12,999	11.4	12,355	24.6	13.70	88.81	113.41	547.76	98.51
$13,000 to $13,999	10.4	13,359	24.7	14.77	94.85	120.24	576.84	105.41
$14,000 to $14,999	8.6	14,335	24.7	16.23	101.08	127.31	613.36	112.69
$15,000 to $15,999	7.5	15,319	25.0	17.18	106.50	133.73	650.81	119.06
$16,000 to $16,999	6.2	16,335	25.1	18.56	112.60	140.78	690.08	126.29
$17,000 to $17,999	4.4	17,313	25.1	19.29	118.01	146.96	726.80	132.75
$18,000 to $18,999	3.4	18,298	24.8	20.60	124.39	154.48	772.33	139.89
$19,000 to $19,999	2.0	19,284	25.0	21.45	129.89	160.85	819.23	146.39
$20,000 to $21,999	2.5	20,678	24.8	23.51	138.39	171.02	878.11	155.20
$22,000 to $24,999	1.9	23,027	24.8	25.97	151.43	186.27	973.43	170.55
$25,000 and over	.5	26,715	23.8	28.36	163.31	202.88	1,118.88	196.16
Total	100.0	13,069	24.2	14.59	93.07	118.47	581.24	103.32

Prospective housing expense, almost four-fifths of which was accounted for by mortgage payment, showed similar variation, with increases in property values ranging from $80 to $206 for new homes in the lowest and highest value groups and $80 to $203 for existing homes. Although the average mortgage payment and housing expense were higher for existing homes in virtually all valuation classes, the average housing expense of $123 for new-home purchases was about $4 higher than for all existing-home transactions.

The monthly expense attributable to household operation and estimated cost of repair averaged about $25 for new and existing homes. In line with higher costs of operating and maintenance, expenses were slightly higher for existing homes than for new, but expenses on all homes ranged upward with increases in property values from $21 for the less than $8,000 valuation to almost $40 for the most expensive homes.

CHART III-24

CALCULATED AREA, 1958

Single family home mortgages, Section 203

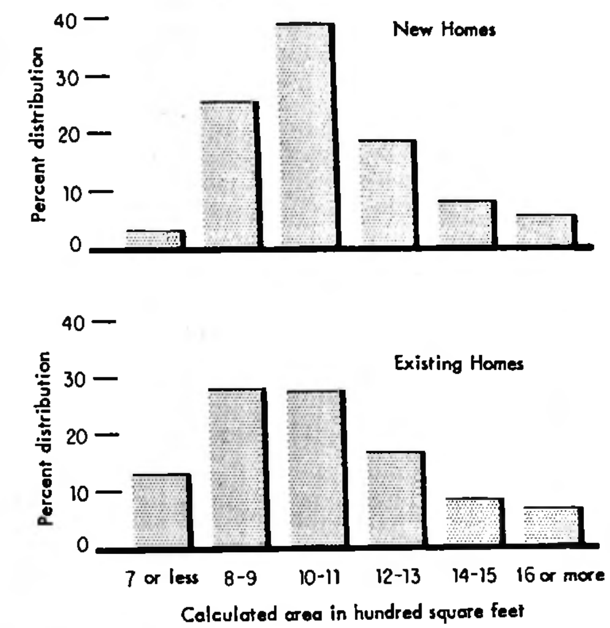


TABLE III–48.—*Calculated area, 1-family homes, Sec. 203, selected years*

Calculated area (sq. ft.)	Percentage distribution: 1958	1957	1954	1950	1948
New homes:					
Less than 600	(1)	(1)	(1)	0.5	0.9
600 to 699	0.3	0.3	2.4	7.6	4.6
700 to 799	2.8	3.8	11.5	30.6	20.6
800 to 899	7.4	8.5	20.5	25.4	22.0
900 to 999	18.3	16.1	23.1	13.0	16.2
1,000 to 1,099	23.0	20.3	18.0	9.9	11.2
1,100 to 1,199	16.2	15.5	11.8	5.3	8.7
1,200 to 1,299	10.8	12.5	6.9	3.2	6.4
1,300 to 1,399	7.9	8.5	2.6	2.0	3.4
1,400 to 1,499	4.6	5.2	1.6	.9	2.2
1,500 to 1,599	3.5	4.1	.7	.6	1.5
1,600 to 1,799	3.7	3.7	.6	.6	1.4
1,800 to 1,999	1.1	1.1	.2	.2	.4
2,000 or more	.4	.4	.1	.2	.5
Total	100.0	100.0	100.0	100.0	100.0
Average	1,138	1,146	990	894	972
Median	1,092	1,105	961	838	912
Existing homes:					
Less than 600	.1	.2	.2	.5	.9
600 to 699	2.2	2.2	2.5	3.3	4.7
700 to 799	10.8	10.9	12.0	14.4	16.3
800 to 899	14.0	13.5	15.7	16.5	18.5
900 to 999	14.1	14.0	13.8	14.1	13.3
1,000 to 1,099	15.5	14.5	12.9	11.7	10.9
1,100 to 1,199	12.1	12.3	10.9	9.3	8.0
1,200 to 1,299	9.7	9.8	8.8	7.6	6.8
1,300 to 1,399	6.8	6.9	6.8	5.8	5.1
1,400 to 1,499	4.9	5.0	4.3	4.3	3.7
1,500 to 1,599	3.3	3.3	3.2	3.2	2.9
1,600 to 1,799	3.5	3.9	3.0	4.2	3.7
1,800 to 1,999	1.7	1.8	2.0	2.2	2.2
2,000 or more	1.3	1.7	2.1	2.9	3.0
Total	100.0	100.0	100.0	100.0	100.0
Average	1,105	1,115	1,104	1,100	1,075
Median	1,053	1,060	1,035	1,006	972

(1) Less than 0.05 percent.

Size of House Characteristics

This portion of the report deals with the sizes of the homes securing mortgages insured by FHA under Section 203 as indicated by calculated area (Table III–48), characteristics of 1958 properties by various area groups (Table III–49), and distribution of the 1958 homes by number of rooms and number of bedrooms, within specific property value classes (Table III–50).

Calculated Area Distribution.—The single-family homes securing the mortgages insured under Section 203 in 1958 were typically a little smaller than those reported for 1957. The median area for new homes was 1,092 square feet—4 percent above the typical existing-home figure of 1,053 square feet. As indicated by Chart III–24 and Table III–48, the 1958 new homes were concentrated in the area groups from 900–1,199 square feet—which accounted for nearly 58 percent of the total—with the largest proportion—23 percent—in the 1,000–1,099 square feet interval. On the other hand, the distribution of existing homes was spread over a wider range, with heavier concentrations in the smaller size classes. Roughly 3 out of every 4 existing homes were in the 700–1,299 square feet area range, with about 30 percent reported with areas of 900–1,099 square feet. The distribution of the rest over a wider range reflects the heterogeneity of the inventory of existing homes.

TABLE III–49.—*Property characteristics by calculated area, 1-family homes, Sec. 203, 1958*

Calculated area (sq. ft.)	Percentage distribution	Average								Percent of structures with garage
		Calculated area (sq. ft.)	Property value	Total acquisition cost [1]	Sale price [1]	Monthly housing expense	Monthly rental value	Number of rooms	Number of bedrooms	
New homes:										
Less than 700	0.3	674	$9,617	$9,873	$9,408	$86.80	$74.72	4.1	2.7	14.7
700 to 799	2.8	749	10,482	10,636	10,335	94.34	82.72	4.4	2.5	51.0
800 to 899	7.4	857	11,463	11,672	11,390	101.11	88.82	4.8	2.7	53.7
900 to 999	18.3	946	12,202	12,420	12,159	107.01	94.44	5.1	3.0	52.9
1,000 to 1,099	23.0	1,047	13,748	13,951	13,663	117.55	106.37	5.2	3.0	66.0
1,100 to 1,199	16.2	1,144	14,951	15,237	14,904	125.88	115.28	5.5	3.0	81.8
1,200 to 1,299	10.8	1,247	15,829	16,147	15,805	132.46	121.44	5.6	3.0	87.3
1,300 to 1,399	7.9	1,347	16,320	16,512	16,151	137.03	126.49	5.7	3.1	91.8
1,400 to 1,499	4.6	1,443	17,530	17,941	17,583	146.15	134.63	6.0	3.1	90.9
1,500 to 1,599	3.5	1,540	17,590	17,750	17,379	148.51	135.66	6.1	3.2	88.6
1,600 to 1,699	2.5	1,613	18,031	18,061	17,688	150.16	136.90	6.3	3.4	92.2
1,700 to 1,799	1.2	1,743	19,008	19,365	18,977	159.66	146.86	6.3	3.2	93.1
1,800 to 1,999	1.1	1,897	19,971	20,374	19,919	163.50	151.94	6.4	3.3	88.9
2,000 or more	.4	2,192	22,856	23,150	22,707	184.60	167.13	6.8	3.5	90.7
Total	100.0	1,138	14,394	14,590	14,283	122.67	111.09	5.4	3.0	72.7
Existing homes:										
Less than 700	2.3	660	9,610	9,931	9,682	92.50	78.97	4.2	2.1	58.2
700 to 799	10.8	754	10,721	11,055	10,787	100.78	86.98	4.4	2.2	60.3
800 to 899	14.0	848	11,321	11,656	11,378	104.62	90.73	4.7	2.3	67.8
900 to 999	14.1	948	12,086	12,481	12,179	110.23	95.96	5.0	2.6	69.3
1,000 to 1,099	15.5	1,046	12,929	13,348	13,040	115.99	101.83	5.3	2.8	75.8
1,100 to 1,199	12.1	1,146	13,594	14,025	13,700	121.32	106.70	5.5	2.9	80.7
1,200 to 1,299	9.7	1,244	14,330	14,781	14,435	127.57	112.20	5.8	2.9	82.3
1,300 to 1,399	6.8	1,346	14,870	15,288	14,952	132.55	116.43	6.0	3.0	84.4
1,400 to 1,499	4.9	1,444	15,336	15,751	15,397	136.89	120.03	6.1	3.1	85.3
1,500 to 1,599	3.3	1,543	15,984	16,422	16,068	142.75	124.81	6.3	3.2	83.8
1,600 to 1,699	2.1	1,643	16,208	16,688	16,299	145.48	126.49	6.5	3.3	84.8
1,700 to 1,799	1.4	1,743	16,303	16,591	16,226	147.35	127.01	6.7	3.3	85.8
1,800 to 1,999	1.7	1,885	16,437	16,712	16,347	149.63	128.92	6.8	3.4	84.7
2,000 or more	1.3	2,315	17,185	17,194	16,781	160.10	135.24	7.5	3.9	86.0
Total	100.0	1,105	13,069	13,446	13,133	118.47	103.32	5.4	2.7	74.9

[1] Data reflect purchase transactions only.

Characteristics by Calculated Area.—Table III–49 shows for the 1958 Section 203 homes in the various calculated area ranges the average floor area, property value, total acquisition cost, sale price, monthly housing expense, monthly rental value, number of rooms and bedrooms, and the proportion of homes with garage facilities. The table indicates, for example, that the average new home in the 1,100 to 1,199 square feet class had a floor area of 1,144 square feet, which included 5.5 rooms of which 3 were bedrooms. This house and site had an average estimated value of $14,951 and a probable rental value of $115.28 a month. The prospective monthly housing expense, including the monthly mortgage payment and the expected costs of household operations, maintenance, and repair, was estimated at an average of $125.88. For those transactions in which the mortgagors purchased new homes from builders, the total acquisition cost—sale price plus incidental closing costs—averaged $15,237. 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 and existing homes were accompanied by increases in average housing expenses, rental value, room and bedroom count, property value, sale prices, and total acquisition cost. The percentage of structures with garages generally tended to increase as the size of the structures grew.

Existing homes in the calculated area groups below 1,000 square feet had generally higher average total acquisition costs, sale prices, monthly housing expenses, rental values, and percent of structures with garages than did corresponding new properties. The higher acquisition costs and rental values of existing properties may reflect their location in central city neighborhoods. It is also possible that the structural and land improvements frequently made to existing properties tend to increase their prices and value. The higher housing expense reported for existing homes probably reflects the higher heating, maintenance and repair costs frequently experienced with older properties. On the other hand, for larger properties, new-home expenses were higher because of larger mortgages and monthly payments. In addition, for new homes of 1,000 square feet or more, higher average property values, acquisition costs, housing expenses, rental values, and room counts were reported than for comparable existing properties. On the average, the number of bedrooms was greater for new homes of less than 1,400 square feet, but in the larger houses—1,700 square feet or more—more bedrooms were found in the existing dwellings. Garage facilities were relatively more numerous in existing homes with less than 1,100 square feet area, while new homes of a larger size more frequently included garages.

Relation of Size of House to Property Value

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

Although the typical new and existing homes had the same number of rooms—5.8—the number reported for existing homes in all but the less than $8,000 value class was equal to or greater than the number reported for new dwellings. On the other hand, the median number of bedrooms for new homes in virtually all but the most expensive properties ($25,000 or more) exceeded that for existing homes, reflecting the continued demand for more bedrooms in new homes coming on the market.

The bulk—59 percent—of new homes securing mortgages insured in 1958 had 5 rooms, with almost another third including 6 rooms. For existing properties, comparatively fewer homes had 5 and 6 rooms (40 and 31 percent respectively), but more were insured with 4 rooms or less—19 percent. Almost 8 percent of the existing homes had 4 or more bedrooms, in contrast with slightly more than 5 percent of the new homes.

The distribution of bedrooms shown in Table III–50 clearly demonstrates that 3-bedroom homes predominated in the market in 1958. Almost 9 of every 10 new homes insured had 3 bedrooms, while a little more than half (56 percent) of the existing homes were in this category. In addition, 37 percent of the existing homes had 2 bedrooms, as compared with only 6 percent of the new homes. For new homes, the 5-room house predominated in all value classes below $18,000. Above that figure, 6-room homes were more frequently reported, as well as significant numbers with 7 or more rooms. In contrast, the existing-home distribution was less concentrated, including a significant number of homes in each of the 4, 5, and 6-room categories. Three-bedroom homes predominated in all new-home transactions as well as in existing homes with valuations of $11,000 or more.

Mortgagor's Income Characteristics

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

TABLE III–50.—*Number of rooms and bedrooms by property value, 1-family homes, Sec. 203, 1958*

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	0.3	5.4	19.9	70.6	8.7	0.8	----------	3.4	22.2	77.0	0.8
$8,000 to $8,999	1.2	5.3	30.3	68.3	1.2	.2	----------	3.3	24.5	75.1	.4
$9,000 to $9,999	4.6	5.4	20.9	73.2	5.8	.1	----------	3.4	13.9	85.9	.2
$10,000 to $10,999	9.0	5.5	8.5	78.5	12.9	.1	(1)	3.5	7.8	91.4	.8
$11,000 to $11,999	9.6	5.6	5.9	74.8	18.2	1.1	(1)	3.5	7.0	90.7	2.3
$12,000 to $12,999	10.6	5.6	6.6	69.3	22.7	1.3	0.1	3.5	7.1	89.7	3.2
$13,000 to $13,999	11.4	5.7	4.4	62.6	31.2	1.7	.1	3.5	6.4	90.8	2.8
$14,000 to $14,999	11.4	5.7	3.0	63.0	31.3	2.6	.1	3.5	5.5	90.7	3.8
$15,000 to $15,999	10.9	5.9	1.9	54.2	39.4	4.3	.2	3.5	4.2	91.8	4.0
$16,000 to $16,999	9.2	6.0	1.4	48.9	43.8	5.7	.2	3.5	3.5	91.0	5.5
$17,000 to $17,999	6.7	6.1	1.5	45.2	44.2	8.4	.7	3.5	3.4	90.0	6.6
$18,000 to $18,999	4.8	6.3	.9	33.9	51.8	12.1	1.3	3.6	2.0	86.8	11.2
$19,000 to $19,999	3.4	6.4	.6	29.8	47.0	21.5	1.1	3.6	1.8	77.6	20.6
$20,000 to $21,999	3.5	6.5	.6	25.4	51.6	21.1	1.3	3.6	2.2	79.3	18.5
$22,000 to $24,999	1.0	6.6	.6	21.1	44.4	28.7	5.2	3.7	2.3	72.9	24.8
$25,000 and over	.6	6.6	.7	13.4	57.1	23.2	5.6	3.6	5.0	71.1	23.9
Total	100.0	5.8	4.9	58.5	31.2	5.0	.4	3.5	5.9	88.8	5.3
Median value	$14,207	----------	$11,375	$13,348	$15,643	$18,351	$19,324	----------	$12,642	$14,162	$17,665
Existing homes:											
Less than $8,000	4.8	5.3	42.8	25.6	22.2	6.1	3.3	2.8	64.4	27.8	7.8
$8,000 to $8,999	6.5	5.3	40.6	35.3	17.1	4.6	2.4	2.7	68.3	25.9	5.8
$9,000 to $9,999	8.4	5.4	33.3	40.2	20.6	4.1	1.8	2.8	59.8	35.6	4.6
$10,000 to $10,999	10.8	5.5	27.6	42.7	23.6	4.3	1.8	3.0	50.7	43.9	5.4
$11,000 to $11,999	10.7	5.6	24.7	43.8	25.1	5.0	1.4	3.1	44.7	49.8	5.5
$12,000 to $12,999	11.4	5.7	17.7	45.6	28.6	6.2	1.9	3.3	35.4	57.6	7.0
$13,000 to $13,999	10.4	5.8	13.9	46.7	31.6	5.9	1.9	3.3	31.2	62.5	6.3
$14,000 to $14,999	8.6	5.9	10.2	46.5	34.0	7.3	2.0	3.4	26.5	65.4	8.1
$15,000 to $15,999	7.5	5.9	7.7	42.5	38.7	9.2	1.9	3.4	21.7	69.9	8.4
$16,000 to $16,999	6.2	6.1	4.7	39.8	41.9	10.7	2.9	3.4	17.7	73.3	9.0
$17,000 to $17,999	4.4	6.2	3.7	38.3	43.2	11.6	3.2	3.5	14.6	76.2	9.2
$18,000 to $18,999	3.4	6.4	2.6	31.0	46.5	16.0	3.9	3.5	12.5	75.9	11.6
$19,000 to $19,999	2.0	6.4	2.4	27.2	49.7	17.2	3.5	3.5	7.5	79.3	13.2
$20,000 to $21,999	2.5	6.5	1.6	23.0	48.3	21.2	5.9	3.5	8.4	76.7	14.9
$22,000 to $24,999	1.9	6.7	1.3	15.6	47.3	27.8	8.0	3.6	6.7	74.5	18.8
$25,000 and over	.5	6.9	4.1	12.7	38.1	20.4	15.7	3.7	7.0	64.6	28.4
Total	100.0	5.8	18.7	40.1	30.9	7.9	2.4	3.2	36.7	55.7	7.6
Median value	$12,778	----------	$10,621	$12,747	$13,937	$15,073	$14,005	----------	$11,063	$13,814	$14,166

[1] Less than 0.05 percent.

Owner-occupants are the mortgagors in practically all the Section 203 one-family cases, and the ability of an owner-occupant mortgagor to bear the cost of the home ownership is measured in terms of his effective income. This is an estimate of the mortgagor's probable earning capacity during the first third of the mortgage term, which experience has indicated is likely to be the most hazardous portion of the life of the mortgage. Incomes of co-mortgagors or endorsers may be included partially, wholly, or not at all, depending on specific circumstances. This section of the report is devoted to an analysis of the Section 203 owner-occupant transactions insured in 1958 from the viewpoint of mortgagor's income and housing expense.

Mortgagor's Income Distribution.—As depicted in Chart III–26 and Table III–51, there was a very close similarity in the income distributions of the new- and existing-home mortgagors in the Section 203 transactions insured in 1958. The annual effective income (before taxes) of most of the occupant mortgagors—78 percent for both new- and existing-home buyers—were in the range from $4,000 to $8,999.

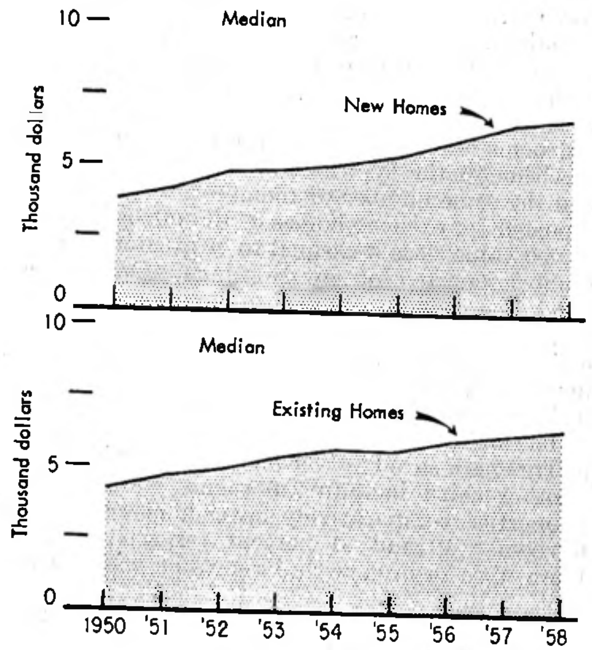
However, new-home purchasers were relatively more prevalent in the higher income categories—$6,000 or more—while existing home buyers were more numerous in the lower income ranges. Roughly 11 percent of both new- and existing-home mortgagors had incomes in excess of $10,000.

Chart III–25 points out the rise in the income of FHA home buyers since 1950. The upward

CHART III–25

MORTGAGOR'S EFFECTIVE INCOME, 1950–58

Single family home mortgages, Section 203



trend in the incomes of FHA home owners has just about kept pace with the rise in nonfarm incomes. Incomes of FHA new-home buyers averaged $7,217 in 1958 while the average for existing-home owners was $6,975, both less than 2 percent above those reported in 1957. As revealed in Table III–51, there were declines in the proportions of new- and existing-home mortgagors earning less than $6,000, which were more than balanced by increased proportions in the higher income ranges.

Characteristics by Mortgagor's Monthly Income.—Selected characteristics of 1958 Section 203 insured transactions involving occupant mortgagors are grouped and presented according to mortgagor income levels in Table III–52 (transaction and property characteristics) and Table III–53 (financial characteristics). A major use of these data may be demonstrated by pointing out the characteristics of a particular income group, for example, those mortgagors earning $500 to $549 monthly. This group of new-home buyers paid an average price of $13,644 for a 5 room house with a calculated area of 1,100 square feet. Total acquisition costs—sale price plus $301 in closing costs—averaged $13,945. The average FHA-estimated property value was $13,738 or more than twice the average annual income. The mortgage obligation for this income group averaged $12,304—almost 90 percent of the property value—and was to be repaid over a term of 27½ years at a monthly rate of $93.14 (including $14.14 in property taxes as well as debt service and insurance premiums). The overall housing expense (covering mortgage payment and cost of house-

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

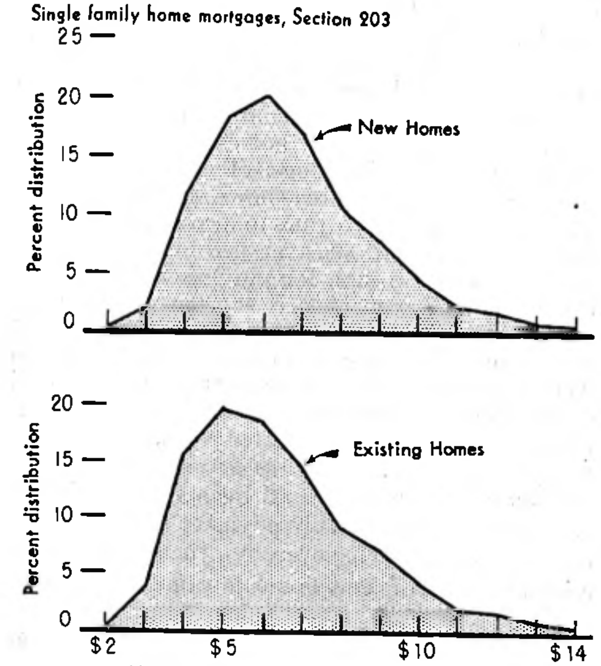
Mortgagor's effective annual income	Percentage distribution				
	1958	1957	1954	1950	1946
New homes:					
Less than $2,000	(¹)	(¹)	(¹)	0.2	2.9
$2,000 to $2,999	0.1	0.3	1.0	12.0	31.8
$3,000 to $3,999	2.2	3.6	15.5	43.4	37.3
$4,000 to $4,999	12.0	14.2	30.2	24.0	16.3
$5,000 to $5,999	18.4	18.7	19.2	9.7	4.1
$6,000 to $6,999	20.4	19.4	14.8	5.8	4.3
$7,000 to $7,999	16.9	15.9	9.0	2.5	1.7
$8,000 to $8,999	10.5	9.6	4.2	1.0	.4
$9,000 to $9,999	8.0	7.2	2.8	.6	.3
$10,000 to $10,999	4.7	4.6	1.3	.3	.2
$11,000 to $11,999	2.3	1.9	.5	.1	.1
$12,000 or more	4.5	4.6	1.5	.4	.6
Total	100.0	100.0	100.0	100.0	100.0
Average	$7,217	$7,112	$5,633	$4,213	$3,610
Median	$6,803	$6,632	$5,139	$3,861	$3,313
Existing homes:					
Less than $2,000		(¹)	(¹)	0.4	4.5
$2,000 to $2,999	0.2	0.3	0.8	8.9	34.2
$3,000 to $3,999	3.8	4.7	10.6	33.5	33.8
$4,000 to $4,999	15.7	18.0	24.3	24.1	13.8
$5,000 to $5,999	19.7	20.0	18.4	11.9	4.3
$6,000 to $6,999	18.7	18.3	16.6	9.4	4.4
$7,000 to $7,999	14.8	13.8	11.6	4.0	1.9
$8,000 to $8,999	9.2	8.5	6.2	2.1	.8
$9,000 to $9,999	7.3	6.4	4.6	1.7	.8
$10,000 to $10,999	4.4	3.9	2.7	1.0	.4
$11,000 to $11,999	2.0	1.8	1.0	.3	.1
$12,000 or more	4.2	4.3	3.2	1.8	1.0
Total	100.0	100.0	100.0	100.0	100.0
Average	$6,975	$6,853	$6,245	$4,837	$3,640
Median	$6,502	$6,296	$5,690	$4,274	$3,101

¹ Less than 0.05 percent.

CHART III–26

MORTGAGOR'S EFFECTIVE ANNUAL INCOME, 1958

Single family home mortgages, Section 203



hold utilities and home repairs) was about $117.50 or almost 23 percent of the mortgagors monthly income. Had these mortgagors been renting their homes, their monthly rentals would probably have averaged about $107.

As in previous years, the levels of sales prices, property values, sizes of structures, mortgage amounts and payments, and housing expenses, have increased with successively higher income groups. These increases, of course, have been less than fully proportional. For example, the average income of mortgagors in the $850 to $899 group was more than double that of the $400 to $449 group, but sale prices, property values, mortgage amounts, mortgage payments and housing expenses of the higher income group were approximately 1.4 times and taxes 1.6 times as high. The steady decline in the ratios of property value to income shown in the last column of Table III–52 and the ratios of monthly payment and housing expense to income shown in the last two columns of Table III–53 (and Chart III–27) further depict the disproportionate relationship between income and other items. It is difficult to say whether this same pattern applies to non-FHA purchases, because of 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 terms; secondly, higher in-

TABLE III–52.—*Transaction and property characteristics by mortgagor's income, 1-family homes,¹ Sec. 203, 1958*

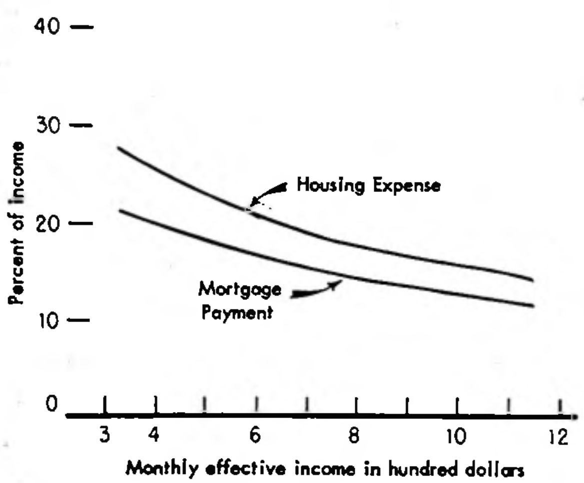
Mortgagor's effective monthly income	Percentage distribution	Average							Percent ratio of loan to value	Ratio of property value to income
		Mortgagor's annual income	Total acquisition cost ²	Sale price ²	Property value	Mortgage amount	Calculated area (sq. ft.)	Number of rooms		
New homes:										
Less than $300	0.6	$3,176	$9,800	$9,578	$9,763	$8,533	887	4.8	87.4	3.07
$300 to $349	3.1	3,891	10,497	10,242	10,431	9,374	924	4.9	89.9	2.68
$350 to $399	6.7	4,458	11,253	11,003	11,172	10,108	965	5.0	90.5	2.51
$400 to $449	11.3	5,041	12,228	11,957	12,078	10,912	1,012	5.1	90.3	2.40
$450 to $499	11.1	5,631	13,160	12,860	12,980	11,613	1,056	5.2	89.5	2.31
$500 to $549	13.5	6,211	13,945	13,644	13,738	12,304	1,100	5.3	89.6	2.21
$550 to $599	9.9	6,826	14,733	14,415	14,499	12,931	1,133	5.4	89.2	2.12
$600 to $649	10.1	7,412	15,302	14,976	15,052	13,377	1,170	5.5	88.9	2.03
$650 to $699	8.2	8,005	15,756	15,425	15,506	13,722	1,196	5.5	88.5	1.94
$700 to $749	6.1	8,590	16,195	15,859	15,939	14,100	1,226	5.5	88.5	1.86
$750 to $799	5.0	9,187	16,815	16,479	16,570	14,513	1,265	5.7	87.6	1.80
$800 to $849	4.3	9,830	17,245	16,889	16,954	14,831	1,290	5.7	87.5	1.72
$850 to $899	2.5	10,309	17,676	17,330	17,397	15,144	1,294	5.7	87.0	1.67
$900 to $999	3.1	11,280	18,305	17,903	17,925	15,542	1,349	5.7	86.7	1.59
$1,000 to $1,199	3.0	12,678	18,974	18,596	18,685	16,081	1,389	5.8	86.1	1.47
$1,200 or more	1.5	17,510	19,620	19,233	19,430	16,423	1,438	5.8	84.5	1.11
Total	100.0	7,217	14,596	14,283	14,394	12,775	1,138	5.4	88.8	1.99
Existing homes:										
Less than $300	1.3	3,194	8,388	8,152	8,239	7,467	909	4.8	90.6	2.58
$300 to $349	4.6	3,897	9,354	9,086	9,120	8,251	948	5.0	90.5	2.34
$350 to $399	8.7	4,404	10,379	10,102	10,123	9,091	970	5.0	89.8	2.27
$400 to $449	13.2	5,039	11,331	11,051	11,031	9,851	1,001	5.1	89.3	2.19
$450 to $499	11.6	5,620	12,235	11,944	11,905	10,572	1,043	5.2	88.8	2.11
$500 to $549	12.5	6,218	13,081	12,777	12,605	11,274	1,076	5.3	88.8	2.04
$550 to $599	8.7	6,839	13,671	13,360	13,250	11,724	1,102	5.4	88.4	1.94
$600 to $649	8.9	7,410	14,357	14,027	13,932	12,285	1,145	5.5	88.2	1.88
$650 to $699	7.0	8,015	14,824	14,494	14,394	12,625	1,164	5.5	87.7	1.80
$700 to $749	5.5	8,622	15,290	14,955	14,805	12,965	1,178	5.5	87.6	1.72
$750 to $799	4.6	9,201	16,071	15,731	15,590	13,571	1,218	5.6	87.0	1.69
$800 to $849	4.0	9,852	16,826	16,479	16,219	14,085	1,256	5.7	86.8	1.65
$850 to $899	2.3	10,412	17,199	16,832	16,638	14,341	1,283	5.7	86.2	1.60
$900 to $999	2.8	11,272	18,086	17,684	17,367	14,900	1,319	5.8	85.8	1.54
$1,000 to $1,199	2.8	12,678	18,834	18,409	18,213	15,505	1,400	5.9	85.1	1.44
$1,200 or more	1.5	17,448	19,053	19,509	19,279	16,198	1,448	6.0	84.0	1.10
Total	100.0	6,975	13,446	13,133	13,073	11,520	1,105	5.4	88.1	1.87

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

CHART III–27

MORTGAGE PAYMENT AND HOUSING EXPENSE, 1958

Single family home mortgages, Section 203

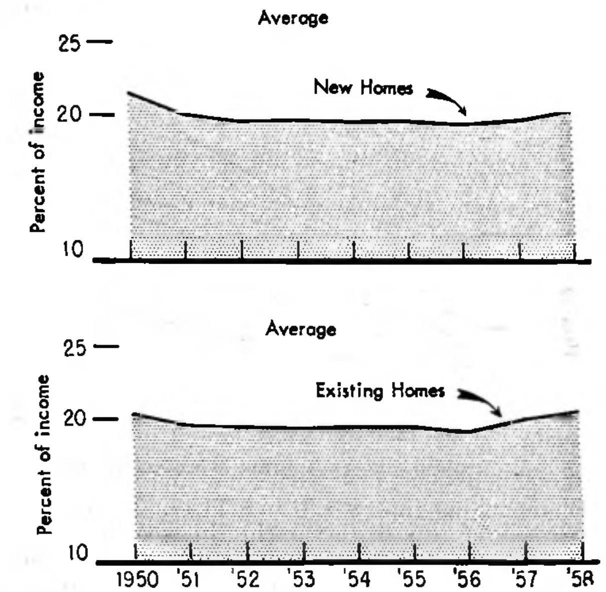


come buyers frequently finance their purchases with conventional loans since they can better afford the higher downpayments and monthly obligations. Table III–52 discloses that, in virtually all comparable income classes, total acquisition costs, sales prices, property values, and mortgage amounts average higher for new-home transactions than for existing. In addition, the ratios of loan to value were higher for new-home buyers except for the monthly income levels below $350. With the exception of those home buyers earning less than $400 or more than $1,000 a month, new-home purchasers bought larger homes than did the buyers of existing dwellings. This is indicated by the average calculatd area shown in Table III–52. The ratio of property values to income, in line with the trend in valuations, averaged higher for new-home mortgagors than for purchasers of existing dwellings. The consistently shorter economic life of the existing properties is shown in Table III–53 by the terms of existing-home mortgages, which were lower than for new-home transactions in all corresponding income classes. 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 below $900 to make the monthly payment for new-home owners higher. However, on the average, the relative share of new-home mortgagors' income required for mortgage payment—16.2 percent—was only fractionally higher than for existing-home buyers. Reflecting higher taxes and generally higher mortgage payments, the average prospective housing expense of new-home mortgagors earning less than $900 was above that 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. Despite this pattern, the proportion of income required for housing expense was slightly higher for new-home buyers with incomes less than $900 a month.

CHART III–28

RATIO OF HOUSING EXPENSE TO INCOME, 1950–58

Single family home mortgages, Section 203



Housing Expense by Mortgagor's Monthly Income.—A basic consideration in the determination of mortgage risk under the FHA underwriting procedure is the relationship between the mortgagor's income and his prospective housing expense. Table III–54 shows distributions of monthly housing expense by income classes of owner-occupant mortgagors involved in Section 203 transactions insured in 1958.

The typical housing expense (median) for each income group indicates that housing expense rose with increases in mortgagor's income but at a progressively slower rate in the higher income groups, ranging from $84.58 for new-home mortgagors with monthly incomes under $300 to $159.27 for those earning $1,200 or more each month. (See Chart III–27.) For existing-home owners the level was slightly higher, with the housing ex-

TABLE III–53.—*Financial characteristics by mortgagor's income, 1-family homes,*[1] *Sec. 203, 1958*

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	0.6	$264.64	$8,533	26.7	$8.16	$64.45	$84.11	$76.61	24.4	31.8
$300 to $349	3.1	324.27	9,374	27.1	10.14	71.25	92.00	81.75	22.0	28.4
$350 to $399	6.7	371.50	10,108	27.4	11.19	76.50	98.64	87.64	20.6	26.6
$400 to $449	11.3	420.12	10,912	27.7	11.97	82.13	105.05	93.93	19.5	25.0
$450 to $499	11.1	469.24	11,613	27.7	13.12	87.75	111.59	100.70	18.7	23.8
$500 to $549	13.5	517.59	12,304	27.6	14.14	93.14	117.50	106.61	18.0	22.7
$550 to $599	9.9	568.81	12,931	27.6	15.15	98.20	123.22	111.97	17.3	21.7
$600 to $649	10.1	617.65	13,377	27.4	15.53	101.72	127.48	116.03	16.5	20.6
$650 to $699	8.2	667.11	13,722	27.3	16.35	104.81	131.13	119.32	15.7	19.7
$700 to $749	6.1	715.82	14,100	27.2	16.86	108.04	134.67	122.37	15.1	18.8
$750 to $799	5.0	765.62	14,513	27.2	18.06	111.69	139.23	126.86	14.6	18.2
$800 to $849	4.3	819.17	14,831	27.1	18.86	114.92	142.90	129.66	14.0	17.4
$850 to $899	2.5	866.62	15,144	26.8	18.98	117.58	145.63	133.11	13.6	16.8
$900 to $999	3.1	939.97	15,542	26.8	19.64	120.75	149.67	136.64	12.8	15.9
$1,000 to $1,199	3.0	1,056.46	16,081	26.5	20.75	125.98	156.09	141.49	11.9	14.8
$1,200 or more	1.5	1,459.13	16,423	26.2	22.48	130.77	162.44	147.77	9.0	11.1
Total	100.0	601.41	12,775	27.4	15.06	97.48	122.67	111.09	16.2	20.4
Existing homes:										
Less than $300	1.3	266.17	7,467	23.5	7.94	61.05	81.81	68.30	22.9	30.7
$300 to $349	4.6	324.79	8,251	23.0	9.66	67.47	89.05	75.22	20.8	27.4
$350 to $399	8.7	371.96	9,091	24.0	10.76	73.40	96.03	82.25	19.7	25.8
$400 to $449	13.2	419.91	9,851	24.2	11.87	79.13	102.64	88.73	18.8	24.4
$450 to $499	11.6	469.05	10,572	24.4	13.14	84.83	109.04	95.09	18.1	23.2
$500 to $549	12.5	518.17	11,274	24.6	14.07	90.26	115.20	100.73	17.4	22.2
$550 to $599	8.7	569.89	11,724	24.5	14.88	94.15	119.56	104.64	16.5	21.0
$600 to $649	8.9	617.47	12,285	24.4	15.62	98.77	124.96	109.42	16.0	20.2
$650 to $699	7.0	667.89	12,625	24.4	16.36	101.97	128.64	112.89	15.3	19.3
$700 to $749	5.5	718.54	12,965	24.2	16.81	104.93	131.90	115.85	14.6	18.4
$750 to $799	4.6	766.79	13,571	24.3	17.75	109.87	137.76	121.16	14.3	18.0
$800 to $849	4.0	820.98	14,085	24.1	18.52	114.58	143.10	125.45	14.0	17.4
$850 to $899	2.3	867.65	14,341	24.0	18.78	116.72	145.33	128.23	13.5	16.7
$900 to $999	2.8	939.33	14,900	23.9	20.35	122.14	151.39	133.96	13.0	16.1
$1,000 to $1,199	2.8	1,056.48	15,505	23.5	21.43	128.46	159.61	140.60	12.2	15.1
$1,200 or more	1.5	1,453.98	16,198	23.2	22.88	135.56	168.60	147.71	9.3	11.6
Total	100.0	581.24	11,520	24.2	14.59	93.07	118.47	103.32	10.0	20.4

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

TABLE III–54.—*Housing expense by mortgagor's income, 1-family homes,*[1] *Sec. 203, 1958*

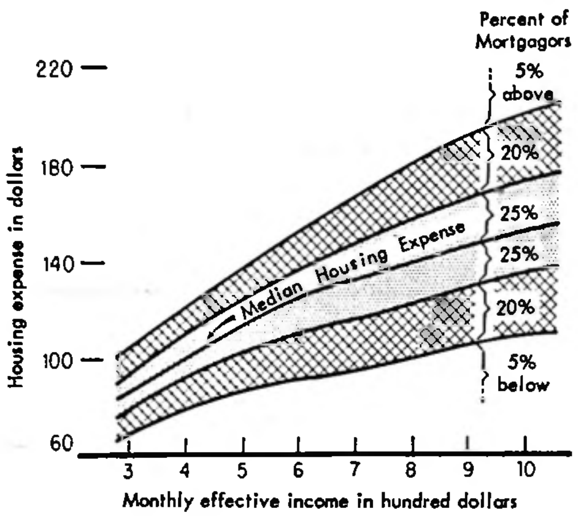
Mortgagor's effective monthly income	Percentage distribution	Median monthly housing expense	Monthly housing expense—Percentage distribution: Less than $60	$60 to $69	$70 to $79	$80 to $89	$90 to $99	$100 to $109	$110 to $119	$120 to $129	$130 to $139	$140 to $149	$150 to $159	$160 to $179	$180 to $199	$200 or more
New homes:																
Less than $300	0.6	$84.58	1.1	6.1	21.5	46.6	18.6	4.3	1.4	------	0.4	------	------	------	------	------
$300 to $349	3.1	92.46	------	.7	8.3	31.2	40.6	15.0	3.1	0.4	------	0.1	------	------	------	------
$350 to $399	6.7	98.79	(2)	.2	2.5	16.5	36.6	29.3	12.2	2.0	.4	.2	------	0.1	------	------
$400 to $449	11.3	105.73	------	.1	1.5	8.4	22.4	31.4	25.4	9.1	1.3	.3	0.1	------	(2)	(2)
$450 to $499	11.1	112.85	(2)	.1	.7	4.7	14.2	22.1	28.7	21.4	6.6	1.0	.3	.1	0.1	------
$500 to $549	13.5	119.22	------	------	.4	3.4	9.8	15.8	22.5	26.0	16.1	5.0	.7	.3	(2)	------
$550 to $599	9.9	125.56	------	------	.4	2.4	6.7	12.3	16.5	22.9	23.1	11.5	3.2	1.0	(2)	------
$600 to $649	10.1	129.72	------	------	.3	1.7	5.4	9.9	14.2	19.3	22.1	17.5	7.4	2.1	.1	(2)
$650 to $699	8.2	132.75	------	(2)	.4	1.2	4.5	9.3	12.3	16.8	19.5	17.2	13.1	5.3	.3	0.1
$700 to $749	6.1	135.93	------	------	.1	1.1	3.4	7.6	12.9	15.3	16.4	18.0	13.9	10.0	1.2	.1
$750 to $799	5.0	139.97	------	------	.1	.8	2.7	5.9	10.0	13.2	17.4	17.3	14.6	14.6	3.0	.5
$800 to $849	4.3	142.87	------	------	(2)	.3	2.3	4.0	9.2	13.4	15.8	16.6	14.9	17.3	4.8	1.4
$850 to $899	2.5	146.31	------	------	------	.6	1.3	4.3	7.8	13.1	13.1	16.5	15.6	19.0	7.3	1.4
$900 to $999	3.1	149.91	------	------	------	.6	1.6	3.0	4.8	9.6	14.3	16.2	17.5	21.4	9.0	2.0
$1,000 to $1,199	3.0	154.80	------	------	------	.2	1.0	2.5	4.3	6.3	11.7	15.4	15.9	25.8	11.2	5.7
$1,200 or more	1.5	159.27	------	------	.1	.7	1.1	3.3	4.9	6.8	10.0	10.6	13.8	19.0	16.7	13.0
Total	100.0	120.87	(2)	.1	1.0	4.9	11.4	14.8	16.3	15.8	13.0	9.4	6.1	5.1	1.5	.6
Median income			$237.50	$325.00	$380.84	$406.50	$437.34	$478.80	$519.62	$567.80	$625.86	$683.51	$745.02	$826.98	$927.19	$1,079.17
Existing homes:																
Less than $300	1.3	81.84	0.8	8.2	33.3	38.5	14.5	4.0	0.7	------	------	------	------	------	------	------
$300 to $349	4.6	89.11	.2	2.6	18.0	32.7	29.4	12.2	4.3	0.5	0.1	(2)	------	------	------	------
$350 to $399	8.7	96.57	.1	1.3	8.4	21.4	29.2	25.8	10.4	2.8	.4	0.1	(2)	0.1	------	------
$400 to $449	13.2	103.20	(2)	.7	4.7	13.0	22.6	27.4	20.3	8.8	2.0	.2	0.1	.2	(2)	------
$450 to $499	11.6	110.15	.1	.5	2.9	8.9	15.3	22.0	23.6	17.4	7.4	1.7	.1	(2)	(2)	------
$500 to $549	12.5	116.84	------	.4	1.8	6.5	11.3	16.6	20.2	21.1	14.8	5.6	1.3	.3	.1	(2)
$550 to $599	8.7	121.78	------	.2	2.0	5.4	10.1	13.6	15.7	19.3	18.0	11.7	3.6	.9	.1	(2)
$600 to $649	8.9	127.54	------	.1	1.4	4.5	8.3	11.0	13.1	15.7	18.1	16.0	8.7	2.8	.2	0.1
$650 to $699	7.0	130.40	------	.1	1.3	3.0	6.7	10.5	12.8	14.3	16.3	14.8	11.9	6.7	.9	.1
$700 to $749	5.5	132.79	------	(2)	.6	3.1	6.3	9.9	12.2	13.8	14.5	14.9	12.2	10.4	1.9	.2
$750 to $799	4.6	138.64	------	.2	.4	2.6	4.5	7.8	10.1	12.1	14.5	13.9	12.5	16.8	4.1	.5
$800 to $849	4.0	143.16	------	------	.2	1.3	3.8	6.2	8.4	12.0	13.2	14.6	13.4	17.0	8.1	1.8
$850 to $899	2.3	145.88	------	.1	.5	1.4	2.7	4.7	9.1	11.2	13.3	13.6	12.7	19.3	9.1	2.3
$900 to $999	2.8	151.98	------	------	.1	1.1	2.2	3.4	6.7	9.3	12.9	11.8	11.3	23.5	14.2	3.5
$1,000 to $1,199	2.8	169.97	------	------	.1	.9	1.6	3.2	4.4	6.9	10.7	12.0	10.3	22.6	17.3	10.0
$1,200 or more	1.5	171.17	------	------	.1	.4	2.2	2.6	2.9	5.2	8.4	9.1	8.0	22.6	20.5	16.0
Total	100.0	115.31	(2)	.6	3.6	9.0	13.3	15.5	14.5	12.7	10.4	7.6	4.9	5.0	2.1	.8
Median income			$354.17	$379.44	$387.81	$417.60	$442.27	$474.59	$514.50	$557.98	$619.43	$669.87	$725.73	$819.36	$925.37	$1,073.27

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

CHART III–29

HOUSING EXPENSE RANGE BY MONTHLY INCOME, 1958

Single family home mortgages, Section 203



pense ranging from $81.84 to $171.17. In general, new-home buyers with monthly incomes less than $900 reported higher housing expenses than did existing-home purchasers with similar incomes. As Table III–54 indicates, there is a fairly broad distribution of housing expenses at all income levels. This situation is depicted more clearly in Chart III–29, which shows the ranges of housing expense by monthly effective income for buyers of new homes securing mortgages insured in 1958 under Section 203. It indicates that as mortgagor's income rose the range of housing expense expanded, with housing expense for the bulk of the mortgagors in the higher income brackets increasing at a slower rate than income. Chart III–27 shows the general stability of the relationship between housing expense and mortgagor's income for the years 1950–58.

Purchase Transaction Characteristics

The predominant purpose underlying the origination of a Section 203 insured mortgage during 1958 was to finance the purchase of a home for personal long-term occupancy. During 1958, 95 percent of both the new-home and the existing-home transactions involved purchases by occupant mortgagors.

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

TABLE III–55.—*Purchase transaction characteristics by total acquisition cost, 1-family homes, Sec. 203, 1958*

Total acquisition cost	Percentage distribution	Average						Mortgage as percent of—		Current investment as percent of income
		Total acquisition cost	Sale price	Property value	Mortgage amount	Mortgagor's annual income	Current investment [1]	Property value	Total acquisition cost	
New homes:										
Less than $8,000	0.4	$7,012	$6,827	$7,882	$6,440	$4,796	$572	81.7	91.8	11.9
$8,000 to $8,999	.8	8,631	8,405	8,504	7,973	4,784	658	93.8	92.4	13.8
$9,000 to $9,999	4.8	9,569	9,343	9,520	8,914	5,267	655	93.6	93.2	12.4
$10,000 to $10,999	9.3	10,486	10,269	10,386	9,770	5,584	710	94.1	93.2	12.7
$11,000 to $11,999	9.8	11,463	11,209	11,363	10,530	5,900	927	92.7	91.0	15.5
$12,000 to $12,999	10.1	12,487	12,219	12,289	11,330	6,314	1,157	92.2	90.7	18.3
$13,000 to $13,999	11.1	13,489	13,212	13,291	12,110	6,700	1,379	91.1	89.8	20.6
$14,000 to $14,999	11.0	14,471	14,105	14,231	12,858	7,077	1,613	90.4	88.9	22.8
$15,000 to $15,999	10.3	15,478	15,156	15,179	13,557	7,443	1,921	89.3	87.6	25.8
$16,000 to $16,999	10.0	16,464	16,124	16,150	14,213	7,929	2,251	88.0	86.3	28.4
$17,000 to $17,999	6.9	17,448	17,079	17,095	14,838	8,441	2,610	86.8	85.0	30.9
$18,000 to $18,999	5.3	18,459	18,087	18,021	15,428	8,793	3,031	85.6	83.6	34.5
$19,000 to $19,999	3.6	19,450	19,059	18,963	16,116	9,471	3,334	85.0	82.9	35.2
$20,000 to $21,999	3.8	20,789	20,359	20,190	16,921	10,015	3,868	83.8	81.4	38.6
$22,000 to $24,999	2.1	23,201	22,724	22,430	18,154	11,148	5,047	80.9	78.2	45.3
$25,000 and over	.7	27,942	26,464	25,533	19,667	13,100	8,275	77.0	70.4	63.1
Total	100.0	14,596	14,283	14,326	12,759	7,230	1,837	89.1	87.4	25.4
Existing homes:										
Less than $8,000	4.5	7,193	6,983	7,076	6,498	4,907	695	91.8	90.3	14.2
$8,000 to $8,999	6.2	8,517	8,291	8,356	7,731	5,203	786	92.5	90.8	15.1
$9,000 to $9,999	7.9	9,491	9,245	9,282	8,579	5,509	912	92.4	90.4	16.6
$10,000 to $10,999	10.0	10,508	10,252	10,259	9,426	5,708	1,082	91.9	89.7	18.7
$11,000 to $11,999	10.5	11,478	11,202	11,165	10,180	6,108	1,298	91.2	88.7	21.3
$12,000 to $12,999	10.6	12,484	12,201	12,134	10,955	6,460	1,529	90.3	87.8	23.7
$13,000 to $13,999	10.4	13,482	13,178	13,078	11,683	6,801	1,799	89.3	86.7	26.5
$14,000 to $14,999	8.8	14,451	14,136	14,000	12,391	7,176	2,060	88.5	85.7	28.7
$15,000 to $15,999	7.7	15,459	15,127	14,944	13,115	7,674	2,344	87.8	84.8	30.5
$16,000 to $16,999	6.7	16,467	16,114	15,928	13,849	8,109	2,618	86.9	84.1	32.3
$17,000 to $17,999	4.9	17,444	17,054	16,841	14,519	8,468	2,925	86.2	83.2	34.5
$18,000 to $18,999	3.8	18,452	18,061	17,820	15,200	9,050	3,252	85.3	82.4	35.9
$19,000 to $19,999	2.4	19,435	18,992	18,676	15,846	9,503	3,589	84.8	81.5	37.8
$20,000 to $21,999	2.6	20,890	20,461	20,031	16,793	10,338	4,103	83.8	80.4	39.7
$22,000 to $24,999	2.2	23,260	22,710	22,106	18,241	11,209	5,010	82.5	78.4	44.4
$25,000 and over	.8	26,904	25,747	24,493	19,388	12,940	7,516	79.2	72.1	58.1
Total	100.0	13,446	13,133	13,023	11,531	6,968	1,915	88.5	85.8	27.5

[1] Total acquisition cost less mortgage amount.

Inasmuch as the downpayments made by most home buyers are largely from savings accumulated out of their incomes, the relationship of current investments of home buyers to their incomes is particularly noteworthy. In 1958, current investments averaged about one-fourth of the income of new-home buyers and 27 percent for existing-home purchasers. In 1957, prior to the additional relaxed downpayment requirements of the Emergency Housing Act of 1958, investments in both new and existing homes averaged about 40 percent of the purchasers' annual income. Not only did current investment (downpayment plus closing costs) increase as total acquisition cost advanced, but the rate of current investments also rose, although the rate of increase was greater and current investment represented larger proportions of the total acquisition cost in the higher brackets. For new-home transactions current investments averaged $1,837 or one-eighth of the acquisition cost, ranging from $572 or 8 percent of the acquisition cost to $8,275 or nearly 30 percent of the total in those transactions requiring more than $25,000. On the other hand, existing-home purchasers invested a larger average amount—$1,915—ranging from $695 or one-tenth of the total to $7,516 or 28 percent for corresponding groups.

Closing costs as derived by differencing total acquisition cost and sale price averaged $313 for both new- and existing-home purchases. However, closing costs were usually higher for existing-home buyers in corresponding acquisition cost ranges, indicating the additional cost included for minor repairs. The level of closing costs is related to the amount of the mortgage and the number and amount of items included, such as financing changes; recording fees and taxes; cost of credit reports, property surveys, title examination and insurance; and other charges or fees customary in the particular locality. Also affecting the levels of closing costs was the tendency of some builders to absorb part of all of the closing costs in the sale price in order to promote sales.

CHARACTERISTICS OF MULTIFAMILY HOUSING MORTGAGE TRANSACTIONS

Multifamily housing characteristics data presented in this report are based on commitments issued by FHA during 1958 for the insurance of mortgages to be secured by newly constructed rental or management-type cooperative housing projects. FHA issued 625 commitments covering nearly 67,000 dwelling units in proposed multifamily projects during the year; of these, the analysis covers 23,000 units in newly constructed rental housing available for general occupancy and 37,000 Section 803 units restricted to occupancy by military personnel and their dependents. General-occupancy rental housing was covered by commitments issued under the regular long-term investment rental program, Section 207, which accounted for 17,000 units, under the Section 220 urban renewal program (4,300 units), and the Section 221 relocation housing program (1,700 units). Management-type cooperative project operations under Section 213 covered 3,600 units. Tables in this section of the report customarily show a total column under "Rental housing." Section 207 data are considered to be most representative of FHA rental market operations, but they do not necessarily represent rent housing for the country as a whole.

Sales-type cooperative projects—2,000 dwelling units—are excluded from this analysis since operations under this phase of the Section 213 program primarily involve construction of individual homes. Mortgagor corporations organized to build these homes are dissolved upon completion of construction and release of the homes to cooperative members from the blanket mortgages—in effect, construction loans. Current procedures for these cooperative project operations do not require that all information for such analyses be submitted to the central office in Washington until time of insurance. Since, architecturally, these projects represent home mortgage operations, it is contemplated that this program will be presented another year when it is feasible to machine tabulate the data. Because of the variation in their character, Section 207 projects designed for the elderly also will 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. In 1958, FHA issued 17 commitments to provide a total of 1,300 living accommodations for elderly persons. Also, characteristics data for 1958 exclude 4 commitments (176 units) which cover existing construction.

Trends of Typical Multifamily Housing Transactions

The typical rental project approved for FHA mortgage insurance in 1958 contained 107 dwelling units with a median 5.4 rooms. This unit secured a mortgage of $14,735, representing 88.7 percent of the FHA-estimated cost of construction. These data are shown in Table III–56 for each of the several project programs included in this analysis. The typical management-type cooperative unit was larger in 1958—5.1 rooms—and secured a mortgage of $13,185, as compared to 1957 when the typical unit contained 4.9 rooms covered by a mortgage of $12,065.

TABLE III-56.—*Characteristics of multifamily housing transactions, by section, 1958*

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]	108.0	107.0	92.0	48.0	105.0	113.0	127.0
Average size (in units)	120.1	120.1	120.8	157.9	139.4	114.8	120.2
Units:							
Median size (in rooms) [2]	5.4	5.4	4.5	4.1	4.5	6.2	5.1
Median monthly rental	(3)	(3)	$150.81	$139.41	$85.34	(3)	(3)
Median mortgage amount [4]	$14,660	$14,735	$12,000	$11,809	$8,908	$15,650	$13,185
Median mortgage-cost ratio	88.7	88.7	87.9	86.5	98.2	90.8	87.4

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.

Table II-57 and Chart III-30 show the trends of selected characteristics for rental housing projects covered by commitments issued in recent years. The slight decrease recorded in 1958 for the median unit size reflects the increased proportion of operations under the Section 207 program with characteristically smaller units than those provided under the Section 803 program, which was relatively more important in 1957. The typical unit covered by a commitment issued under Section 207 in 1958 was the same size—4.5 rooms—as that reported for 1957, while the typical Section 803 unit increased to 6.2 rooms as compared with 6.0 for 1957. A comparable situation may be noted with respect to the average mortgage amount per unit. Section 207 average unit-mortgages increased to $12,462 in 1958 as compared to $11,882 a year earlier, along with a corresponding rise in Section 803 average unit mortgages—from $15,249 to $15,554. The typical monthly rental rose to a new high of $143.13 in 1958. Section 803 unit rentals are excluded from these data, since the military is not required to report monthly rental to FHA. In general, the preponderance of operations under the Section 803 program in recent years has exerted considerable influence on the characteristics of rental projects.

Type of Structure

Multifamily housing projects are classified by FHA into three principal types of structures: walkup, elevator, and one-family (row, semidetached, and detached houses). Projects composed of more than one type of structure are classified according to the structural type accounting for the greatest number of dwelling units. In 1958, one-family housing accounted for over half of the dwelling units in rental projects approved (Table III-58)—a reflection of the fact that projects under Section 803, which accounted for more than half of all rental units, were predominantly of the one-family type.

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

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

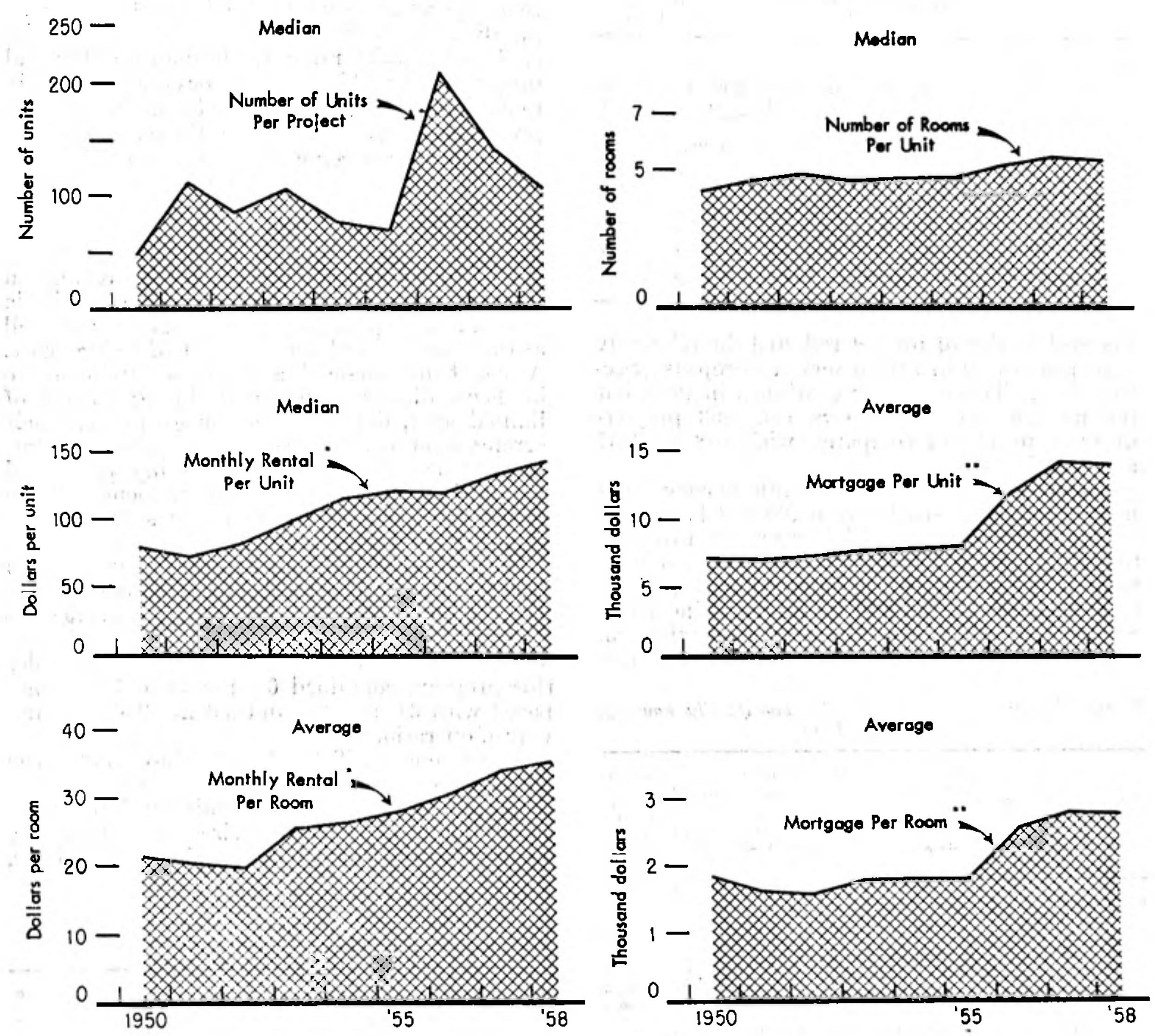
Item	Year [1]: 1958	1957	1956	1955	1954	1952	1950	1948	1947
Projects:									
Median size (in units)	[2] 107.0	[2] 142.0	[2] 211.0	69.0	77.5	87.5	48.6	22.5	20.3
Average size (in units)	120.1	161.8	218.8	115.6	116.8	154.8	97.6	51.1	39.8
Percent with:									
Walk-up structures	20.5	27.5	44.0	47.5	54.0	53.5	59.0	84.4	85.9
Elevator structures	20.2	14.0	26.0	32.2	27.6	5.6	18.0	3.1	1.1
One-family structures	59.3	58.5	30.0	20.3	17.8	40.9	23.0	12.5	13.0
Units:									
Median size (in rooms)	5.4	5.5	5.2	4.7	4.7	4.8	4.2	4.7	4.7
Average size (in rooms)	5.1	5.1	4.7	4.5	4.3	4.5	3.9	4.3	4.4
Median monthly rental [3]	$143.13	$133.80	$120.87	$121.83	$115.43	$81.87	$80.69	$87.56	$84.13
Average mortgage amount	$14,099	$14,242	$11,944	$8,049	$7,821	$7,179	$7,140	$7,645	$7,505
Percent in:									
Walk-up structures	11.4	18.4	23.3	24.4	35.8	30.4	40.0	76.7	83.6
Elevator structures	33.4	17.5	30.5	40.8	44.4	4.4	30.8	13.1	2.7
One-family structures	55.2	64.1	46.2	34.8	19.8	56.2	29.2	10.2	13.7
Rooms:									
Average monthly rental [3]	$35.52	$34.62	$31.12	$28.47	$26.73	$20.11	$21.37	$20.13	[4] $19.00
Average mortgage amount	$2,782	$2,795	$2,564	$1,802	$1,817	$1,579	$1,835	$1,769	1,724

[1] Based on commitments issued in 1947–48 under Sec. 608, in 1950 under Secs. 207, 608, 803, in 1952–1954 under Secs. 207, 803, 908, in 1955–56 under Secs. 207, 220, 803, and in 1957–58 under Secs. 207, 220, 221, 803.
[2] By inspection.
[3] Median and average monthly rentals exclude Sec. 803 for all years.
[4] Estimated.

CHART III-30

TREND OF CHARACTERISTICS OF RENTAL PROJECTS

Based on units covered by commitments issued



*Computed to exclude Section 803 for all years.
** Amount allocable to dwelling use.

under Section 221 and was represented under Section 803 by only one project (New York City).

Walkup units, which accounted for a little more than a tenth of all dwelling units, assumed relative importance only under Section 221.

Size of Project

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

In 1958, the typical rental project covered by an FHA commitment contained 107 dwelling units. While this figure is considerably below the medians of 142 reported for 1957 and 211 for 1956, it is comparable to those for the earlier years of this decade (see Chart III-30). In 1956 and 1957

TABLE III-58.—*Type of structure for multifamily housing, by section, 1958*

Type of structure	Total rental and cooperative housing	Rental housing: Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	Cooperative housing Sec. 213 management type
Percentage distribution of projects:							
Walk-up	21.6	20.5	42.3	40.7	70.0	4.1	39.3
Elevator	21.9	20.2	52.6	44.4	------	.4	46.4
One-family	56.5	59.3	5.1	14.9	30.0	95.5	14.3
All projects	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percentage distribution of dwelling units:							
Walk-up	12.1	11.4	21.5	4.0	83.5	3.0	23.6
Elevator	35.1	33.4	76.8	91.7	------	.9	60.2
One-family	52.8	55.2	1.7	4.3	16.5	96.1	16.2
All units	100.0	100.0	100.0	100.0	100.0	100.0	100.0

the median size of project reflected the relatively high proportion of armed services projects (Section 803). This condition continued in 1958, but the median size of these Section 803 projects dropped to 113 as compared with 158 in 1957 and 284 in 1956.

Almost a third of all rental projects committed in 1958 ranged in size between 100 and 149 dwelling units, reflecting the high proportion of Section 803 projects that fell into this class. Under Section 207, more than a fourth of the projects contained between 50 and 99 units, while under Section 220 fully a third contained fewer than 25. The relatively small number of projects under Section 221 were fairly evenly distributed by size. Half of the cooperative housing projects ranged in size between 50 and 149 units.

TABLE III-59.—*Size of project for multifamily housing, by section, 1958*

Number of dwelling units per project	Total rental and cooperative housing	Rental housing: Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	Cooperative housing Sec. 213 management type
Percentage distribution of projects:							
5 to 24	9.4	9.1	16.0	33.4	20.0	2.0	14.3
25 to 49	6.4	6.6	13.1	18.5	10.0	1.6	3.6
50 to 99	29.4	29.8	25.6	3.7	20.0	35.3	25.0
100 to 149	31.7	32.1	20.4	3.7	10.0	42.9	25.1
150 to 199	11.4	10.7	5.1	3.7	20.0	14.2	21.3
200 to 299	7.9	7.7	12.5	18.5	10.0	3.6	10.7
300 to 399	1.3	1.4	2.2	7.4	------	.4	----------
400 to 499	1.6	1.7	3.6	3.7	10.0	------	----------
500 or more	.9	.9	1.5	7.4	------	------	----------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	108.0	107.0	92.0	48.0	105.0	113.0	127.0
Percentage distribution of dwelling units:							
5 to 24	1.0	1.0	1.7	1.5	2.1	.3	2.0
25 to 49	2.1	2.1	4.0	5.1	2.9	.6	1.4
50 to 99	20.1	20.3	16.5	1.7	11.9	25.7	17.5
100 to 149	32.1	32.3	20.5	3.1	8.3	45.0	27.2
150 to 199	15.7	14.7	7.2	3.7	24.0	20.2	31.7
200 to 299	15.1	14.8	23.7	30.9	15.0	7.1	20.2
300 to 399	3.7	3.9	6.1	15.3	------	1.1	----------
400 to 499	5.7	6.1	13.0	9.7	35.8	------	----------
500 or more	4.5	4.8	7.3	29.0	------	------	----------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	120.1	120.1	120.8	167.9	139.4	114.8	120.2

By type of structure, the larger projects were either elevator apartments or one-family structures. The typical elevator-type project under all rental programs contained 150 units. The one-family projects under Section 803, typically including 114 units, raised the median for all rental projects to 110. The medians for other one-family rental projects were all under 50 units. Walkup projects were generally small, the median for all rental programs being 45 units.

Size of Dwelling Units

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

The typical rental unit approved by FHA in 1958 contained 5.4 rooms. While this average was down slightly from 5.5 in 1957, it continued to show the influence of the Section 803 armed services housing projects. The average unit under this program contained 6.2 rooms in 1958, compared with 6.0 in 1957 and 5.6 in 1956, the first year of operation.

Percentages in Table III-60 show that large units predominate only in Section 803 projects, 70 percent of these units containing 6 rooms or more. Units of equivalent size constituted only 6 percent of the totals under Sections 207 and 220, and less than 1 percent under Section 221. On the other hand, the prevalence of walkup and elevator structures under the latter sections caused units of 4 rooms or less to account for over half of the totals under Sections 207 and 221 and for almost three-fourths under Section 220. Only 4 percent of the armed forces units contained 4 rooms or less.

TABLE III-60.—*Size of dwelling units for multifamily housing, by section, 1958*

Rooms per unit	Total rental and cooperative housing	Rental housing: Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	Cooperative housing Sec. 213 management type
Percentage distribution of dwelling units:							
Less than 3	5.5	5.5	8.9	30.1	------	------	6.3
3	1.9	2.0	5.1	2.5	5.7	------	.1
3½	5.1	4.9	12.4	8.3	6.2	------	6.9
4	14.8	14.3	24.6	33.6	42.2	4.0	21.9
4½	7.9	7.7	18.0	5.0	25.0	1.2	11.4
5	20.3	19.9	20.5	10.8	18.6	20.9	26.2
5½	4.7	4.2	4.4	3.9	1.9	4.2	12.4
6	31.0	32.0	4.1	4.9	.4	55.6	11.8
6½	1.4	1.3	1.5	.7	------	1.3	3.0
7 or more	6.8	7.3	.5	.2	------	12.8	----------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	5.4	5.4	4.5	4.1	4.5	6.2	5.1

Cooperative units, more than half of which included 5 or more rooms, showed only a slight change in size in 1958 as compared with 1957, typical units containing 5.1 and 4.9 rooms in the respective years.

The size of dwelling units by type of structure for rental projects approved in 1958 is shown graphically in Chart III-31. Four-room units constituted two-fifths of the apartments in elevator structures and half of those in walkups, but in one-family structures over half of the units contained 6 rooms. In this chart, units containing half rooms are included with those of whole numbers (e.g. 3½-room units are shown in combination with those with 3 rooms.) [1]

Mortgage Allocable to Dwellings

Dwelling units in rental projects approved during 1958 secured a median mortgage amount allocable to dwelling use of $14,735. This amount was just under the $14,796 reported for 1957. These amounts, as with the other data presented in Table III-61, exclude that portion of the mortgage amount which is allocated to garages, stores, and other nondwelling income-producing portions of the project.

Despite the overall decrease in rental project unit mortgages, each rental program, and the Section 213 management-type cooperative program reported a larger unit mortgage for 1958 than for the previous year. Section 221 rental projects reported the largest relative increase—from $8,000 in 1957 to $8,908. Mortgages under this program are limited to a maximum of $9,000 per unit ($10,000 in certified high cost areas). The largest absolute increase was reported for Section 213 management-type cooperative unit mortgages, which increased $1,120 to $13,185. Some 60 percent of the units approved for this cooperative program in 1958 were contained in elevator-type structures, with practically all of these in New York City, which, as a certified high cost area, qualified for the additional $1,000 per room mortgage amount. These same high-cost area designations applied as well to the Section 207 and the Section 220 rental project programs. In 1958, Section 207 unit-mortgages of $8,000 to $9,999 (mainly walkups) declined to 9 percent of the total, compared to the 24 percent in this range a year earlier. Unit mortgages of $16,000 or more (elevators) increased this year to 14 percent as compared to 3 percent in 1957.

[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.

CHART III-31

SIZE OF DWELLING UNIT BY TYPE OF RENTAL PROJECT, 1958

Distribution of units covered by commitments issued

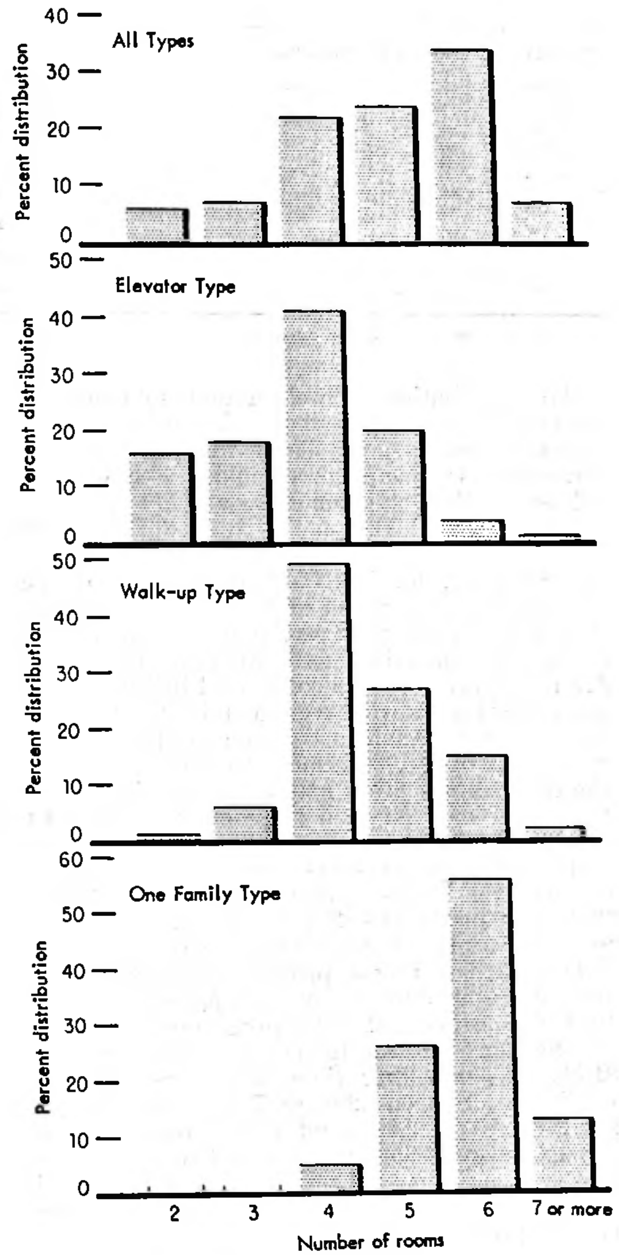


Table III–61.—*Amount of mortgage allocable to dwellings for multifamily housing, by section, 1958*

Average amount of mortgage per dwelling unit [1]	Total rental and cooperative housing	Rental housing: Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	Cooperative housing Sec. 213 management type
Percentage distribution of dwelling units:							
Less than $7,000	0.7	0.4	1.2		0.7		4.4
$7,000 to $7,999	1.4	1.5	3.6	1.7	6.7		
$8,000 to $8,999	2.9	2.9	4.3	.5	52.2		1.4
$9,000 to $9,999	2.5	2.7	4.8	.6	37.5		.7
$10,000 to $10,999	6.2	6.6	17.6	9.1	2.9		.3
$11,000 to $11,999	11.9	11.5	18.4	61.5		0.5	18.5
$12,000 to $12,999	5.8	5.0	13.3			1.3	17.8
$13,000 to $13,999	11.0	10.6	8.8			13.7	18.5
$14,000 to $14,999	13.9	13.6	3.5	22.2		18.9	18.6
$15,000 to $15,999	18.7	19.5	10.9			28.5	5.8
$16,000 or more	25.0	25.7	13.6	4.4		37.1	14.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$14,660	$14,735	$12,009	$11,809	$8,908	$15,650	$13,185

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

The distribution of dwelling units by mortgage amounts for each type of rental structure is presented graphically in Chart III–32. Elevator structures were approved under Section 207 (three-fourths), Section 220, and (1 project) Section 803, while the one-family type of structure usually stemmed from operations under the Section 803 program. The bulk (three-fifths) of the walkups were approved under Section 207, even though structures of this type also accounted for the major proportion (four-fifths) of all Section 221 rental project units committed in 1958. Elevator apartments with average unit mortgages of less than $10,000 fell to 1 percent proportionally, while those of $16,000 or more rose to 15 percent of the total, representing major changes from 1957 when unit mortgages in these classes accounted for 19 percent and 3 percent respectively. The shift in walkup-type units from the range of $14,000 and over in 1957 to that of less than $11,000 in 1958 was due to the drop in the proportion of Section 803 projects of this type in 1958.

The median rental project mortgage (total amount) approved for mortgage insurance in 1958 was $1,581,512. By programs, the typical Section 803 mortgage was the largest—$1,742,537—exceeding those under Section 207 ($968,300), Section 220 ($897,000) and Section 221 ($881,700). Compared to 1957, rental project mortgages were considerably smaller in 1958 except for the Section 207 program, which increased by one-third. Management-type cooperatives had a typical mortgage of $1,834,000.

Ratio of Mortgage Amount to Replacement Cost

The median ratios of mortgage amount to replacement cost shown in Table III–62 are uniformly near the maximums that can be insured by FHA for the respective programs. For projects under Section 220 the insurable mortgage cannot exceed 90 percent of the replacement cost. Under Section 803 the maximum amount is 100 percent of replacement cost. For cooperative projects the maximum varies, depending on whether the project is for veterans (95 percent), or nonveterans (90 percent), or is investor-sponsored (85 percent).

Table III–62.—*Ratio of amount of mortgage to replacement cost for multifamily housing, by section, 1958.*

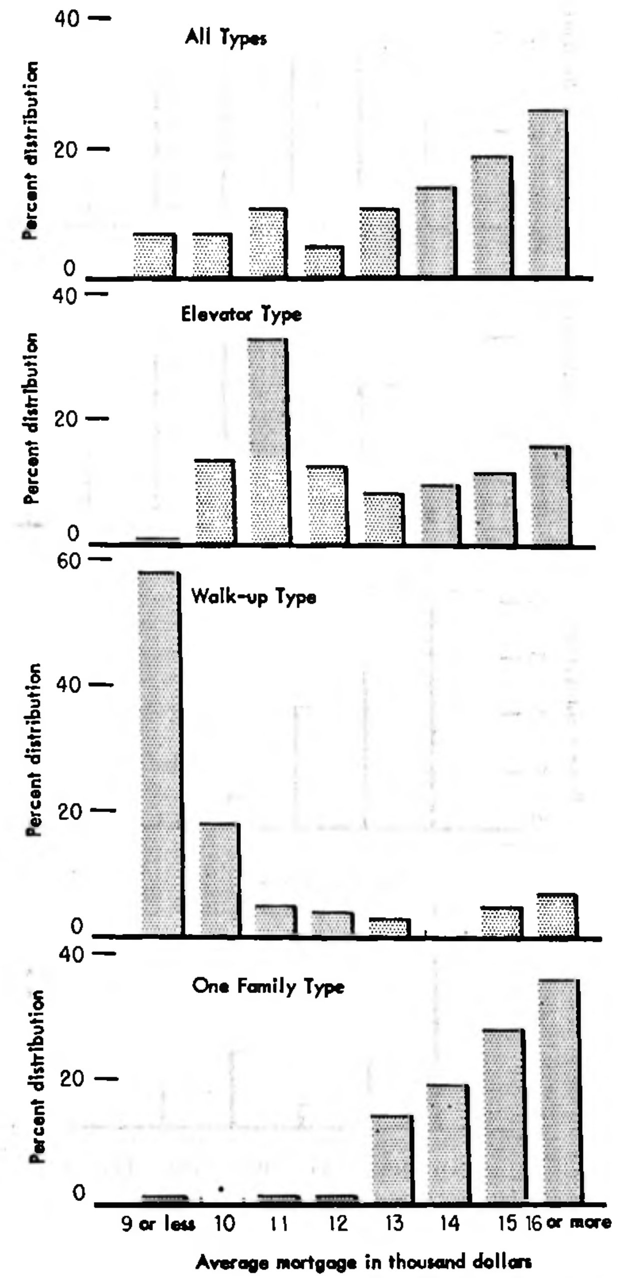
Mortgage as a percent of replacement cost	Total rental and cooperative housing	Rental housing: Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	Cooperative housing Sec. 213 management type
Percentage distribution of dwelling units:							
Less than 70	1.5	1.6	1.0			2.3	
70 to 74.9	.8	.9	.6			1.2	
75 to 79.9	4.7	5.0	4.0	7.7		5.4	
80 to 82.4	2.8	2.9	3.8	8.0		1.8	1.5
82.5 to 84.9	10.0	10.2	12.6	12.5		9.0	7.5
85.0 to 87.4	18.3	16.7	21.9	37.1		11.4	42.8
87.5 to 89.9	22.6	23.7	43.6	19.9		13.8	5.6
90.0 to 94.9	22.1	22.8	12.5	14.8	15.0	30.4	10.8
95.0	2.0						31.8
95.1 to 100.0	15.2	16.2			85.0	24.7	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	88.7	88.7	87.9	86.5	98.2	90.8	87.4

The statutory formula for Sections 207 and 221 are based on estimated value rather than on replacement cost. Section 207 mortgages cannot exceed 90 percent of the estimated value, but those under Section 221 can cover the entire value as estimated by FHA. For the sake of comparability, all ratios in Table III–62 have been computed on the basis of replacement costs. The relation that the mortgage amounts bear to the maximum permissible under these two sections is

CHART III–32

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

Distribution of units covered by commitments issued



*Less than 0.5%

better shown in the following table based on estimated value.

Mortgage as percent of value	Percentage distribution of units: Sec. 207	Sec. 221	Mortgage as percent of value	Percentage distribution of units: Sec. 207	Sec. 221
Less than 70	0.6		90.0	31.3	
70.0 to 74.9	.2		90.1 to 94.9		0.9
75.0 to 79.9	.7		95.0 to 99.9		33.6
80.0 to 82.4	1.5		100.0		65.5
82.5 to 84.9	3.4		Total	100.0	100.0
85.0 to 87.4	8.9				
87.5 to 89.9	53.4				

Since estimated long-term values are usually less than replacement costs, the percentages in this table tend to be somewhat higher than those in the general table. For example, almost a third of the Section 207 dwelling units were covered by mortgages representing 90 percent (the maximum) of the estimated value, but only an eighth accounted for the same ratio of the replacement cost. Practically all Section 221 mortgages represented more than 95 percent of value, but only 85 percent of their units fell in this range with respect to replacement costs.

Armed services housing ratios declined in 1958, when half ranged from 90 percent to the full amount of replacement costs, as compared with more than three-fourths in 1957. The drop in the median cost for Section 803 units from 94.3 to 90.8 in the 2 years was reflected in a corresponding drop in median cost for all rental housing from 91.7 to 88.7.

Cooperative projects had a greater portion of units for veterans than is evident from the table, since, in addition to the 32 percent which had maximum mortgages of 95 percent of replacement cost, there were an additional 6 percent in the 90.0–94.0 range which were above the 90 percent maximum for nonveteran projects. Similarly, investor sponsored projects, which accounted for almost half of all cooperative units, were responsible for a concentration in the 85.0–87.4 range, since less than 1 percent in this class exceeded the 85 percent maximum for projects built by investors for sale within two years.

Monthly Rentals for Rental Projects

Data on rentals presented in Table III–63 and Chart III–33 relate to estimates made in the underwriting analysis prepared at the time of loan commitment. While these rentals are those expected to prevail when the projects are occupied, the schedules actually in effect may be revised because of changes in construction or operating costs. Because data were not available,

TABLE III-63.—*Monthly rental for rental housing projects, by section, 1958*

Monthly rental per dwelling unit	Rental housing				
	Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803
Percentage distribution of dwelling units:					Not Available
Less than $60					
$60 to $79.99	1.2	0.4	1.7	9.5	
$80 to $99.99	10.8	6.1	3.1	89.1	
$100 to $119.99	17.5	15.0	30.3	1.4	
$120 to $139.99	16.5	18.2	16.0		
$140 to $159.99	18.3	17.9	25.8		
$160 to $179.99	14.0	16.0	10.7		
$180 to $199.99	8.5	10.3	4.4		
$200 or more	13.2	15.5	8.0		
Total	100.0	100.0	100.0	100.0	
Median	$143.13	$150.81	$139.41	$85.34	

Section 803 projects have been excluded from comparisons with those under other rental programs.

Typical rents in 1958 continued the upward trend which had been evident over the preceding 3 years. For all units, the median in 1958 was $143.13 as compared with $133.80 in 1957 and $120.87 in 1956. Rents were highest under Section 207 (median $150.81), largely because of the proportion of elevator apartments under this program. Section 220, which also had a high percentage of elevator apartments, had a median rental of $139.41. A comparison of rents for elevator units under these two programs shows that the median for Section 207 was $162.04 as compared with $139.24 for Section 220.

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

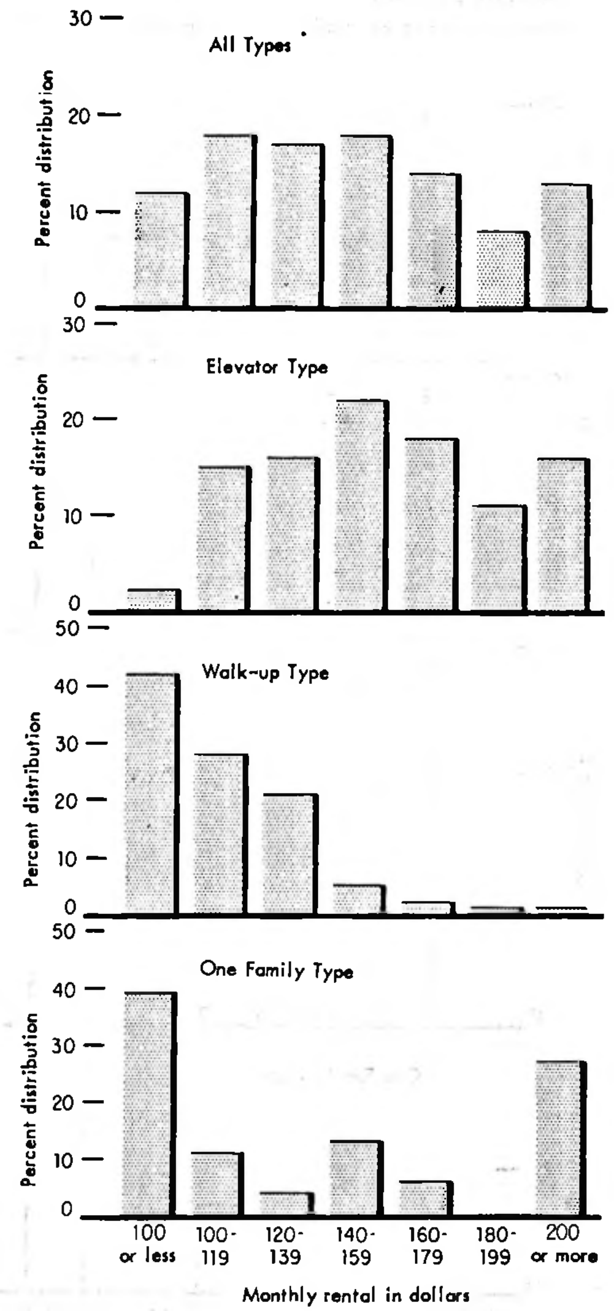
Since three-fourths of the units under the three programs which are represented in Chart III-33 are in elevator structures, the percentage distribution for all types of structures reflects the weight of units of this type. The greatest difference between the two distributions was for those units renting for less than $100. Only 2 percent of elevator units fell in this low range, as compared with 12 percent for those in all structural types. Rentals less than $100 represented a large share of the units in both walkup and 1-family structures, 42 percent and 39 percent respectively. One-family unit rents were distinguished by high percentages at each end of the scale. Whereas 39 percent were under $100, as stated, 27 percent were $200 or more.

CHARACTERISTICS OF PROPERTY IMPROVEMENT LOANS

The typical property improvement loan insured in 1958 provided $564 in net proceeds to the borrower. Repayment of the loan was to be made over a period of 3 years with a typical monthly installment of $18.02. As in past years, the bulk of these loans were for the improvement of single-family properties, with the most common loan being made to finance additions and alterations.

CHART III-33

MONTHLY RENTAL BY TYPE OF RENTAL PROJECT, 1958



*Excludes armed services housing.

Amount of Loan

The upward trend in the amount of the typical insured property improvement loan that has been reported for 11 out of the 13 postwar years continued during 1958. The $564 net proceeds received by a typical borrower in 1958 was 5 percent above the $537 reported for 1957 and 72 percent larger than the 1946 typical loan. This upward trend is shown for selected years in Table III-64, which shows the percentage distributions of net proceeds of insured loans. In 1958, loans with net proceeds of $1,000 or more accounted for some 62 percent of the total amount advanced—more than double the 29 percent reported for 1946. At the other end of the scale, the table shows that loans for less than $500, which accounted for 43 percent of the total in the first postwar year, represented only 16 percent in 1958.

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]				
	1958	1957	1954	1950	1946	1958	1957	1954	1950	1946
Less than $100	0.5	0.6	1.5	2.5	3.6	(2)	0.1	0.2	0.4	0.6
$100 to $199	8.0	8.6	12.8	18.7	19.1	1.5	1.7	3.3	6.4	6.3
$200 to $299	13.2	13.8	16.6	20.5	22.9	3.9	4.4	6.8	11.3	12.5
$300 to $399	13.8	14.2	15.9	15.4	15.9	5.7	6.2	9.1	10.9	12.1
$400 to $499	9.2	9.7	10.7	9.6	11.3	4.9	5.5	7.9	8.8	11.1
$500 to $599	8.3	8.6	9.0	8.0	7.8	5.3	5.8	8.0	8.8	9.6
$600 to $799	11.1	11.5	10.7	9.1	7.2	9.1	10.1	12.2	13.0	11.0
$800 to $999	7.2	7.2	6.5	5.0	4.2	7.7	8.1	9.6	9.2	8.2
$1,000 to $1,499	12.7	12.3	8.9	7.1	4.8	17.8	18.4	17.2	13.3	12.5
$1,500 to $1,999	6.6	5.7	3.6	2.0	1.4	13.1	12.2	10.0	6.8	5.3
$2,000 to $2,499	3.5	3.1	1.7	1.0	.7	9.1	8.5	6.2	4.2	3.5
$2,500 to $2,999	2.8	2.5	1.9	1.0	1.0	8.9	8.4	8.1	5.2	6.5
$3,000 to $3,999	2.8	2.0	.1	.1	.1	11.2	8.8	.7	.9	.5
$4,000 to $4,999	.1	.1	(2)	(2)	(2)	.5	.6	.3	.4	.1
$5,000 or more	.2	.1	.1	(2)	(2)	1.3	1.2	.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	$564	$537	$430	$354	$328					
Average						$836	$781	$591	$479	$454

[1] Data for 1950–58 are based on net proceeds; data for earlier years are based on face amount.
[2] Less than 0.05 percent.

Duration of Loan

Again in 1958, the most common term for these insured transactions was 36 months, loans of this duration accounting for one-half of the notes and 47 percent of the total net proceeds (see Table III-65). Before the enactment in 1956 of legislation authorizing larger loans and longer maximum repayment terms, insured loans having maturities over 3 years represented less than 1 percent of the total notes and 3 percent of the aggregate net proceeds. In contrast, loans insured in 1958 with maturities longer than 3 years accounted for 17 percent of the total number of notes and 37 percent of the net proceeds.

Type of Property and Improvement

Table III-66 and Chart III-34 present the percentage distributions of the number and proceeds of loans insured in 1958 by type of property and type of improvement, as well as showing the average net proceeds expended on each. It should be noted that for this purpose the loans are classified in terms of the major expenditure only. For example, a loan identified as being for additions and alterations might well include such other types of improvement as plumbing or insulation.

By type of property, loans for the improvement of single-family residences, averaging $722, accounted for 9 out of every 10 loans and 85 percent of the total net proceeds. Another 10 percent of the proceeds, with notes averaging $1,208, were advanced for the repair or remodeling of multi-

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

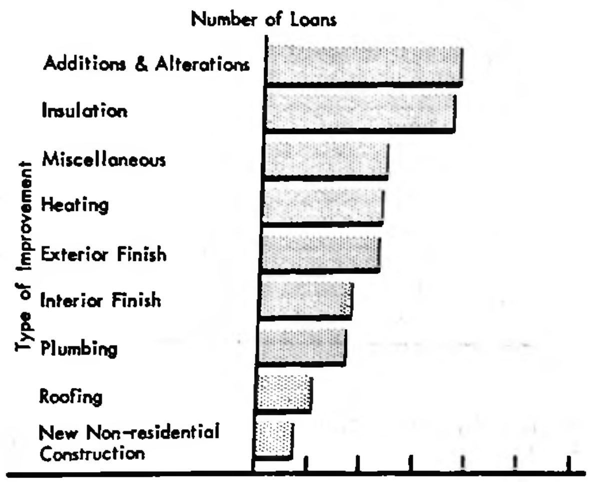
[Total Class 1 and 2 loans]

Term in months		Number of loans—percentage distribution					Net proceeds—percentage distribution [1]				
Modal term	Interval	1958	1957	1954	1950	1946	1958	1957	1954	1950	1946
6	0–8	0.5	0.5	0.7	0.8	1.3	0.3	0.2	0.4	0.5	0.7
12	9–14	10.0	9.9	10.1	10.1	16.9	3.9	4.0	4.5	4.9	8.7
18	15–20	5.6	6.3	6.7	6.0	8.4	2.5	3.0	3.6	3.4	5.3
24	21–26	12.9	12.2	10.4	10.2	12.3	7.7	7.6	7.1	7.1	9.5
30	27–32	2.3	2.5	3.1	9.8	2.3	1.5	1.7	2.3	9.8	1.6
36	33–41	51.4	56.7	68.5	62.5	58.6	47.1	55.9	80.0	71.1	73.0
48	42–53	1.6	.9	(2)	(2)	(2)	2.8	1.9	.1	.1	(2)
60	54–63	15.4	10.8	.4	.4	(3)	32.7	24.4	1.6	1.7	(3)
	Over 63	.3	.2	.1	.2	.2	1.5	1.3	.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	36.5	36.4	36.4	36.0					
Average							35.0	33.8	31.1	30.7	28.8

[1] Data for 1950–58 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."

CHART III–34

TYPE OF IMPROVEMENT FINANCED BY FHA INSURED PROPERTY IMPROVEMENT LOANS 1958



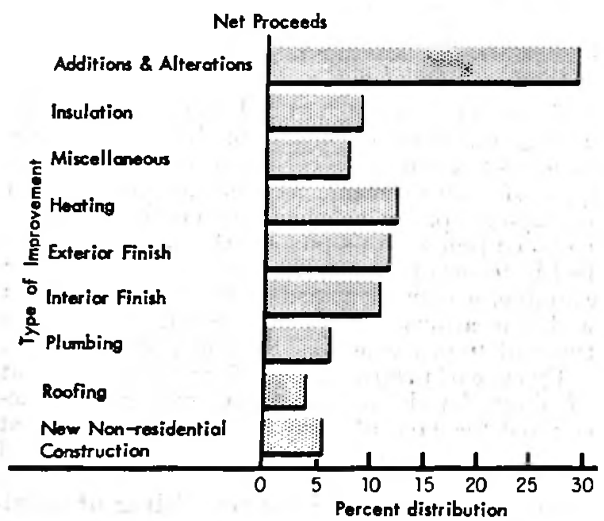


TABLE III–66.—*Type of improvement by type of property for property improvement loans, 1958*

[Total Class 1 and 2 loans]

Major type of improvement	Total	Type of property improved: Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Other
Percentage distribution of number of loans:						
Additions and alterations	18.8	19.2	15.6	23.3	10.6	18.1
Exterior finish	11.7	11.6	14.2	7.2	9.0	5.4
Interior finish	9.1	8.9	12.1	11.2	4.5	11.3
Roofing	5.4	5.2	6.4	6.8	7.5	5.4
Plumbing	8.8	8.8	7.7	7.8	16.5	9.6
Heating	11.9	11.2	20.8	17.7	8.5	16.4
Insulation	18.4	18.9	16.1	6.5	7.6	6.0
New nonresidential construction	3.8	3.4	1.0	9.1	32.1	18.4
Miscellaneous	12.1	12.8	6.1	10.4	3.7	9.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
✓ Percent of total	100.0	89.9	7.1	1.1	1.6	.3
Percentage distribution of net proceeds:						
Additions and alterations	29.5	26.3	2.2	.6	.2	.2
Exterior finish	14.9	12.9	1.6	.1	.3	(1)
Interior finish	10.9	9.1	1.4	.3	(1)	.1
Roofing	3.9	3.3	.4	(1)	.1	.1
Plumbing	6.0	4.8	.7	.2	.3	(1)
Heating	12.3	9.1	2.6	.4	.1	.1
Insulation	9.1	8.3	.8	(1)	(1)	(1)
New nonresidential construction	5.6	4.1	.1	.2	1.1	.1
Miscellaneous	7.8	6.7	.6	.3	.2	(1)
Total	100.0	84.6	10.4	2.1	2.3	.6
Average net proceeds:						
Additions and alterations	$1,286	$1,251	$1,667	$1,954	$1,264	$1,733
Exterior finish	1,046	1,010	1,361	1,573	1,183	1,276
Interior finish	983	934	1,275	2,013	920	1,645
Roofing	598	568	808	1,073	592	1,438
Plumbing	553	500	1,090	1,206	738	1,144
Heating	845	746	1,396	1,580	1,027	1,297
Insulation	407	397	539	657	430	860
New nonresidential construction	1,203	1,090	1,477	2,124	1,669	1,163
Miscellaneous	528	483	1,194	1,785	1,583	1,347
Total	836	772	1,208	1,663	1,162	1,361

[1] Less than 0.05 percent.

family dwellings. Improvements on commercial and industrial properties, while accounting for only 2 percent of the total net proceeds, established a new record average loan, $1,663.

TABLE III–67.—*Amount of property improvement loans by type of property, 1958*

[Total Class 1 and 2 loans]

Net proceeds of individual loan	Total	Type of property improved: Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Other
Percentage distribution of number of loans:						
Less than $100	0.5	0.5	0.2	-------	0.2	-------
$100 to $199	8.0	8.4	4.5	1.9	3.8	0.9
$200 to $299	13.2	13.9	8.0	4.1	7.1	4.0
$300 to $399	13.8	14.5	8.8	5.7	9.7	6.5
$400 to $499	9.2	9.5	7.0	3.9	6.6	4.5
$500 to $599	8.3	8.4	8.2	5.4	8.4	6.8
$600 to $799	11.1	11.1	11.7	7.1	10.3	13.0
$800 to $999	7.2	7.2	8.2	6.1	7.4	8.5
$1,000 to $1,499	12.7	12.3	16.3	16.8	15.8	20.4
$1,500 to $1,999	6.6	6.3	8.7	9.3	9.6	9.9
$2,000 to $2,499	3.5	3.2	5.4	8.5	6.0	7.9
$2,500 to $2,999	2.8	2.5	4.7	13.4	6.5	6.2
$3,000 to $3,999	2.8	2.2	5.4	17.4	8.5	11.1
$4,000 to $4,999	.1	(1)	1.1	-------	.1	-------
$5,000 or more	.2	(1)	1.8	.4	-------	.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
Median	$564	$538	$839	$1,468	$904	$1,142
Average	$836	$772	$1,208	$1,663	$1,162	$1,361

[1] Less than 0.05 percent.

By type of improvement, loans classified as being for additions and repairs accounted for 30 percent of all net proceeds advanced, with an average note of $1,286. Improvements to exterior finish, with a $1,046 average note, accounted for another 15 percent of the net proceeds. Although insignificant in volume for a specific type of improvement, new-construction loans on commercial and industrial properties averaged $2,124, the highest average ever reported for any type of improvement.

The percentage distribution of the loans insured by net proceed is shown in Table III–67 for each type of property. Typical proceeds for all loans were $564, ranging from $1,468 for commercial and industrial properties down to $538 for single-family properties. It may also be noted that 65 percent of the loans involving commercial and industrial properties were $1,000 or more, while a similar proportion of the loans on single-family properties had net proceeds of less than $800.

Table III–68 shows the percentage distribution of the amount of improvement loans by type of improvement. Additions and alterations, with

TABLE III–68.—*Amount of property improvement loans by type of improvement, 1958*

[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	8.5	3.0	2.7	5.2	8.6	11.7	3.8	16.6	0.9	17.0
$200–$399	27.1	12.1	12.5	18.8	36.6	44.3	17.2	46.8	5.5	41.2
$400–$599	17.6	12.8	14.6	18.3	23.0	17.9	19.4	21.7	9.8	18.8
$600–799	11.1	9.9	13.6	11.5	11.1	8.0	20.1	7.6	15.2	7.8
$800–$999	7.2	7.8	11.4	7.4	5.2	4.3	13.6	2.7	13.7	3.6
$1,000–$1,499	12.7	18.6	22.7	15.9	8.2	7.0	14.8	3.0	28.6	5.2
$1,500–$1,999	6.5	12.1	12.0	9.1	3.4	3.0	5.3	.9	12.3	2.6
$2,000–$2,499	3.5	8.3	4.9	4.8	1.6	1.5	2.3	.4	5.0	1.5
$2,500–$2,999	2.8	7.2	3.0	4.9	1.4	1.1	1.4	.2	4.5	1.0
$3,000 or more	3.0	8.2	2.6	4.1	.9	1.2	2.1	.1	4.5	1.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$564	$1,117	$915	$734	$441	$373	$696	$343	$1,085	$360
Average	836	1,286	1,046	983	598	553	845	407	1,203	528
Percentage distribution of net proceeds:										
Less than $200	1.5	.3	.4	.7	2.2	3.1	.7	6.0	.1	4.8
$200–$399	9.7	2.7	3.5	5.4	17.9	23.6	6.0	34.0	1.4	22.2
$400–$599	10.2	4.8	6.7	8.9	18.4	15.2	11.2	25.2	4.0	16.9
$600–$799	9.1	5.1	8.9	7.8	12.4	9.6	16.3	12.6	8.6	9.8
$800–$999	7.7	5.2	9.6	6.5	7.6	6.8	14.1	5.8	10.0	5.9
$1,000–$1,499	17.0	16.5	25.8	18.2	15.5	14.4	20.2	8.5	28.1	11.1
$1,500–$1,999	13.1	15.4	19.3	15.1	9.4	8.8	10.3	3.7	17.0	7.9
$2,000–$2,499	9.1	13.6	10.0	10.2	6.6	5.6	5.9	2.1	8.7	6.2
$2,500–$2,999	8.8	14.4	7.5	12.7	6.1	5.1	4.4	1.0	9.5	5.1
$3,000 or more	12.9	22.0	8.3	14.5	4.9	7.8	10.9	1.1	12.6	10.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

typical proceeds of $1,117 to the borrower, were the most popular and expensive type of improvement made in 1958. Loans for insulation were almost as numerous, but with a typical note of $343 this was the least costly improvement. Of the total amount advanced for additions and alterations, less than 8 percent was covered by notes for less than $600, as contrasted to 65 percent where loans to finance insulation were concerned.

Claims Paid by Type of Property and Improvement

During 1958, the number of claims paid decreased 11 percent as the dollar volume increased 1 percent over 1957. Approximately 3 out of every 4 defaulted notes and $9 out of $10 paid in claims during 1958 were on loans which approved lenders had originated in the preceding 24 months—a period in which the average net proceeds of insured loans increased 18 percent to a record high of $836. These circumstances are partially reflected in the $428 average claim reported for 1958, which was $51 or 14 percent higher than the 1957 average of $377. Defaulted loans on single and multifamily properties accounted for over 95 percent of both the number and amount of claims paid in 1958. By type of property, the largest average claim paid—$702—was on commercial and industrial property loans, compared to a low of $401 on single family homes (see Table III–69).

Notes originally executed to finance insulation (20 percent), additions and alterations (15 percent), and exterior finish (15 percent) were identified in one-half of the claims. Largest amounts paid in claims were on loans for additions and alterations (22 percent), exterior finish (18 percent), and heating (15 percent). By type of improvement, the average claim paid ranged from a high of $612 for additions and alterations down to $261 on insulation loans.

Table III–69.—*Type of improvement by type of property for claims paid on property improvement loans, 1958*

[Total Class 1 and 2 loans]

Major type of improvement	Type of property improved					
	Total	Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Other
Percentage distribution of number of claims paid:						
Additions and alterations	15.2	15.3	14.4	22.1	8.2	16.1
Exterior finish	14.7	14.9	14.4	0.2	11.5	1.4
Interior finish	6.9	6.6	11.2	13.2	1.7	1.4
Roofing	5.5	5.5	5.5	5.8	9.0	2.8
Plumbing	9.0	9.1	8.8	6.6	11.5	2.1
Heating	13.7	13.2	21.4	14.7	6.8	2.8
Insulation	19.8	20.6	15.6	10.5	9.0	2.1
New nonresidential construction	2.0	1.0	.5	8.1	36.3	68.5
Miscellaneous	13.2	13.8	8.2	12.8	5.1	2.8
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	80.8	7.0	1.1	1.5	.6
Percentage distribution of amount of claims paid:						
Additions and alterations	21.8	19.0	1.9	.5	.2	.2
Exterior finish	17.7	15.6	1.7	.1	.3	(1)
Interior finish	8.4	6.7	1.4	.3	(1)	(1)
Roofing	4.4	3.7	.4	.1	.2	(1)
Plumbing	7.5	6.3	.9	.1	.2	(1)
Heating	15.1	12.0	2.8	.2	.1	(1)
Insulation	12.1	11.1	.8	.1	.1	(1)
New nonresidential construction	3.2	1.5	.1	.2	.9	.5
Miscellaneous	9.8	8.5	1.0	.2	.1	(1)
Total	100.0	84.4	11.0	1.8	2.1	.7
Average claim paid:						
Additions and alterations	$612	$594	$809	$824	$744	$520
Exterior finish	516	494	743	772	781	450
Interior finish	518	481	778	680	241	627
Roofing	342	321	502	675	449	456
Plumbing	353	330	594	593	426	1,298
Heating	473	431	798	619	441	505
Insulation	261	255	320	483	407	175
New nonresidential construction	689	750	875	906	685	508
Miscellaneous	317	291	775	695	648	500
Total	428	401	675	702	597	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: (1) reserves of FHA's mortgage insurance funds, (2) termination experience of FHA-insured home mortgages, (3) participation payments to mortgagors from the Mutual Mortgage Insurance Fund, and (4) the debt retirement experience of FHA-insured home and project mortgages.

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

Discussed in the second part is the life expectancy of home mortgages insured under Section 203. Estimates of life expectancy for mortgages of various maturity classes are presented. The life expectancy is developed from the termination experience of these home mortgages. This experience is summarized in actuarial schedules to show rates of termination of home mortgage insurance contracts for the various types of 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 mortgage insurance contracts written under these programs are assigned to a particular insurance fund in accordance with statutory requirements. Each of the funds is credited with fee, premium, and investment income and is charged with administrative expenses and insurance losses with respect to loan and mortgage insurance contracts assigned to the fund. The insurance reserves of a fund, representing capital and the accumulation of earned surplus, are available to cover future losses and related expenses. The newer funds, those recently created by amendments to the National Housing Act, have accumulated comparatively little in earned surplus and operate in part from capital contributed by other FHA funds in accordance with statutory provisions. In the older funds the insurance reserves are relatively substantial. Detailed fiscal information on income, expenses, losses, and insurance reserves including capital contributions for each FHA fund is given in the section on accounts and finance.

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

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

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

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

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

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

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

Attention is invited to the adjustment in the estimated reserve requirements. This adjustment is for the unearned premiums estimated to be retained by the fund after refunds of unearned premiums upon prepayment of insured mortgages prior to maturity. FHA's accounting system is on an accrual basis and, consequently, earned surplus figures do not include unearned premiums. To take these unearned premiums into account for reserve purposes, the reserve requirements are adjusted by the amounts of unearned premiums estimated to be retained by the fund. The insurance reserves of each fund also are exclusive of the amounts contributed by that fund to establish and operate other insurance funds. Seven of the 10 mortgage insurance funds have received, through the end of 1958, capital contributions in the amount of $20,310,000. Over 90 percent of this amount, or $18,310,000, was contributed by the War Housing Insurance Fund.

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

The results of the 1958 valuation of reserve requirements of the mortgage insurance funds are presented in Tables III-70 and III-71. The former, in addition to showing their reserve positions at the end of 1958, shows the year-end outstanding balances of the insurance contracts in force assigned to the separate funds. The latter shows the comparative reserve positions of the funds on the basis of the 1956–58 valuations.

The December 31, 1958 valuation of reserve requirements for all mortgage insurance funds combined discloses an interruption in the continuous improvement in their aggregate reserve position since the results of annual valuations were first published in the 1954 annual report. This change in the fund's aggregate reserve position is attributable to the substantial increase in the volume of the new insurance written during 1958. For example, the 1958 year-end outstanding balances of insurance contracts in force assigned to the mortgage insurance funds were 19 percent higher than in 1957. This increase accounts for the 21 percent rise in reserve requirements of these funds during this same period while insurance reserves rose by 15 percent. Substantial increases in insurance in force occurred in all six mortgage insurance funds under which the National Housing Act authorizes new insurance to be written and under which insurance has also been written. The three funds under which new insurance is no longer authorized are the Title I Housing Insurance Fund, the War Housing Insurance Fund, and the National Defense Housing Insurance Fund.

The current valuation shows three funds with a balance status. The most important of these, in terms of insurance in force, is the Mutual Mortgage Insurance Fund, to which FHA's regular home mortgage insurance contracts are assigned. This fund first attained a balance status with the 1954 valuation. The reserve position of this fund at the end of 1957 showed an excess of $90 million in insurance reserves over reserve requirements. The relatively sharp increase in home mortgage insurance written and assigned to this fund—$4.2 billion in 1958 as compared with $2.0 billion in 1957—served to reduce this excess to $54 million in the current valuation. As was indicated in an earlier paragraph in this section of the report, one of the purposes served by the excess of insurance reserves over reserve requirements is to protect the reserve position of the fund from the effects of a sharp increase in new business.

Second in importance in terms of insurance in force is the War Housing Insurance Fund which first attained a balance status with the 1957 valuation. Emergency home and project mortgage insurance contracts written during the defense preparedness and war periods of World War II and during the postwar period of the veterans' emergency housing program were assigned to this fund. The reserve position of this fund has shown steady improvement since the 1954 valuation. With the current valuation, the excess of insurance reserves over reserve requirements amounts to $56 million, an increase of almost $35 million over the excess disclosed in the 1957 reserve position.

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

There are seven mortgage insurance funds which have not yet attained a balance status. This is either because they were recently established or because the bulk of the insurance covered by them is of recent origin. Consequently, these funds have not had sufficient time to accumulate the necessary earned surplus. They are: (1) the Title I Housing Insurance Fund for the low-cost housing program, under which no new insurance 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 Housing Insurance Fund for multifamily rental housing under Section 207 of the act and for cooperative housing under Section 213 of the act; (3) the Section 220 Housing Insurance Fund for redevelopment housing; (4) the Section 221 Housing Insurance Fund for relocation housing; (5) the Servicemen's Mortgage Insurance Fund, which provides for the purchase of housing by personnel in the United States Armed Forces and Coast Guard on active duty for more than 2 years; (6) the Armed Services Housing Mortgage Insurance Fund covering housing for military and Defense-certified civilian employees under Title VIII of the act; and (7) the National Defense Housing Insurance Fund for programmed housing for Korean emergency defense workers provided for by Title IX of the act.

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

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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 Dec. 31, 1958			
	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	$158,336,204	$4,575,070	$6,459,779	−$1,884,700
Mutual Mortgage Insurance Fund	17,320,980,658	[3] 438,262,824	384,193,412	54,069,412
Housing Insurance Fund	965,233,923	10,984,322	37,322,830	−26,338,508
Sec. 220 Housing Insurance Fund	112,249,124	1,191,947	6,964,529	−5,772,582
Sec. 221 Housing Insurance Fund	61,288,180	906,691	3,088,137	−2,181,446
Servicemen's Mortgage Insurance Fund	570,207,505	5,145,979	20,317,881	−15,171,902
War Housing Insurance Fund	3,435,755,925	157,103,784	101,008,007	56,095,777
Housing Investment Insurance Fund	-----------	900,103	-----------	900,103
Armed Services Housing Mortgage Insurance Fund	1,700,275,074	11,463,585	[4] 79,673,796	−68,210,211
National Defense Housing Insurance Fund	424,770,629	−11,144,441	13,429,308	−24,573,749
Total all mortgage insurance funds	24,749,097,222	619,389,873	652,457,679	−33,067,806
Title I Insurance Fund	1,307,130,939	[5] 73,507,057	(6)	-----------
Total all funds	26,056,228,161	692,896,930	-----------	-----------

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

[2] For mortgage insurance contracts in force. Adjusted for estimated unearned premiums in all 9 mortgage insurance funds in the amount of $49,170,501 to be retained after refunds of unearned premiums upon prepayment.

[3] Includes $116,990,147, as of Dec. 31, 1958, 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 $20,389,838 as of Dec. 31, 1958.

[6] Reserve requirements are not estimated for the Title I Insurance Fund. The maximum potential liability under this fund was $320,011,251, as of Dec. 31, 1958, representing the balance of reserves available to qualified lending institutions for the payment of claims. This potential liability was calculated at 10 percent of net proceeds of insurance written less claims paid and reserve adjustments.

TABLE III-71.—*Insurance reserves and estimated reserve requirements in the insurance funds of the Federal Housing Administration, as of Dec. 31, 1956–58*

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, 1956	Dec. 31, 1957	Dec. 31, 1958	Dec. 31, 1956	Dec. 31, 1957	Dec. 31, 1958	Dec. 31, 1956	Dec. 31, 1957	Dec. 31, 1958
Title I Housing Insurance Fund	$3,181,075	$3,904,637	$4,575,079	$8,055,807	$7,276,612	$6,459,779	−$4,874,732	−$3,371,975	− $1,884,700
Mutual Mortgage Insurance Fund	[3] 318,209,758	[3] 374,946,765	[3] 438,262,824	271,473,408	284,573,763	384,193,412	46,736,350	90,373,002	54,069,412
Housing Insurance Fund	6,545,289	8,967,767	10,984,322	24,741,070	30,696,470	37,322,830	−18,195,781	−21,728,703	−26,338,508
Sec. 220 Housing Insurance Fund	687,137	883,591	1,191,947	644,106	4,747,246	6,964,529	43,031	−3,863,655	−5,772,582
Sec. 221 Housing Insurance Fund	879,082	802,271	906,691	5,296	203,523	3,088,137	873,786	598,748	−2,181,446
Servicemen's Mortgage Insurance Fund	1,590,051	2,961,433	5,145,979	8,631,594	13,166,250	20,317,881	−7,041,543	−10,204,817	−15,171,902
War Housing Insurance Fund	125,418,740	142,393,148	157,103,784	142,465,984	120,961,402	101,008,007	−17,047,244	21,431,746	56,095,777
Housing Investment Insurance Fund	859,090	879,128	900,103	-----------	-----------	-----------	859,090	879,128	900,103
Armed Services Housing Mortgage Insurance Fund	11,482,952	12,824,578	11,463,585	[4] 41,236,557	[4] 61,121,108	[4] 79,673,796	−29,753,605	−48,296,530	−68,210,211
National Defense Housing Insurance Fund	−6,630,043	−10,391,541	−11,144,441	18,295,245	15,758,242	13,429,308	−24,925,288	−26,149,783	−24,573,749
Total all mortgage insurance funds	462,223,131	538,171,777	619,389,873	515,549,067	538,504,616	652,457,679	−53,325,936	−332,839	−33,067,806
Title I Insurance Fund	57,098,717	63,384,853	73,507,057	(5)	(5)	(5)	-----------	-----------	-----------
Total all funds	519,321,848	601,556,630	692,896,930	-----------	-----------	-----------	-----------	-----------	-----------

[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, 1956, Dec. 31, 1957, and Dec. 31, 1958.

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

[3] Includes $116,990,147, as of Dec. 31, 1958, in the Participating Reserve Account representing balances available for participations, which account may be charged with any net loss sustained by the Mutual Mortgage Insurance Fund in any semiannual period. The comparable figure for Dec. 31, 1957 is $95,231,854 and for Dec. 31, 1956, is $58,737,436.

[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 $18,279,579 as of Dec. 31, 1956, $20,730,201 as of Dec. 31, 1957, and $20,389,838 as of Dec. 31, 1958. The maximum potential liability under this fund representing the balance of reserves available to qualified lending institutions for the payment of claims was $296,064,311 as of Dec. 31, 1956, $285,015,589 as of Dec. 31, 1957, and $320,011,251 as of Dec. 31, 1958. This potential liability was calculated at 10 percent of net proceeds of insurance written less claims paid and reserve adjustments.

ance Fund's insurance reserves to this group of funds. The growing excess of this fund's insurance reserves over reserve requirements has improved the aggregate reserve position for all funds in this group.

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 the fund, but its financial position can be appraised on the basis of insurance reserves and insurance in force. The insurance reserves together with the unearned premiums on December 31, 1958 amounted to $93,896,895. With outstanding balances of loan insurance in force amounting to $1,307,130,939, the insurance reserves and unearned premiums represented 7.18 percent of the outstanding balance of insurance in force as compared with 7.37 percent a year ago.

The maximum potential liability under this fund at the year end was $320,011,251 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, 1957 was $285,-015,589. The potential liability is calculated in accordance with the administrative regulations for property improvement loans under Title I, Section 2 at 10 percent of the net proceeds of insurance written less claims paid and reserve adjustments.

This Title I fund was created by an amendment of June 3, 1939, and the total claims paid from the fund through the end of 1958 amounted to 1.75 percent of the net proceeds of loans insured before any recoveries on defaulted notes. Actual losses (after recoveries) and reserves for future losses on such notes represent a little less than 1 percent of the net proceeds of notes insured. The maximum claim rate under Title I amounted to 4.04 percent of the net proceeds of the notes insured during the period from mid-1934 to mid-1939. After recoveries from collection efforts, the actual losses amounted to 1.89 percent of notes insured.

ANALYSIS OF TERMINATION EXPERIENCE

The estimated life expectancy of 1- to 4-family home mortgages insured under Section 203 is estimated to be 8.85 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 22-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 1956 and exposed to their policy anniversaries in 1957.

This estimate of life expectancy on the basis of the 1935–57 termination experience is about a fourth of a year higher than the comparable figure of 8.61 years shown in the 1957 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 1935–57 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 5.81 years. Mortgages with maturities of 13 through 17 years have an estimated life expectancy of 7.27 years. The life expectancy for mortgages with maturities of 18 through 22 years is 8.69 years. For mortgages in the 23 through 25 years maturity class, the estimated life expectancy is 10.58 years and is based on cumulative termination experience observed over a 19-year period and a projection of that experience through the 25-year period. Life expectancies for mortgages of various maturity classes are calculated by the standard actuarial method described as "the complete expectation of life." An estimate of life expectancy for mortgages in the longest maturity class was not made, since the period of observation was too short.

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 1956 and exposed to policy anniversaries in 1957 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	0.0282822	2,828	12th	30,353	0.1268137	3,849
2d	97,172	.0431136	4,189	13th	26,504	.1255372	3,327
3d	92,983	.0637300	5,926	14th	23,177	.1309744	3,036
4th	87,057	.0820720	7,145	15th	20,141	.1571612	3,165
5th	79,912	.1018221	8,137	16th	16,976	.1599922	2,716
6th	71,775	.1173908	8,426	17th	14,260	.1346970	1,921
7th	63,349	.1252864	7,937	18th	12,339	.1431962	1,767
8th	55,412	.1350074	7,481	19th	10,572	.2694303	2,848
9th	47,931	.1444764	6,925	20th	7,724	.8663787	6,692
10th	41,006	.1411113	5,786	21st	1,032	.9751037	1,006
11th	35,220	.1381863	4,867	22d	26		

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

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 1948–57 period was analyzed to determine whether or not life expectancies are longer in the postwar period than for the 1935–57 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 data on the 1935–57 termination experience for all mortgages are organized as a survivorship table which is presented in Actuarial Schedule 1. It is from this schedule that the estimate of life expectancy for all home mortgages is made. Among the things that the schedule shows for the 1- to 4-family home mortgages insured under Section 203 are their total annual termination rates by policy year. When these termination rates are applied to an initial hypothetical group of 100,000 home mortgage insurance contracts, they produce a survivorship table giving the number of mortgages in force at the beginning of a policy year, the number terminating during that policy year, and the number surviving to the beginning of the next policy year.

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 1935–57 termination experience of Section 203 mortgages produces an overall annual rate of termination of 0.0282822 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 2,828 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 97,172 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 0.0431136. When this rate is applied against the 97,172 surviving mortgages at the beginning of the second year, it gives 4,189 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 92,983 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

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 1956 and exposed to policy anniversaries in 1957 or prior termination dates*

Policy year	Type of termination					
	Prepayments in full	Prepayments by supersession	Titles acquired by mortgagees		Others	Total
			Retained by mortgagee	Transferred to FHA		
1st	0.0207036	0.0071731	0.0001220	0.0002564	0.0000271	0.0282822
2d	.0319000	.0102779	.0002222	.0006871	.0000255	.0431136
3d	.0483216	.0142439	.0003634	.0007672	.0000339	.0637300
4th	.0643860	.0165713	.0003634	.0006802	.0000711	.0820720
5th	.0824684	.0183403	.0003933	.0004263	.0001938	.1018221
6th	.0982096	.0183609	.0003248	.0002620	.0002245	.1173908
7th	.1077588	.0168192	.0003224	.0002152	.0001710	.1252864
8th	.1190475	.0152125	.0002405	.0001492	.0003577	.1350074
9th	.1205749	.0139679	.0001432	.0000208	.0007606	.1444704
10th	.1242825	.0116433	.0000828	.0000023	.0051004	.1411113
11th	.1235846	.0100933	.0000666		.0044418	.1381863
12th	.1148982	.0083192	.0000355		.0035608	.1268137
13th	.1153719	.0069709	.0000423		.0031431	.1255372
14th	.1226122	.0055463	.0000603		.0027556	.1309744
15th	.1252316	.0047441	.0000423		.0271432	.1571612
16th	.1302741	.0038489	.0000511		.0258181	.1599922
17th	.1260695	.0029096	.0000714		.0055565	.1346970
18th	.1384491	.0024746	.0000252		.0022473	.1431962
19th	.2323168	.0014824			.0356311	.2694303
20th	.3615717	.0005573			.5042497	.8663787
21st	.0069156				.9681881	.9751037
22d						

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

particular policy year for titles acquired by mortgagees and retained by mortgagees can be combined with the rate for the same policy year for titles acquired by mortgagees and transferred to FHA, to give a total default termination or foreclosure rate for that policy year. When the annual rates for the different types of termination are added together, they give the total annual termination rates shown in both actuarial schedules.

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

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

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 1956 and exposed to policy anniversaries in 1957 or prior termination dates*

Policy year	Mortgage survivors at the beginning of policy year	Decrement by type of termination					
		Prepayments in full	Prepayments by supersession	Titles acquired by mortgagees		Others	Total
				Retained by mortgagee	Transferred to FHA		
1st	100,000	2,070	717	12	26	3	2,828
2d	97,172	3,099	999	22	67	2	4,189
3d	92,983	4,493	1,324	34	72	3	5,926
4th	87,057	5,605	1,443	32	59	6	7,145
5th	79,912	6,500	1,466	32	34	15	8,137
6th	71,775	7,049	1,319	24	18	16	8,426
7th	63,349	6,827	1,065	21	13	11	7,937
8th	55,412	6,597	843	13	8	20	7,481
9th	47,931	6,211	670	7	(1)	37	6,925
10th	41,006	5,096	477	4		209	5,786
11th	35,220	4,353	356	2		156	4,867
12th	30,353	3,487	253	1		108	3,849
13th	26,504	3,058	185	1		83	3,327
14th	23,177	2,842	128	2		64	3,036
15th	20,141	2,522	95	1		547	3,165
16th	16,976	2,212	65	1		438	2,716
17th	14,260	1,798	43	1		79	1,921
18th	12,339	1,708	31	(1)		28	1,767
19th	10,572	2,456	16			376	2,848
20th	7,724	2,792	5			3.895	6,692
21st	1,032	7				999	1,006
22d	26						

[1] Less than 1.

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

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

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

The rates of termination shown in the actuarial schedules from which survivors, decrements, and expectancies are estimated are "crude" or actual rates as distinguished from "graduated" or smoothed rates. They are based on numbers of mortgages only and include mortgages with the various terms of financing eligible for insurance under the administrative rules and regulations for Title II, Section 203. Because this insurance pro-

ACTUARIAL SCHEDULE 4.—*Survivorship table of 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 1956 and exposed to policy anniversaries in 1957 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	97,172	94,712	96,007	96,432	98,534	99,275
3d	92,983	87,450	90,267	91,597	95,852	97,684
4th	87,057	78,250	82,432	85,145	91,648	95,471
5th	79,912	67,666	73,442	77,737	85,834	92,363
6th	71,775	56,419	64,123	69,835	78,040	85,497
7th	63,349	45,562	54,808	61,770	69,607	79,702
8th	55,412	35,875	46,076	53,838	62,198	75,888
9th	47,931	27,270	38,310	46,683	54,921	73,714
10th	41,006	19,349	31,806	40,214	47,881	
11th	35,220	11,200	26,334	34,681	42,582	
12th	30,353	4,831	21,846	30,033	37,944	
13th	26,504	2,282	18,336	26,041	34,166	
14th	23,177		15,239	22,618	30,876	
15th	20,141		11,559	19,640	27,649	
16th	16,976		5,262	17,045	24,743	
17th	14,260		776	14,702	22,158	
18th	12,339			12,517	19,915	
19th	10,572			10,286	18,084	
20th	7,724			6,998	16,462	
21st	1,032			935		
22d	26			23		
Estimated life expectancy in years	8.85	5.81	7.27	8.69	[4] 10.58	(5)

[1] Based on aggregate termination experience for mortgages insured from 1935 through 1956 and exposed to their policy anniversaries in 1957 or prior termination dates.
[2] Based on aggregate termination experience for mortgages insured from 1938 through 1956 and exposed to their policy anniversaries in 1957 or prior termination dates.
[3] Based on aggregate termination experience for mortgages insured from 1949 through 1956 and exposed to their policy anniversaries in 1957 or prior termination dates.
[4] Based on termination experience observed over a 19-year period and its projection to 25 years.
[5] Not estimated.

gram has not been in operation long enough for many of its long-term mortgages to mature, the rates of termination for later policy years are based on a smaller aggregate amount of experience than those for earlier years. The rates of termination for the first policy year for all mortgages are based on the terminations from contracts endorsed for insurance in each calendar year from 1935 through 1956. For the second policy year, they are based on the terminations from endorsements in each calendar year from 1935 through 1955. Thus, for the twenty-second policy year they would be based on terminations from endorsements of the calendar year 1935 only. However, there have been no terminations to date during this policy year.

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

MUTUAL MORTGAGE PARTICIPATION PAYMENTS

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

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

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

As of December 31, 1958, the account had $116,990,147 available for distribution. Since January 1, 1944 when participation payments were first made, a total of $86,380,851 has been distributed to 722,629 mortgagors. In the aggregate, these amounts equal 29 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. The characteristics identifying a class of business are the maturity, i.e., the original term of 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 semiannually or charging any net loss to the Participating Reserve Account, participation shares—the rate of payment per $1,000 of the original face amount of mortgage terminated—are established semiannually for paying participations to eligible mortgagors with insurance terminating in the subsequent 6-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 6-month period ending June 30, 1959.

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. 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.

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, 1959 and June 30, 1959*

Year mortgage was endorsed for insurance	Maturity class of mortgage				
	10 years	15 years	20 years	25 years	30 years
1953	$2.22	$5.32	$6.93	$1.91	
1951	5.03	10.17	12.96	9.60	$3.80
1949	8.91	17.21	20.34	17.96	7.44
1947		26.41	32.01	29.31	
1945		41.57	48.59	41.26	
1943			64.37	55.75	

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) in-

TABLE III-73.—*FHA-insured home mortgage debt retirements, 1940–58* [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	894,075	805,651	3,607,722	22.33	90.05
1948	2,116,043	628,139	4,454,546	14.10	29.68
1949	2,209,842	573,402	6,067,503	9.45	25.95
1950	2,492,367	834,747	7,986,363	10.45	33.49
1951	1,928,433	814,828	9,184,849	8.87	42.25
1952	1,942,307	849,088	10,155,407	8.36	43.72
1953	2,288,626	1,069,017	11,402,361	9.38	46.71
1954	1,942,266	1,153,208	12,409,193	9.29	59.37
1955	3,084,767	1,525,969	13,541,335	11.27	49.47
1956	2,638,226	1,470,281	14,967,555	9.82	55.73
1957	2,251,064	1,255,183	15,925,535	7.88	55.76
1958	4,551,483	1,327,343	17,888,985	7.42	29.16

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

TABLE III-74.—*FHA-insured project mortgage debt retirements, 1940–58* [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			104.28
1940	12,949	13,503	$105,467	12.80	104.28
1941	13,565	10,678	106,539	10.02	78.72
1942	21,215	4,261	116,617	3.65	20.08
1943	84,622	7,093	158,892	4.46	8.38
1944	56,096	17,328	222,961	7.77	30.89
1945	19,817	23,244	240,732	9.66	117.29
1946	13,175	36,837	223,703	16.47	279.60
1947	359,944	24,155	326,182	7.41	6.71
1948	608,711	15,599	871,253	1.79	2.56
1949	1,021,231	29,310	1,591,947	1.84	2.87
1950	1,156,681	72,258	2,681,150	2.70	6.25
1951	583,774	96,838	3,462,936	2.80	16.59
1952	321,911	107,489	3,818,915	2.81	33.39
1953	259,194	150,934	3,971,078	3.80	58.23
1954	234,022	151,786	4,072,972	3.73	64.86
1955	76,489	193,281	4,050,954	4.77	252.69
1956	130,247	186,175	3,948,493	4.72	142.94
1957	597,348	169,318	4,177,770	4.05	28.34
1958	908,671	242,881	4,682,627	5.19	26.73

[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.

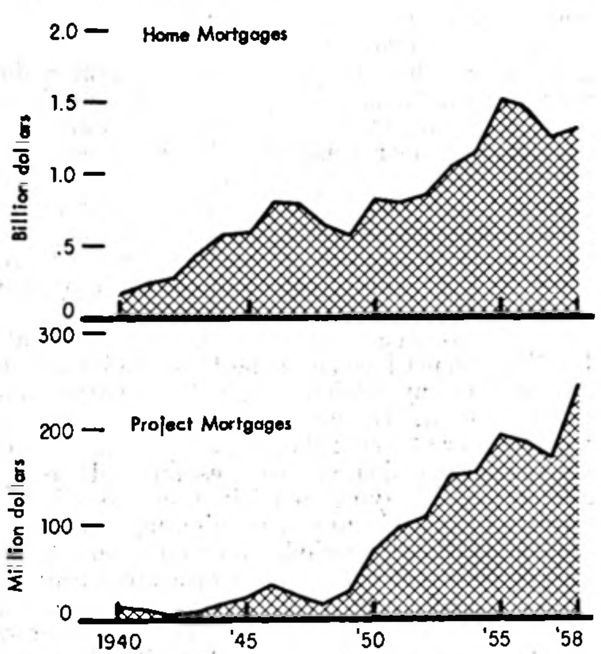
clude outstanding balances of mortgage default terminations, i.e., for mortgage notes and property titles transferred to FHA and property titles retained by mortgagees with termination of FHA mortgage insurance contracts, and (2) do not include partial prepayments.

With respect to the former, their outstanding balances do not reflect a backflow of cash, since the mortgagee receives debentures of one or more FHA insurance funds for approximately the amount of the outstanding balance, or the mortgagee takes title to property which is acquired through foreclosure proceedings or deed in lieu of foreclosure and retains title in lieu of making a claim for insurance. To the extent that such default terminations do not reflect a backflow of cash, the amount of mortgage debt retirement exceeds the amount of repayments available for reinvestment. The overstatement of retirements as cash repayments of indebtedness is probably not significant, because (1) the majority of mortgage foreclosures and all mortgage assignments involve debentures; (2) the debentures are negotiable and callable and can also be used for the payment of mortgage insurance premiums; and (3) the 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 1958 retirement figure was estimated at $1,327 million. This 19-year record of retirements of home mortgages is illustrated in Chart III-35.

CHART III-35

DEBT RETIREMENTS*



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

The retirement figures for home mortgages under all sections are largely determined by the retirements of Section 203 mortgages. These account for almost all of the retirements in 1940, over three-fifths in 1947, and over seven-eighths in 1958.

The annual rates of debt retirement for home and project mortgages shown in the tables cover the period 1940 through 1958, and are based on the ratio of estimated retirements during the calendar year to estimated average outstanding balances during the calendar year. These averages are based on semiannual, quarterly, or monthly estimates of outstanding balances, depending on the availability of the data, of mortgages in force during the calendar year. For home mortgages insured under all sections, the pre-World War II retirement rates were about 8 percent, rising throughout the war period and reaching a peak rate in the postwar year 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 7.42 percent for 1958 would indicate an average life of an insured home mortgage dollar of a little less than 13½ years. Chart III-36 shows the pattern of the annual rates of retirement over this 19-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 exceed 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.

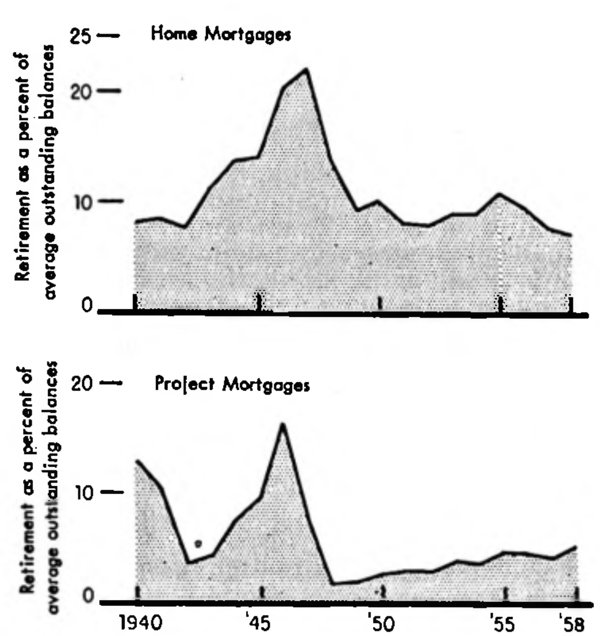
Retirements of project mortgage indebtedness are comparatively less significant in amount than those of home mortgages. They approach the $100 million mark for the first time in 1951, but since then have exceeded that amount by substantial margins. The record amount reached in 1958 approached the $250 million mark. The bulk of project mortgage retirements since 1947 is accounted for by the mortgage retirements under Section 608. More than 50 percent of the $243 million in estimated project mortgage retirements in 1958 were on Section 608 and Section 608–610 mortgages.

Although less significant in amount, the retirement experience of project mortgages as measured by their annual rates of retirement reflects roughly the same pattern as that for home mortgages, but at relatively lower levels for most of the period under observation, as Chart III-36 shows. This pattern shows retirements declining in 1942 to a rate of about 4 percent of the estimated average amount outstanding, climbing to a peak rate of over 16 percent in 1946, and then declining sharply to lower levels and maintaining the relatively lower levels in subsequent years. For the year 1958, the rate is about 5 percent. This rate would indicate an estimated average life of 20 years for the investments in the 1958 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 share. Both types involve debentures of the insurance funds to

CHART III-36

DEBT RETIREMENT RATES*



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

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

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 19-year period show fluctuations over a wide range. These percentages, presented in Table III–74, range between a high of 280 percent in 1946 to a low of about 2½ percent in 1948. The wide range in these percentages is influenced to a greater degree by the year-to-year variations in the volume of project mortgage insurance written rather than annual changes in retirements. Estimated retirements in relation to insurance written were comparatively high in the prewar year of 1940, reaching a low in 1943, climbing to the peak percentage in 1946, dropping sharply to the low in 1948, and then climbing to another peak in 1955. For 1958, estimated retirements for project mortgages amounted to about 27 percent of insurance written in that year.

Accounts and Finance

The figures for 1957 and 1958 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, 1958 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 1958

Gross income of combined FHA funds for fiscal year 1958 under all insurance operations totaled $157,158,560 and was derived from fees, insurance premiums, and income on investments. Operating expenses of the FHA during the fiscal year 1958 totaled $45,491,076.

Cumulative Gross Income and Operating Expenses, by Fiscal Years

From the establishment of FHA in 1934 through June 30, 1958, gross income totaled $1,471,254,352, while operating expenses totaled $509,723,568. Gross income and operating expenses for each fiscal year are detailed below:

Income and operating expenses through June 30, 1958

Fiscal year	Income from fees, premiums, and investments	Operating expenses	Fiscal year	Income from fees, premiums, and investments	Operating expenses
1935	$539,609	$6,336,905	1948	51,164,456	20,070,722
1936	2,503,248	12,160,487	1949	63,963,953	23,378,483
1937	5,690,268	10,318,119	1950	85,705,342	27,457,924
1938	7,874,377	9,297,884	1951	98,004,922	31,314,326
1939	11,954,056	12,609,887	1952	103,021,039	30,622,486
1940	17,860,296	13,206,522	1953	115,288,193	31,344,408
1941	24,126,366	13,359,688	1954	125,223,448	31,395,017
1942	28,316,764	13,471,496	1955	138,823,312	36,198,535
1943	25,847,785	11,160,452	1956	145,532,774	40,645,082
1944	28,322,415	11,148,361	1957	146,969,012	41,261,452
1945	29,824,744	10,218,994	1958	157,158,560	45,491,076
1946	30,720,072	11,191,492			
1947	26,790,341	16,063,870	Total	1,471,254,352	509,723,568

The above income was derived from the following insurance operations: Title I Insurance Fund (property improvement loans), $188,937,072; Title I Housing Insurance Fund (home mortgages), $6,381,939; Title II Mutual Mortgage Insurance Fund (home mortgages), $861,403,422; Title II Housing Insurance Fund (homes and rental housing projects), $33,329,913; Title II, Section 220 Housing Insurance Fund (urban renewal housing), $1,281,808; Title II, Section 221 Housing Insurance Fund (relocation housing), $410,243; Title II Servicemen's Mortgage Insurance Fund (servicemen's housing), $4,227,419; Title VI War Housing Insurance Fund (war and veterans' emergency housing), $327,977,608; Title VII Housing Investment Insurance fund (yield insurance), $151,670; Title VIII Armed Services Housing Mortgage Insurance Fund (rental housing projects), $30,988,786; and Title IX National Defense Housing Insurance Fund (home mortgages and rental housing projects), $16,164,472.

Salaries and Expenses

The current fiscal year is the nineteenth 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 1958 to cover operating costs and the purchase of furniture and equipment are as follows:

Salaries and expenses, fiscal year 1958

[July 1, 1957 to June 30, 1958]

Title and section	Amount	Percent
Title I:		
Section 2	$4,553,780	9.92
Section 8	116,801	.25
Title II:		
Section 203	33,426,068	72.81
Section 207–210	1,363,045	2.97
Section 213	1,408,700	3.07
Section 220	516,746	1.13
Section 221	358,889	.78
Section 222	446,478	.97
Title VI:		
Section 603	456,589	.99
Section 608	1,504,739	3.28
Title VII:	544	(1)
Title VIII:		
Section 803	955,840	2.08
Section 809	119,462	.26
Title IX:		
Section 903	611,472	1.33
Section 908	73,144	.16
Total	45,912,306	100.00

[1] Less than .005%.

Capital and Statutory Reserves of Combined FHA Funds

The combined capital, including statutory reserve, of all FHA funds on June 30, 1958 amounted to $643,335,694, and consisted of $537,619,900 insurance reserves and $105,715,794 statutory reserve, as shown in Statement 1.

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1957 and June 30 1958*

	June 30, 1957	June 30, 1958	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$24,670,694	$31,708,054	$7,037,360
Investments:			
U.S. Government securities (amortized)	495,901,564	547,847,433	51,945,869
Other securities (stock in rental housing corporations)	471,360	467,060	−4,300
Total investments	496,372,924	548,314,493	51,941,569
Loans receivable:			
Mortgage notes and contracts for deed	103,165,144	126,886,694	23,721,550
Less allowance for losses	3,175,955	4,038,285	862,330
Net loans receivable	99,989,189	122,848,409	22,859,220
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	5,299,612	3,825,336	−1,474,276
Accounts receivable—Other	220,828	158,576	−62,252
Total accounts and notes receivable	5,520,440	3,983,912	−1,536,528
Accrued assets:			
Insurance premiums		6,331,418	6,331,418
Interest on U.S. Government securities	1,491,766	1,917,957	426,191
Other	961,113	1,066,020	104,907
Total accrued assets	2,452,879	9,315,395	6,862,516
Land, structures, and equipment:			
Furniture and equipment	2,701,231	[1] 3,134,104	432,873
Less allowance for depreciation	1,524,650	1,577,488	52,838
Net furniture and equipment	1,176,581	1,556,616	380,035

See footnotes at end of table.

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1957 and June 30, 1958*—Continued

	June 30, 1957	June 30, 1958	Increase or decrease (−)
ASSETS—continued			
Acquired security:			
Real estate (at cost plus expenses to date)	$130,530,286	$145,840,730	$15,310,444
Less allowance for losses	55,489,454	68,147,845	12,658,391
Net real estate	75,040,832	77,692,885	2,652,053
Mortgage notes acquired under terms of insurance	127,094,103	120,446,422	−6,647,681
Less allowance for losses	51,309,196	43,605,320	−7,703,876
Net mortgage notes acquired under terms of insurance	75,784,907	76,841,102	1,056,195
Defaulted Title I notes	53,422,990	47,534,240	−5,888,750
Less allowance for losses	37,484,802	32,703,255	−4,781,547
Net defaulted Title I notes	15,938,188	14,830,985	−1,107,203
Net acquired security	166,763,927	169,364,972	2,601,045
Other assets—held for account of mortgagors	1,932,114	2,412,598	480,484
Total assets	798,878,748	889,504,449	90,625,701
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	2,902,953	[2] 6,255,971	3,353,018
Group account participations payable	2,343,856	3,647,544	1,303,688
Total accounts payable	5,246,809	9,903,515	4,656,706
Accrued liabilities:			
Interest on debentures	2,379,130	2,757,788	378,658
Trust and deposit liabilities:			
Fee deposits held for future disposition	4,660,080	6,662,938	2,002,858
Excess proceeds of sale	1,283,281	3,387,678	2,104,397
Deposits held for mortgagors, lessees, and purchasers	5,780,662	6,925,065	1,144,403
Due general fund of the U.S. Treasury		2,049	2,049
Employees' payroll deductions for taxes, etc.	1,360,801	1,428,901	68,100
Total trust and deposit liabilities	13,084,824	18,406,631	5,321,807
Deferred and undistributed credits:			
Unearned insurance premiums	73,443,124	70,786,107	−2,657,017
Unearned insurance fees	289,493	315,379	25,886
Other	987,313	1,084,226	96,913
Total deferred and undistributed credits	74,719,930	72,185,712	−2,534,218
Bonds, debentures and notes payable:			
Debentures payable	150,648,550	141,667,100	−8,981,450
Other liabilities:			
Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	1,311,768	1,248,009	−63,759
Total liabilities	247,391,011	246,168,755	−1,222,256
RESERVES			
Statutory reserve for participation payments and future losses	75,530,305	105,715,794	30,185,489
Insurance reserve—available for future losses and expenses	475,957,432	537,619,900	61,662,468
Total reserves	551,487,737	643,335,694	91,847,957
Total liabilities and reserves	798,878,748	889,504,449	90,625,701
Certificates of claim relating to properties on hand	5,249,326	4,042,261	−1,207,065

[1] Excludes unfilled orders in the amount of $63,843.
[2] Excludes unfilled orders in the amount of $617,580.

The insurance reserves of $537,619,900 are available for future contingent losses and related expenses. The statutory reserve of $105,715,794 under the Mutual Mortgage Insurance Fund is earmarked for participation payments to mortgagors under the mutual provision of Title II of the National Housing Act.

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

Fund	Insurance reserves (including statutory reserve)
Title I Insurance Fund	$67,616,144
Title I Housing Insurance Fund	4,197,129
Mutual Mortgage Insurance Fund	406,001,392
Housing Insurance Fund	9,830,631
Section 220 Housing Insurance Fund	954,516
Section 221 Housing Insurance Fund	823,219
Servicemen's Mortgage Insurance Fund	3,980,304
War Housing Insurance Fund	150,842,377
Housing Investment Insurance Fund	889,995
Armed Services Housing Mortgage Insurance Fund	10,160,535
National Defense Housing Insurance Fund	−12,050,548
Total	643,335,694

In addition, the various insurance funds had collected or accrued $315,379 unearned insurance fees and $70,786,107 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		$20,438,843	$20,438,843
Title I Housing Insurance Fund		399,020	399,020
Mutual Mortgage Insurance Fund		34,441,228	34,441,228
Housing Insurance Fund	$193,301	2,247,886	2,441,187
Sec. 220 Housing Insurance Fund	51,540	213,046	264,586
Sec. 221 Housing Insurance Fund	4,570	29,838	34,408
Servicemen's Mortgage Insurance Fund		810,899	810,899
War Housing Insurance Fund		9,132,402	9,132,402
Armed Services Housing Mortgage Insurance Fund	65,968	1,930,487	1,996,455
National Defense Housing Insurance Fund		1,142,458	1,142,458
Total	315,379	70,786,107	71,101,486

Combined Income, Expenses, and Losses, All FHA Funds

Total income from all sources during the fiscal year 1958 amounted to $164,763,518, while total expenses and insurance losses amounted to $64,065,752, leaving net income, before adjustment of valuation allowances, of $100,697,766. Increases in valuation allowances for the year amounted to $1,035,298, leaving $99,662,468 net income for the period. Cumulative income from June 30, 1934 through June 30, 1958 was $1,505,112,875 and cumulative expenses were $630,627,273, leaving net income of $874,485,602 before adjustment of valuation allowances.

STATEMENT 2.—*Combined statement of income and expenses for all FHA funds through June 30, 1957 and June 30, 1958*

	June 30, 1934 to June 30, 1957	July 1, 1957 to June 30, 1958	June 30, 1934 to June 30, 1958
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$84,144,895	$14,233,418	$98,378,313
Interest on mortgage notes and contracts for deed	161,923	17,917	179,840
Interest and other income on defaulted title I notes	6,643,599	1,119,392	7,762,991
Interest—Other	18,633,261	6,609,349	25,242,610
Dividends on rental housing stock	19,186	2,345	21,531
	109,602,864	21,982,421	131,585,285
Insurance premiums and fees:			
Premiums	1,018,875,039	123,291,879	1,142,166,918
Fees	209,618,774	19,605,562	229,224,336
	1,228,493,813	142,897,441	1,371,391,254
Other income:			
Profit on sale of investments	1,437,898	25,356	1,463,254
Miscellaneous income	814,782	−141,700	673,082
	2,252,680	−116,344	2,136,336
Total income	1,340,349,357	164,763,518	1,505,112,875
Expenses:			
Interest expenses:			
Interest on funds advanced by U.S. Treasury	20,385,529		20,385,529
Administrative expenses:			
Operating costs (including adjustments for prior years)	455,043,281	[1] 45,626,101	500,669,382
Other expenses:			
Depreciation on furniture and equipment	2,318,565	199,638	2,518,203
Miscellaneous expenses	358,883	90,183	449,066
	2,677,448	289,821	2,967,269
Losses and charge-offs:			
Loss on acquired security	41,097,029	11,106,850	52,203,879
Loss (or profit −) on equipment	−10,874	−20,953	−31,827
Loss on defaulted title I notes	47,369,108	7,063,933	54,433,041
	88,455,263	18,149,830	106,605,093
Total expenses	566,561,521	64,065,752	630,627,273
Net income before adjustment of valuation allowance	773,787,836	100,697,766	874,485,602
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−3,175,955	−862,330	−4,038,285
Allowance for loss on real estate	−55,489,454	−12,658,391	−68,147,845
Allowance for loss on mortgage notes acquired under terms of insurance	−51,309,196	+7,703,876	−43,605,320
Alloance for loss on defaulted Title I notes	−37,484,802	+4,781,547	−32,703,255
Net adjustment of valuation allowances	−147,459,407	−1,035,298	−148,494,705
Net income	626,328,429	99,662,468	725,990,897

[1] Excludes unfilled orders in the amount of $553,736.

STATEMENT 2.—*Combined statement of income and expenses for all FHA funds through June 30, 1957 and June 30, 1958*—Continued

ANALYSIS OF INSURANCE RESERVES

	June 30, 1934 to June 30, 1957	July 1, 1957 to June 30, 1958	June 30, 1934 to June 30, 1958
Distribution of net income:			
Statutory reserve—Participating reserve:			
Balance at beginning of period		$75, 530, 305	
Adjustments during the period			
Net income allocated for the period	$150, 370, 997	38, 000, 000	$188, 370, 997
	150, 370, 997	113, 530, 305	[illegible]8, 370, 997
Participations in mutual earnings distributed	−74, 840, 692	−7, 814, 511	−82, 655, 203
Balance at end of period	75, 530, 305	105, 715, 794	105, 715, 794
Insurance reserve:			
Balance at beginning of period		475, 957, 432	
Adjustments during the period			
Net income for the period	475, 957, 432	61, 662, 468	537, 619, 900
	475, 957, 432	537, 619, 900	537, 619, 900
Capital contributions to other FHA insurance funds	−20, 310, 000		−20, 310, 000
Capital contributions from other FHA insurance funds	20, 310, 000		20, 310, 000
Balance at end of period	475, 957, 432	537, 619, 900	537, 619, 900
Total reserves at end of period	551, 487, 737	643, 335, 694	643, 335, 694

Contributed Capital

Contributed capital of $20,310,000, representing funds transferred from earnings of insurance funds to establish other insurance funds and transfers under the provisions of Section 219 of the National Housing Act as amended, is added to or deducted from the insurance reserves of the insurance funds affected. An analysis of capital contributions at December 31, 1958, is shown in Statement 3.

General Mortgage Insurance Authorization

Public Law 1020, 84th Congress, approved August 7, 1956, amended the general mortgage insurance authorization under Section 217. This 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 prepayment or delinquencies), (b) the principal amount of all outstanding commitments to insure as of July 1, 1956, and (c) $7 billion. Public

STATEMENT 3.—*Analysis of capital contributions to FHA insurance funds from other FHA insurance funds as of Dec. 31, 1958*

Fund	Capital contributions: To establish insurance funds	Capital contributions: Pursuant to Sec. 219	Total contributions	Contributions returned	Contributed capital
Title I Housing Insurance:					
From: Title I Insurance	$1, 000, 000. 00		[illegible]		$1, 000, 000. 00
Housing Insurance:					
From:					
Mutual Mortgage Insurance	1, 000, 000. 00		1, 000, 000 00		1, 000, 000. 00
National Defense Housing Insurance		$3, 200, 000. 00	3, 200, 000. 00	−$3, 200, 000. 00	
Housing Investment Insurance		90, 000. 00	90, 000. 00	−90, 000. 00	
War Housing Insurance		4, 400, 000. 00	4, 400, 000. 00		4, 400, 000. 00
Total	1, 000, 000. 00	7, 690, 000. 00	8, 690, 000. 00	−3, 290, 000. 00	5, 400, 000. 00
Section 220 Housing Insurance:					
From: War Housing Insurance	1, 000, 000. 00		1, 000, 000. 00		1, 000, 000. 00
Section 221 Housing Insurance:					
From: War Housing Insurance	1, 000, 000. 00		1, 000, 000. 00		1, 000, 000. 00
Servicemen's Mortgage Insurance:					
From: War Housing Insurance	1, 000, 000. 00		1, 000, 000. 00		1, 000, 000. 00
Housing Investment Insurance:					
From:					
National Defense Housing Insurance		1, 000, 000. 00	1, 000, 000. 00	−1, 000, 000. 00	
War Housing Insurance		910, 000. 00	910, 000. 00		910, 000. 00
Housing Insurance		−90, 000. 00	−90, 000. 00	90, 000. 00	
Total		1, 820, 000. 00	1, 820, 000. 00	−910, 000. 00	910, 000. 00
Armed Services Housing Mortgage Insurance:					
From: War Housing Insurance		1, 900, 000. 00	1, 900, 000. 00	−1, 900, 000. 00	
National Defense Housing Insurance:					
From: War Housing Insurance	10, 000, 000. 00		10, 000, 000. 00		10, 000, 000. 00
To:					
Housing Insurance		−3, 200, 000. 00	−3, 200, 000. 00	3, 200, 000. 00	
Housing Investment Insurance		−1, 000, 000. 00	−1, 000, 000. 00	1, 000, 000. 00	
Total	10, 000, 000. 00	−4, 200, 000. 00	5, 800, 000. 00	4, 200, 000. 00	10, 000, 000. 00
Total all funds	15, 000, 000. 00	7, 210, 000. 00	22, 210, 000. 00	−1, 900, 000. 00	20, 310, 000. 00

Law 85-442, 85th Congress, approved June 4, 1958, increased the authorization by $4 billion. This general insurance authorization applies to all mortgage insurance programs except new insurance written under Title VIII pursuant to commitments issued on or after August 11, 1955. The general mortgage insurance authorization at July 1, 1956 and amended June 4, 1958 was established as follows:

Insurance in force	$18, 869, 514, 132
Commitments outstanding	3, 914, 479, 464
Additional authorized amount	7, 000, 000, 000
Total authorization	29, 783, 993, 596

The status of the general mortgage insurance authorization at December 31, 1958 is shown in Statement 4 below.

STATEMENT 4.—*Status of general mortgage insurance authorization as of Dec. 31, 1958*

	Estimated outstanding balance of insurance in force	Outstanding commitments and statements of eligibility	
Sec. 217 General Mortgage Insurance Authorization			$29, 783, 993, 600
Title I, sec. 8	$158, 336, 204		
Title II:			
Sec. 203	[1] 17, 320, 530, 274	[1] $4, 700, 482, 521	
Sec. 207–210	420, 648, 287	163, 731, 300	
Sec. 213	544, 947, 324	56, 565, 000	
Sec. 220	112, 249, 124	48, 497, 750	
Sec. 221	61, 288, 180	52, 309, 611	
Sec. 222	570, 207, 505	67, 581, 526	
	19, 029, 870, 694	5, 089, 167, 708	
Title VI:			
Sec. 603	966, 179, 469		
Sec. 608	2, 456, 978, 934		
Sec. 610 (sec. 603)	7, 874, 989		
Sec. 610 (sec. 608)	4, 311, 316		
Sec. 611	411, 217		
	3, 435, 755, 925		
Title VIII, sec. 803 (prior to 8-11-55)	595, 691, 234		
Title IX:			
Sec. 903	382, 258, 516		
Sec. 908	42, 512, 113		
	424, 770, 629		
Total charges to sec. 217	23, 644, 424, 686	5, 089, 167, 708	28, 733, 592, 394
Unused insurance authorization			[2] 1, 050, 401, 206

[1] Includes $21,533 commitments outstanding and $70,894 outstanding balance of insurance in force on farm mortgages chargeable against limitation of $100 million.

[2] In addition unprocessed terminations in the estimated amount of $337,981,076 were available as a credit to the unused authorization.

Cost Certifications on Multifamily Projects

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

During 1958 cost certifications were received on completed multifamily housing projects and the mortgages insured by the Federal Housing Administration, as follows:

	No.	Costs certified and recognized	Amount insured
Sec. 207	41	$20, 079, 872	$16, 743, 411
Sec. 213	14	28, 707, 742	26, 773, 400
Sec. 220	5	11, 707, 198	9, 751, 300
Sec. 803	1	4, 641, 680	4, 119, 500
	61	65, 136, 492	57, 387, 611

TITLE I: PROPERTY IMPROVEMENT LOANS

Loans Insured and Claims Paid

Operations under Section 2 of Title I cover the insurance of qualified institutions against loss on loans made to finance the alteration, repair, and improvement of existing structures, and loans not exceeding $3,500 for the construction of new nonresidential structures.

Loans aggregating 22,306,055 in number and $11,500,629,588 in amount (net proceeds) had been reported for insurance and 643,761 claims had been paid for $219,627,832 under this section through December 31, 1958. The total claims paid represents approximately 1.91 percent of the total net proceeds of loans insured, as shown in Statement 5.

In the calendar year 1958, 1,038,315 loans were insured for an aggregate of $868,443,342, and 23,003 claims were paid for $9,851,305.

Recoveries

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

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

Through December 31, 1958, there had been acquired under the terms of insurance a total of 589 real properties at a total cost of $1,664,234. All properties acquired except one (1) had been sold at a net loss of $128,740, including all expenses (such as taxes, repairs, and sales commissions) incurred by FHA in acquiring, managing, and disposing of the properties. The cost of the one property remaining on hand at December 31, 1958 was $3,304.

Insurance losses through December 31, 1958, amounted to $102,464,456. These losses represent 0.89 percent of the total amount of loans insured ($11,500,629,588). A summary of transactions through December 31, 1958, follows:

STATEMENT 5.—*Summary of Title I transactions for the period June 30, 1934, to Dec. 31, 1958*

Calendar years	Net proceeds of notes insured	Insurance claims paid	Recoveries: Cash on notes and sale of equipment	Recoveries: Real properties	Losses: On real properties and equipment	Losses: On defaulted notes [1]	Net notes in process of collection at Dec. 31, 1958
1934-39	$859,246,581	$23,967,882	$4,739,788		$3,779,748	$3,400,665	
1940-49	3,086,327,627	68,292,898	28,442,867	$770,872	578,793	35,553,660	
1950	700,224,528	18,168,052	5,187,283	21,580	−706	8,630,224	
1951	706,962,734	12,164,740	6,510,539	200,930	9,442	8,534,967	
1952	848,327,393	11,524,344	7,202,922	256,807	8,973	5,683,450	
1953	1,334,287,124	14,995,408	7,533,730	72,172	−5,680	7,418,982	
1954	890,606,372	21,047,414	6,949,184	13,564	1,190	10,484,346	
1955	645,644,843	17,648,408	8,534,191	13,759	4,648	8,217,259	
1956	691,991,502	12,241,718	9,303,273	10,374	−4,542	1,883,867	
1957	868,567,542	9,725,663	9,115,263	38,927	69,207	6,042,735	
1958	868,443,342	9,851,305	7,612,859	4,859	−198	2,167,427	
Totals	11,500,629,588	219,627,832	101,191,899	1,403,844	4,440,875	98,023,582	14,567,632
Percent to claims paid		100.000	46.074	.639	2.022	44.632	6.633

NOTES:
In addition to the above recoveries, $10,637,821 interest and other income on outstanding balances of Title I notes, and $229,374 interest on mortgage notes had been collected through Dec. 31, 1958.
Included in the losses is $3,979,705 representing the cost (claim amount) of equipment repossessed by FHA and subsequently transferred to other Government agencies for their use and without the exchange of funds.
[1] Includes reserve for losses on defaulted Title I notes in process of collection at Dec. 31, 1958, in the amount of $30,402,475.

Title I Insurance Fund

The Title I Insurance Fund was established by amendment of June 3, 1939 to the National Housing Act for the purpose of carrying out the provisions of Title I (Section 2) on insurance granted on and after July 1, 1939. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Section 2(f) of the Act provides that moneys in the Title I Insurance Fund shall be available for defraying the operating expenses of the Federal Housing Administration under this title, and any amounts which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this title. Section 2(f) of the act as amended August 2, 1954 provides that moneys in this fund not needed for current operations may be invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States Government. During the fiscal year 1958, net investments amounting to $12,629,000 (principal amount) were made for the account of this fund, and at June 30, 1958 the fund held bonds in the principal amount of $69,529,000 yielding 2.70 percent as follows:

Investments of the Title I Insurance Fund, June 30, 1958

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1958	3¼	$405,937	$400,000	$403,216
1959	2	5,000,000	5,000,000	5,000,000
1960	2	5,400,000	5,400,000	5,400,000
1960	2⅛	1,348,101	1,350,000	1,348,349
1960	3½	5,909,102	5,950,000	5,922,289
1961	2½	343,875	350,000	344,644
1962	2	23,179,000	23,179,000	23,179,000
1962	3¾	3,870,938	3,800,000	3,866,086
1962	4	11,603,000	11,600,000	11,602,677
1964	3	4,172,066	4,150,000	4,173,764
1965	2⅝	8,350,000	8,350,000	8,350,000
Average annual yield 2.70 percent		69,582,019	69,529,000	69,590,025

Since the establishment of the Title I Insurance Fund, all operating expenses have been paid out of earnings of the fund, and since July 1, 1944 all insurance claims relating to this fund have been paid out of accumulated earnings and recoveries in the fund. Prior to July 1, 1944, a portion of the insurance claims was met from income and recoveries while the remainder was paid from funds advanced by the Federal Government.

The total insurance reserve of the Title I Insurance Fund as of June 30, 1958, as shown in Statement 6, was $67,616,144, consisting entirely of earnings. In accordance with Public Law 5, 83rd Congress, approved March 10, 1953, the amount of capital contributed to this fund by the U.S. Government, $8,333,314 was established as a liability of the fund as of June 30, 1953. On July 1, 1953, the entire amount was repaid and the liability liquidated.

For the fiscal year 1958, Title I Insurance Fund income totaled $16,915,118, while expenses and losses amounted to $11,868,469, leaving $5,046,649 net income before adjustment of valuation allowances. After the valuation allowances were decreased by $4,780,025, there remained $9,826,674 net income for the year.

STATEMENT 6.—*Comparative statement of financial condition, Title I Insurance Fund as of June 30, 1957 and June 30, 1958*

	June 30, 1957	June 30, 1958	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$2,897,539	$1,785,774	−$1,111,765
Investments: U.S. Government securities (amortized)	56,859,308	69,590,025	12,730,717
Loans receivable:			
Mortgage notes and contracts for deed	453,197	415,922	−37,275
Less allowance for losses	6,793	6,238	−555
Net loans receivable	446,404	409,684	−36,720
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	2,861,854	1,979,643	−882,211
Accounts receivable—Interfund	164,468	203,512	39,044
Total accounts and notes receivable	3,026,322	2,183,155	−843,167
Accrued assets:			
Interest on U.S. Government securities	76,241	279,678	203,437
Other	2,875	2,398	−477
Total accrued assets	79,116	282,076	202,960
Acquired security:			
Real estate (at cost plus expenses to date)		10,844	10,844
Less allowance for losses		2,077	2,077
Net real estate		8,767	8,767
Defaulted title I notes	53,422,990	47,534,240	−5,888,750
Less allowance for losses	37,484,802	32,703,255	−4,781,547
Net defaulted title I notes	15,938,188	14,830,985	−1,107,203
Net acquired security	15,938,188	14,839,752	−1,098,436
Total assets	79,246,877	89,090,466	9,843,589
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	576,344	1,017,513	441,169
Trust and deposit liabilities: Deposits held for mortgagors, lessees, and purchasers	10,531	9,887	−644
Deferred and undistributed credits:			
Unearned insurance premiums	20,817,890	20,438,843	−379,047
Other	17,307	8,079	−9,228
Total deferred and undistributed credits	20,835,197	20,446,922	−388,275
Total liabilities	21,422,072	21,474,322	52,250
RESERVE			
Insurance reserve-available for future losses and expenses	57,824,805	67,616,144	9,791,339
Total liabilities and reserve	79,246,877	89,090,466	9,843,589

STATEMENT 7.—*Income and expense, Title I Insurance Fund, through June 30, 1957 and June 30, 1958*

	June 3, 1939 to June 30, 1957	July 1, 1957 to June 30, 1958	June 3, 1939 to June 30, 1958
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$2,563,703	$1,785,561	$4,349,264
Interest on mortgage notes and contracts for deed	161,923	17,917	179,840
Interest and other income on defaulted title I notes	6,643,599	1,119,392	7,762,991
	9,369,225	2,922,870	12,292,095
Insurance premiums and fees:			
Premiums	170,226,256	13,992,248	184,218,504
Fees	369,304		369,304
	170,595,560	13,992,248	184,587,808
Other income: Miscellaneous income	32,600		32,600
Total income	179,997,385	16,915,118	196,912,503
Expenses:			
Administrative expenses:			
Operating costs (including adjustments for prior years)	35,681,015	4,705,567	40,421,781
Other expenses:			
Depreciation on furniture and equipment	177,575	20,563	198,291
Miscellaneous expenses	311,753	78,979	390,732
	489,328	99,542	589,023
Losses and charge-offs:			
Loss on acquired security—properties	100,150	1,585	101,735
Loss on equipment	41,384	−2,158	39,209
Loss on defaulted title I notes	47,369,108	7,063,933	54,433,041
	47,510,642	7,063,360	54,573,985
Total expenses	83,680,985	11,868,469	95,584,789
Net income before adjustment of valuation allowances	96,316,400	5,046,649	101,327,714
Increase (−) or decrease (+) in valuation allowances			
Allowance for loss on loans receivable	−6,793	+555	−6,238
Allowance for loss on real estate		−2,077	−2,077
Allowance for loss on defaulted title I notes	−37,484,802	+4,781,547	−32,703,255
Net adjustment of valuation allowances	−37,491,595	+4,780,025	−32,711,570
Net income	58,824,805	9,826,674	68,616,144

ANALYSIS OF INSURANCE RESERVE

Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		$57,824,805	
Adjustments during the period		−35,335	
Net income for the period	$58,824,805	9,826,674	$68,616,144
	58,824,805	67,616,144	68,616,144
Capital contributions to other FHA insurance funds	−1,000,000		−1,000,000
Balance at end of period	57,824,805	67,616,144	67,616,144

Title I Insurance Authority

An amendment to Section 2(a) of the National Housing Act approved April 20, 1950 provides for a revolving type of insurance authorization. Section 2(a) of the act, as amended, provides that the aggregate amount of obligations that may be outstanding at any one time shall not exceed $1,750 million. The status of the Title 1, Section 2 insurance authority as of December 31, 1958 is given below:

Status of title I insurance authorization, as of Dec. 31, 1958

Insurance authorization		$1, 750, 000, 000
Charges against insurance authorization: Estimated outstanding balance of insurance in force:		
Reserve of July 1, 1947	$8, 095, 937	
Reserve of Mar. 1, 1950 (including 69,370 loan reports in process)	1, 299, 035, 002	
Total charges against authorization		1, 307, 130, 939
Unused insurance authorization		442, 869, 061

Title I Insurance Liability

The maximum amount of claims that a qualified institution may present for payment is limited to 10 percent of the eligible loans reported by that institution for insurance. Section 2(a) of the act, as amended August 2, 1954, provides that with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954 the amount of any claim for loss on such individual loan, advance of credit, or purchase paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 90 per centum of such loss. This new coinsurance provision of Title I became effective October 1, 1954, and from that date the lender is required to bear 10 percent of the loss sustained on any one loan. As of December 31, 1958, the maximum possible liability of the Title I Insurance Fund for claims was $320,011,251.

Title I Claims Account

In accordance with Public Law 560, 83d Congress, approved August 2, 1954, the Title I Claims Account was terminated as of August 1, 1954 and the remaining assets transferred to and merged with the Title I Insurance Fund.

Insurance reserves under Title I, established, released, and outstanding at Dec. 31, 1958, as provided under Sections 2 and 6, National Housing Act

Item	Gross reserves established	Reserves released	Annual reserve adjustments	Claims paid	Outstanding contingent liability
Insurance reserves:					
Section 2:					
20 percent, original act	$66, 331, 509	$50, 769, 729		$15, 561, 780	
10 percent, amendment Apr. 3, 1936	17, 257, 563	10, 647, 672		6, 609, 891	
10 percent, amendment Feb. 3, 1938	27, 302, 148	18, 041, 547		9, 260, 601	
10 percent, amendment June 3, 1939	86, 068, 194	65, 649, 871		20, 418, 323	
10 percent. reserve of July 1, 1944	85, 450, 557	61, 219, 059		24, 231, 498	
10 percent, reserve of July 1, 1947	163, 058, 938	108, 686, 641		46, 276, 360	$8, 095, 937
10 percent, reserve of Mar. 1, 1950	737, 599, 208		$334, 283, 343	97, 213, 757	306, 102, 108
Estimated loan reports in process	5, 813, 206				5, 813, 206
Section 6:					
20 percent, amendment Apr. 22, 1937	297, 366	246, 498		50, 868	
10 percent, amendment Apr. 17, 1936	11, 913	6, 339		5, 574	
Total	1, 189, 190, 602	315, 267, 356	334, 283, 343	219, 628, 652	320, 011, 251

Through August 1, 1954, the Federal Government had advanced a total of $38,243,525 to cover operations under Title I (Section 2) on insurance granted prior to July 1, 1939. Of this amount, $6,613,811 had been advanced for salaries and expenses and the remaining $31,629,714 for the payment of insurance claims and loans to insured institutions. In addition, $2,330,360 had been collected as interest and other income, making a total of $40,573,885 accountable funds.

Funds accounted for at August 1, 1954 amounted to $40,573,885: $19,218,917 representing recoveries and interest on claims deposited in the general fund of the Treasury, and $21,322,368 representing expenses and losses, leaving a balance of $32,600 for transfer to the Title I Insurance Fund. This balance is represented by the net assets on hand at August 1, 1954, which consisted of $798 real property and $31,802 accounts and notes receivable.

TITLE I HOUSING INSURANCE FUND

An amendment of April 20, 1950 to the National Housing Act (Public Law 475, 81st Congress) created the Title I Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Section 8 of Title I of the Act. This section provides for the insurance of mortgages to assist families of low and moderate income, particularly in suburban and outlying areas. For the purposes of this fund, the act authorized the Commissioner to transfer the sum of $1 million from the Title I Insurance Fund. This is not a mutual insurance fund in the sense that any portion of the net

income from operations will be shared by mortgagors in the form of participation payments.

Capital and Net Income

Assets of the Title I Housing Insurance Fund at June 30, 1958 totaled $5,343,572, against which there were outstanding liabilities of $1,146,443, leaving $4,197,129 insurance reserve. Included in the insurance reserve is the sum of $1 million which was transferred from the Title I Insurance Fund in accordance with Section 8(h) of the Act.

STATEMENT 8.—*Comparative statement of financial condition, Title I Housing Insurance Fund, as of June 30, 1957 and June 30, 1958*

	June 30, 1957	June 30, 1958	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$423, 834	$427, 821	$3, 987
Investments: U.S. Government securities (amortized)	2, 455, 157	2, 186, 624	−268, 533
Loans receivable:			
Mortgage notes and contracts for deed	1, 274, 557	2, 131, 106	856, 549
Less allowance for losses	19, 118	31, 967	12, 849
Net loans receivable	1, 255, 439	2, 099, 139	843, 700
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	30, 597	12, 892	−17, 705
Accounts receivable—Other	27	45	18
Accounts receivable—Inter-fund	337	1, 306	969
Total accounts and notes receivable	30, 961	14, 243	−16. 718
Accrued assets:			
Interest on U.S. Government securities	990	4, 899	3, 909
Other	6, 073	11, 484	5, 411
Total accrued assets	7, 063	16, 383	9, 320
Acquired security:			
Real estate (at cost plus expenses to date)	611, 292	796, 318	185, 026
Less allowance for losses	86, 482	196, 956	110, 474
Net acquired security	524, 810	599, 362	74, 552
Total assets	4, 697, 264	5, 343, 572	646, 308
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	751	4, 361	3, 610
Accrued liabilities: Interest on debentures	12, 342	14, 568	2, 226
Trust and deposit liabilities:			
Fee deposits held for future disposition	150		−150
Excess proceeds of sale	14, 726	31, 578	16, 852
Deposits held for mortgagors, lessees and purchasers	21, 971	33, 489	11, 518
Total trust and deposit liabilities	36, 847	65, 067	28, 220
Deferred and undistributed credits:			
Unearned insurance premiums	422, 109	399, 020	−23, 089
Other	6, 501	11, 677	5, 176
Total deferred and undistributed credits	428, 610	410, 697	−17, 913
Bonds, debentures and notes payable: Debentures payable	662, 500	651, 750	−10. 750
Total liabilities	1, 141, 050	1, 146, 443	5, 393
RESERVE			
Insurance reserve—available for future losses and expenses	3, 556, 214	4, 197, 129	640, 915
Total liabilities and reserve	4, 697, 264	5, 343, 572	646, 308
Certificates of claim relating to properties on hand	22, 364	41, 009	18, 645

STATEMENT 9.—*Income and expenses, Title I Housing Insurance Fund, through June 30, 1957 and June 30, 1958*

	Apr. 20, 1950 to June 30, 1957	July 1, 1957 to June 30, 1958	Apr. 20, 1950 to June 30, 1958
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$230, 669	$56, 555	$287, 224
Interest—Other	36, 179	53, 849	90, 028
	266, 848	110, 404	377, 252
Insurance premiums and fees:			
Premiums	3, 561, 007	869, 511	4, 430, 518
Fees	1, 664, 112	85	1, 664, 197
	5, 225, 119	869, 596	6, 094, 715
Other income: Miscellaneous income	5, 466	−3, 888	1, 578
Total income	5, 497, 433	976, 112	6, 473, 545
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	2, 680, 638	118, 701	2, 801, 314
Other expenses: Depreciation on furniture and equipment	12, 631	519	13, 159
Losses and charge-offs:			
Loss on acquired security	142, 415	90, 725	233, 140
Loss (or profit −) on equipment	−65	−54	−120
	142, 350	90, 671	233, 020
Total expenses	2, 835, 619	209, 891	3, 047, 493
Net income before adjustment of valuation allowances	2, 661, 814	766, 221	3, 426, 052
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−19, 118	−12, 849	−31, 967
Allowance for loss on real estate	−86, 482	−110, 474	−196, 956
Net adjustment of valuation allowances	−105, 600	−123, 323	−228, 923
Net income	2, 556, 214	642, 898	3, 197, 129
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income: Insurance reserve:			
Balance at beginning of period		$3, 556, 214	
Adjustments during the period		−1, 983	
Net income for the period	$2, 556, 214	642, 898	$3, 197, 129
	2, 556. 214	4, 197, 129	3, 197, 129
Capital contributions from other FHA insurance funds	1, 000, 000		1, 000, 000
Balance at end of period	3, 556, 214	4, 197, 129	4, 197, 129

The total income of the Title I Housing Insurance Fund for fiscal year 1958 amounted to $976,112, while expenses and losses totaled $209,891, leaving net income of $766,221 before adjustment of the valuation allowances. The valuation allowances were increased $123,323 resulting in a net income of $642,898 for the year.

Investments

Section 8(i) of the act provides that moneys in the Title I Housing Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under the fund, provided that such purchases are made at a price that will produce an investment yield of not less than the yield obtainable from other authorized investments. During fiscal year 1958, $222,000 of debentures were redeemed in payment of mortgage insurance premiums and $841,900 redeemed by debenture calls. During the fiscal year 1958, net redemptions of investments amounting to $270,000 (principal amount) were made for the account of this fund and at June 30, 1958, the fund held U.S. Government securities in the principal amount of $2,180,000 yielding 2.33 percent as follows:

Investments of the Title I Housing Insurance Fund, June 30, 1958

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1960	2	$380,000	$380,000	$380,000
1961	2	500,000	500,000	500,000
1964	3	351,382	350,000	351,627
1967–72	2½	958,367	950,000	954,997
Average annual yield 2.33 percent		2,189,749	2,180,000	2,186,624

Properties Acquired Under the Terms of Insurance

During the calendar year 1958, 155 properties insured under Title I Section 8 were acquired by the Commissioner under the terms of insurance. Through December 31, 1958, a total of 643 homes had been acquired under the Title I Housing Insurance Fund at a total cost of $3,996,764 and 518 had been sold at prices which left a net charge against the fund of $287,248, or an average of $555 per case.

STATEMENT 10.—*Statement of profit and loss on sale of acquired properties, Title I Housing Insurance Fund, through Dec. 31, 1958*

Items	Total TIHI Funds (518 properties)
Proceeds of sale:	
Sales price [1]	$2,943,157
Less commission and other selling expense	122,075
Net proceeds of sales	2,821,082
Income:	
Rental and other income (net)	9,929
Mortgage note income	198,030
Recovery prior to acquisition on defaulted notes	2,485
Total income	210,444
Total proceeds of sold properties	3,031,526
Expenses:	
Debentures and cash adjustments	2,796,896
Asset value acquired after default of purchase money mortgages	−7,071
Interest on debentures	213,365
Taxes and insurance	46,292
Additions and improvements	665
Maintenance and operating expense	218,387
Service charge	7,754
Miscellaneous	600
Total expenses	3,276,888
Net profit (or loss −) before distribution of liquidation profits	−245,362
Less distribution of liquidation profits:	
Certificates of claim	25,803
Increment on certificates of claim	873
Refunds to mortgagors	15,210
Loss (−) to Title I Housing Insurance Fund	−287,248

[1] Analysis of terms of sales.

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	8		$36,250		$36,250
Properties sold for cash and notes (or contracts for deed)	510	510	159,467	$2,747,440	2,906,907
Total	518	510	195,717	2,747,440	2,943,157

The turnover of Section 8 properties acquired and sold, by calendar year, is given below:

STATEMENT 11.—*Turnover of properties acquired under Section 8 of Title I contracts of insurance by years, and cumulative through Dec. 31, 1958*

Properties acquired		Properties sold, calendar years							Properties on hand Dec. 31, 1958
Year	Number	1952	1953	1954	1955	1956	1957	1958	
1952	2			1	1				
1953	55		7	46	1		1		
1954	25			8	14	2			1
1955	46				10	25	−1		12
1956	141					75	48	11	7
1957	210						114	77	28
1958	155							78	77
Total	643		7	55	26	102	162	166	125

NOTE: On the 518 properties sold, the average time between acquisition and sale by Federal Housing Administration was 5.82 months. The number of properties sold has been reduced by seven properties repossessed because of default on mortgage notes. Of these repossessions, 6 had been sold by Dec. 31, 1958.

On December 31, 1958, there remained on hand 125 properties insured under the Title I Housing Insurance Fund. The cost of these properties was:

Title I Housing Insurance Fund, statement of properties on hand at Dec. 31, 1958

	Title I Section 8 (125 properties)
Expenses:	
Acquisition costs	$708,036
Interest on debentures	35,749
Taxes and insurance	21,665
Maintenance and operating	13,736
Additions and improvements	30
Miscellaneous	40
Total expenses	779,256
Income: Rent and other income (net)	12,897
Net acquired security on hand	766,359

Section 8 of the act provides that, if the net amount realized from any property acquired by FHA under the terms of insurance with respect to which Section 8 is applicable, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of debentures issued and cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee, and that any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim issued in connection with the 518 Section 8 properties which had been acquired and sold through 1958 totaled $154,259. The amount paid or to be paid on these certificates of claim totaled $25,803, while certificates of claim totaling $128,456 had been or will be canceled.

In addition there were excess proceeds on 86 of the 518 properties sold, amounting to $15,210 for refund to the mortgagors.

TITLE II: MUTUAL MORTGAGE INSURANCE FUND

The Mutual Mortgage Insurance Fund was established by Section 202 of the National Housing Act of June 27, 1934, as a revolving fund for carrying out the provisions of Title II with respect to insurance under Section 203 (mortgages on one- to four-family homes) and Section 207 (rental housing projects). An amendment to the Act approved February 3, 1938 established the Housing Insurance Fund to carry the insurance on rental housing projects insured under Section 207 after that date.

In accordance with Section 202 of the Act, the Mutual Mortgage Insurance Fund was originally allocated the sum of $10 million by the Federal Government. It has been credited with all income received in connection with insurance granted under Section 203, and that received with respect to insurance granted prior to February 3, 1938, under Section 5.

Prior to the amendment of August 2, 1954, Section 205 of the Act, as amended, provided that mortgages insured under Section 203 should be classified into groups in accordance with sound actuarial practice and risk characteristics. Each group account was credited with the income and charged with the expenses and losses of the mortgages in the group. If such income exceeded the expenses and losses, the resultant credit balance was distributed in the form of participation payments to mortgagors of the group upon payment in full of their mortgages, or upon termination of the group account, except that a mortgagor might not receive an amount in excess of the aggregate scheduled annual premiums to the year of termination of the insurance.

The general reinsurance account was established by Section 205(b) of the Act and, in accordance with this section, was credited with the original allocation of $10 million provided by Section 202 of the Act.

An Amendment to Section 205 of the Act, approved August 2, 1954, provided that the Commissioner establish as of July 1, 1954 a General Surplus Account and a Participating Reserve Account. The balance of the General Reinsurance Account, amounting to $64,198,363 was transferred to the General Surplus Account, whereupon the General Reinsurance Account was abolished. There was transferred from the various group accounts to the Participating Reserve Account as of July 1, 1954, $56,387,716, an amount equal to the aggregate amount which would have been distributed under the provisions of Section 205 in effect on June 30, 1954 if all outstanding mortgages in the group accounts had been paid in full on that date. All of the remaining balances of the group accounts in the amount of $71,371,016 were transferred to the General Surplus Account, whereupon all of the group accounts were abolished. The aggregate net income received or net loss sustained by the Mutual Mortgage Insurance Fund in any semiannual period is credited or charged to the General Surplus Account and/or the Participating Reserve Account in such manner and amount as the Commissioner may determine to be in accord with sound actuarial and accounting practice. Upon termination of the insurance obligation of the Mutual Mortgage Insurance Fund by payment of any mortgage insured thereunder, the Commissioner is authorized to distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice except that a mortgagor may not receive an amount in excess of the aggregate scheduled annual premium to the year of termination of the insurance.

Capital

As of June 30, 1958, the assets of the Mutual Mortgage Insurance Fund totaled $468,705,103, against which there were outstanding liabilities of $62,613,711, leaving $406,091,392 insurance reserves.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed to this fund by the U.S. Government in the amount of $41,994,095, $10 million to establish the fund and $31,994,095 for salaries and expenses, was established as a liability of the fund as of June 30, 1953. The principal liability of $41,994,095, together with interest thereon in the amount of $17,059,847, was repaid during fiscal year 1954, the final payment being made on March 11, 1954.

STATEMENT 12.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1957 and June 30, 1958*

	June 30, 1957	June 30, 1958	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$8,451,120	$9,064,116	$612,996
Investments:			
U.S. Government securities (amortized)	373,018,178	419,945,475	46,927,297
Other securities (stock in rental housing corporations)	200	100	−100
Total investments	373,018,378	419,945,575	46,927,197
Loans receivable:			
Mortgage notes and contracts for deed	15,438,986	20,420,553	4,981,567
Less allowance for losses	231,585	306,308	74,723
Net loans receivable	15,207,401	20,114,245	4,906,844

STATEMENT 12.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1957 and June 30, 1958*—Continued

	June 30, 1957	June 30, 1958	Increase or decrease (−)
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	$1,747,878	$1,136,527	−$611,351
Accounts receivable—Other	3,533	391	−3,142
Accounts receivable—Interfund	991,047	1,265,844	274,797
Total accounts and notes receivable	2,742,458	2,402,762	−339,696
Accrued assets:			
Insurance premiums		5,697,816	5,697,816
Interest on U.S. Government securities	1,337,015	1,545,546	208,531
Other	67,695	97,733	30,038
Total accrued assets	1,404,710	7,341,095	5,936,385
Acquired security:			
Real estate (at cost plus expenses to date)	14,620,829	16,702,072	2,081,243
Less allowance for losses	6,311,835	6,864,762	552,927
Net acquired security	8,308,994	9,837,310	1,528,316
Total assets	409,133,061	468,705,103	59,572,042
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	26,960	24,422	−2,538
Group account participations payable	2,343,856	3,647,544	1,303,688
Total accounts payable	2,370,816	3,671,966	1,301,150
Accrued liabilities: Interest on debentures	449,329	551,660	102,331
Trust and deposit liabilities:			
Fee deposits held for future disposition	4,582,642	6,405,945	1,823,303
Excess proceeds of sales	426,928	623,479	196,551
Deposits held for mortgagors, lessees and purchasers	259,409	362,030	102,621
Total trust and deposit liabilities	5,268,979	7,391,454	2,122,475
Deferred and undistributed credits:			
Unearned insurance premiums	36,823,491	34,441,228	−2,382,263
Other	72,005	101,253	29,248
Total deferred and undistributed credits	36,895,496	34,542,481	−2,353,015
Bonds, debentures, and notes payable: Debentures payable	20,185,500	16,456,150	−3,729,350
Total liabilities	65,170,120	62,613,711	−2,556,409
RESERVES			
Statutory reserve-for participation payments and future losses	75,530,305	105,715,794	30,185,489
Insurance reserve-available for future losses and expenses	268,432,636	300,375,598	31,942,962
Total reserves	343,962,941	406,091,392	62,128,451
Total liabilities and reserves	409,133,061	468,705,103	59,572,042
Certificates of claim relating to properties on hand	312,978	743,413	430,435

Income and Expenses

During fiscal year 1958 the income to the fund amounted to $103,573,419, while expenses and losses amounted to $33,296,595, leaving $70,276,824 net income before adjustment of valuation allowances. After the valuation allowances had been increased $627,650 the net income for the year was $69,649,174.

The cumulative income of the Mutual Mortgage Insurance Fund from June 30, 1934, to June 30, 1958, amounted to $861,470,072 while cumulative expenses amounted to $364,552,407, leaving $496,917,665 net income before adjustment of valuation allowances. After $7,171,070 had been allocated to valuation allowances, the cumulative net income amounted to $489,746,595.

STATEMENT 13.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1957 and June 30, 1958*

	June 30, 1934 to June 30, 1957	July 1, 1957 to June 30, 1958	June 30, 1934 to June 30, 1958
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$64,802,286	$10,892,095	$75,694,381
Dividends on rental housing stock	286		286
	64,802,572	10,892,095	75,694,667
Insurance premiums and fees:			
Premiums	547,612,717	77,647,030	625,259,747
Fees	143,333,396	15,285,797	158,619,193
	690,946,113	92,932,827	783,878,940
Other income:			
Profit on sale of investments	1,829,815		1,829,815
Miscellaneous income	318,153	−251,503	66,650
	2,147,968	−251,503	1,896,465
Total income	757,896,653	103,573,419	861,470,072
Expenses:			
Interest expense:			
Interest on funds advanced by U.S. Treasury	17,059,847		17,059,847
Interest on debenture obligations	518,636	−494,264	24,372
	17,578,483	−494,264	17,084,219
Administrative expenses:			
Operating costs (including adjustments for prior years)	308,300,354	33,007,074	341,014,771
Other expenses:			
Depreciation on furniture and equipment	1,568,467	144,198	1,711,394
Miscellaneous expenses	17,722	5	17,727
	1,586,189	144,203	1,729,121
Losses and charge-offs:			
Loss on acquired security	4,114,692	654,716	4,769,408
Loss (or profit −) on equipment	−30,118	−15,134	−45,112
	4,084,574	639,582	4,724,296
Total expenses	331,549,600	33,296,595	364,552,407
Net income before adjustment of valuation allowances	426,347,053	70,276,824	496,017,665
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−231,585	−74,723	−306,308
Allowance for loss on real estate	−6,311,835	−552,927	−6,864,762
Net adjustment of valuation allowances	−6,543,420	−627,650	−7,171,070
Net income	419,803,633	69,649,174	489,746,595

STATEMENT 13.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1957 and June 30, 1958*—Continued

ANALYSIS OF INSURANCE RESERVE

	June 30, 1934 to June 30, 1957	July 1, 1957 to June 30, 1958	June 30, 1934 to June 30, 1958
Distribution of net income:			
Statutory reserve:			
Balance at beginning period		$75,530,305	
Adjustments during the period			
Net income allocated for the period	$150,370,997	38,000,000	$188,370,997
	150,370,997	113,530,305	188,370,997
Participations in mutual earnings distributed	−74,840,692	−7,814,511	−82,655,203
Balance at end of period	75,530,305	105,715,794	105,715,794
Insurance reserve:			
Balance at beginning of period		268,432,636	
Adjustments during the period		293,788	
Net income for the period	269,432,636	31,649,174	301,375,598
	269,432,636	300,375,598	301,375,598
Capital contributions to other FHA insurance funds	−1,000,000		−1,000,000
Balance at end of period	268,432,636	300,375,598	300,375,598
Total rererves at end of period	343,962,941	406,091,392	406,091,392

Investments

Section 206 of the act provides that excess moneys in the Mutual Mortgage Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under the fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments.

During the fiscal year 1958, $3,988,150 in debentures were redeemed in payment of mortgage insurance premiums and $7,494,750 redeemed by debenture calls or by reason of maturity.

Net purchases of United States Government securities and debentures of various FHA insurance funds made during the fiscal year increased the holdings of the fund by $46,360,050 (principal amount). These transactions increased the average annual yield from 2.69 percent to 2.78 percent. On June 30, 1958, the fund held United States

Government securities in the amount of $423,063,400, principal amount, as follows:

Investments of the Mutual Mortgage Insurance Fund, June 30, 1958

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1960	2	$1,421,000	$1,421,000	$1,421,000
1960	3½	32,580,570	32,700,000	32,618,942
1961	2½	42,074,891	43,650,000	42,567,332
1962	2	16,888,000	16,888,000	16,888,000
1962	3¼	8,344,594	8,100,000	8,327,828
1962	4	9,909,187	9,900,000	9,908,202
1962–67	2½	5,000,000	5,000,000	5,000,000
1963	2½	3,376,563	3,500,000	3,410,448
1963	2⅝	5,354,703	5,350,000	5,354,532
1963–68	2½	26,778,078	27,200,000	26,864,441
1964	3	16,636,870	16,400,000	16,636,506
1964–69	2½	53,009,642	54,650,000	53,304,975
1965–70	2½	35,191,984	35,900,000	35,359,475
1966–71	2½	26,089,805	26,700,000	26,224,142
1967–72	2½	124,636,165	123,967,000	124,322,252
HIF debentures	2¾	2,269,000	2,269,000	2,269,000
NDHIF debentures	2½	4,943,550	4,943,550	4,943,550
Do	2¾	4,524,850	4,524,850	4,524,850
Average annual yield 2.78%		419,029,452	423,063,400	419,945,475

Properties Acquired Under the Terms of Insurance

One thousand three hundred and twenty-eight homes insured under Section 203 were acquired by the Commissioner during the calendar year 1958 under the terms of insurance. Through 1958, a total of 10,007 small homes had been acquired under the Mutual Mortgage Insurance Fund at a total cost of $74,939,290. Statement 14 shows the turnover of Section 203 acquired properties since the acquisition of the first such property in 1936.

Through December 31, 1958, 7,982 acquired properties insured under Section 203 had been sold at prices which left a net charge against the fund of $5,817,984, or an average of approximately $729 per case. One Section 207 rental housing project, insured under the Mutual Mortgage Insurance Fund prior to February 3, 1938, had been acquired and sold in 1941 at no loss to the fund.

STATEMENT 14.—*Turnover of properties acquired under Section 203 of Title II contracts of insurance by years, and cumulative through Dec. 31, 1958*

Properties acquired		Properties sold by calendar years												Properties on hand Dec. 31, 1958
Year	Number	1936–47	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	
1936–47	4,067	4,067												
1948	4		2	2										
1949	37			17	19	1								
1950	225				65	102	25	11	8	7	1	4	1	1
1951	407					188	173	17	10	8	6	4		1
1952	282						142	86	13	20	5	8	7	1
1953	263							88	84	40	28	10	4	
1954	427								162	174	36	21		34
1955	485									190	213	20	9	44
1956	1,572										279	391	50	852
1957	910											372	273	265
1958	1,328												501	827
Total	10,007	4,067	2	19	84	291	340	202	277	457	568	830	845	2,025

NOTE: On the 7,982 properties sold the average time between acquisition and sale by the Federal Housing Administration was 7.18 months. The number of properties sold has been reduced by 62 properties repossessed because of default on mortgage notes. Of these repossessions, 46 had been sold by Dec. 31, 1958.

STATEMENT 15.—*Statement of profit and loss on sale of acquired properties, Mutual Mortgage Insurance Fund, through Dec. 31, 1958*

Item	Sec. 203 (7,082 properties)	Sec. 207 (1 property, 265 units)	Total MMI Fund (7,083 properties)
Proceeds of sales:			
Sales price [1]	$50,008,150	$1,000,000	$51,008,150
Less commission and other selling expenses	2,180,807		2,189,807
Net proceeds of sales	47,818,343	1,000,000	48,818,343
Income:			
Rental and other income (net)	1,147,593		1,147,593
Mortgage note income	5,444,741		5,444,741
Recovery prior to acquisition on defaulted notes	62,332		62,332
Total income	6,654,666		6,654,606
Total proceeds of sold properties	54,473,009	1,000,000	55,473,009
Expenses:			
Debentures and cash adjustments	48,687,315	942,145	49,629,460
Asset value acquired after default of purchase money mortgages	−247,398		−247,398
Interest on debentures	6,084,369	18,387	6,102,756
Taxes and insurance	1,012,276	5,012	1,017,288
Additions and improvements	107,626		107,626
Maintenance and operating expense	2,848,522		2,848,522
Service charge	49,846		49,846
Miscellaneous expense	6,751	1,669	8,420
Total expenses	58,549,307	967,213	59,516,520
Net profit (or loss—) before distribution of liquidation profits	−4,076,298	32,787	−4,043,511
Less distribution of liquidation profits:			
Certificates of claim	1,071,323	31,532	1,102,855
Increment on certificates of claim	64,185	1,255	65,440
Refunds to mortgagors	606,178		606,178
Loss (—) to Mutual Mortgage Insurance Fund	−5,817,984		−5,817,984

[1] Analysis of terms of sales.

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	1,159		$7,144,433		$7,144,433
Properties sold for cash and notes (or contracts for deed)	6,824	6,765	3,823,397	$40,040,320	43,863,717
Total	7,983	6,765	10,967,830	40,040,320	51,008,150

On December 31, 1958, 2,025 properties insured under the Mutual Mortgage Insurance Fund were held by FHA. The cost of these properties was:

Mutual Mortgage Insurance Fund, statement of properties on hand at Dec. 31, 1958

	Sec. 203 (2,025 properties)
Expenses:	
Acquisition costs	$17,623,154
Interest on debentures	1,002,760
Taxes and insurance	437,174
Additions and improvements	9,859
Maintenance and operating	904,525
Miscellaneous	154
Total expenses	19,977,626
Income: Rental and other income (net)	864,470
Net acquired security on hand	19,113,156

Certificates of Claim and Refunds to Mortgagors

Section 204(f) of the Act provides that if the net amount realized from any property acquired by the FHA under the terms of insurance with respect to which Section 204(f) is applicable, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of debentures issued and cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee, and that any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim issued in connection with the Section 203 properties which had been acquired and sold through 1958 totaled $3,642,469. The amount paid or to be paid on these certificates of claim totaled $1,071,323 (approximately 29 percent), while certificates of claim totaling $2,571,146 (approximately 71 percent) had been, or will be canceled.

In addition, there were excess proceeds on approximately 23 percent (or 1,862) of the 7,982 sold properties amounting to $606,178, for refund to mortgagors. This amount represents $267,637 paid and $318,822 payable on 1,756 cases, and $19,719 held in trust for 106 payees whose whereabouts are unknown. The average refund per case amounted to $326.

Mutual Mortgage Participation Payments

The first participation payments in connection with insured loans prepaid in full were made as of January 1, 1944, and during the 14½ years following that date total payments of $82,655,203 were made or accrued on 688,544 insured loans. This amount represents $79,007,659 paid and $3,430,460 payable on 685,438 cases, and $217,084 held in trust for 3,106 payees whose whereabouts are unknown.

TITLE II: HOUSING INSURANCE FUND

The insurance risks on rental and group housing insured under Sections 207 and 210 after February 3, 1938 and on cooperative housing insured under Section 213 are liabilities of the Housing Insurance Fund, which was established by the amendment to the National Housing Act approved February 3, 1938.

Section 213, which was added to the Act by an amendment approved April 20, 1950, authorized the insurance of mortgages on cooperative housing projects. To be eligible for insurance under Section 213, the mortgagor must be a nonprofit cooperative ownership housing corporation, the permanent occupancy of the dwellings being restricted to members, or a nonprofit corporation organized for the purpose of building homes for members, or by a corporation intending to sell the project to a nonprofit cooperative housing corporation. Provision is made for the release from the blanket mortgage of individual properties for sale to members and for the insurance of individual mortgages under Section 213 on such released properties.

Appraisal fees, insurance premiums, interest on investments, and income from projects acquired under the terms of insurance are deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund. Foreclosure losses and general operating expenses of the Federal Housing Administration under Sections 207 and 210, since February 3, 1938, and under Section 213 are charged against the fund.

This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments. Any increase in the fund resulting from operations is retained as a general reserve to meet possible insurance losses and future expenses in connection with Sections 207, 210, and 213 insurance. In accordance with Section 207(h) of the Act, the excess proceeds, if any, from the sale of an acquired project, after deducting all costs incident to the acquisition, handling, and final disposition of the project, are applied to the mortgagee's certificate of claim and increment thereon, and any remaining balance is credited to the Housing Insurance Fund, except that, with respect to individual mortgages insured under the provisions of Section 213(d), any excess remaining after payment of the certificate of claim and increment thereon is for refund to the mortgagor. Prior to enactment of the amendments of August 10, 1948 to the National Housing Act, any excess remaining after payment of the certificate of claim and increment thereon was refunded to the mortgagor.

Capital and Net Income

Assets of the Housing Insurance Fund as of June 30, 1958 totaled $23,086,491, against which there were outstanding liabilities of $13,255,860. The insurance reserve of the fund amounted to $9,830,631, represented by $5,400,000 capital contributions from other FHA insurance funds and earnings of $4,430,631.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed to this fund by the U.S. Government for salaries and expenses in the amount of $4,170,024 was established as a liability of the fund as of June 30, 1953. This amount, together with interest thereon in the amount of $1,386,666, was repaid during fiscal year 1954, the final payment being made on October 31, 1953.

STATEMENT 16.—*Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1957 and June 30, 1958*

	June 30, 1957	June 30, 1958	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury	$950,969	$3,060,152	$2,109,183
Investments:			
U.S. Government securities (amortized)	6,991,993	4,648,700	—2,343,293
Other securities (stock in rental housing corporations)	54,900	63,900	9,000
Total investments	7,046,893	4,712,600	—2,334,293
Loans receivable:			
Mortgage notes and contracts for deed	5,301,503	6,598,687	1,297,184
Less allowance for losses	195,090	248,665	53,575
Net loans receivable	5,106,413	6,350,022	1,243,609
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	96,115	130,322	34,207
Accounts receivable—Interfund	20,921	44,378	23,457
Total accounts and notes receivable	117,036	174,700	57,664
Accrued assets:			
Insurance premiums		185,240	185,240
Interest on U.S. Government securities	3,437	3,437	
Other	22,024	52,442	30,418
Total accrued assets	25,461	241,119	215,658

STATEMENT 16.—*Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1957 and June 30, 1958*—Continued

	June 30, 1957	June 30, 1958	Increase or decrease (—)
Acquired security:			
Real estate (at cost plus expenses to date)	$4,961,605	$6,635,013	$1,673,408
Less allowance for losses	1,826,064	2,352,864	526,800
Net real estate	3,135,541	4,282,149	1,146,608
Mortgage notes acquired under terms of insurance	6,578,651	6,551,868	—26,783
Less allowance for losses	2,671,154	2,301,101	—370,053
Net mortgage notes acquired under terms of insurance	3,907,497	4,250,767	343,270
Net acquired security	7,043,038	8,532,916	1,489,878
Other assets held for account of mortgagors	11,347	14,982	3,635
Total assets	20,301,157	23,086,491	2,785,334
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	352	3,916	3,564
Accrued liabilities: Interest on debentures	143,282	144,469	1,187
Trust and deposit liabilities:			
Excess proceeds of sale	40,531	129,263	88,732
Deposits held for mortgagors, lessees and purchasers	189,879	244,542	54,663
Total trust and deposit liabilities	230,410	373,805	143,395
Deferred and undistributed credits:			
Unearned insurance premiums	1,826,571	2,247,886	421,315
Unearned insurance fees	171,813	193,301	21,488
Other	22,024	52,442	30,418
Total deferred and undistributed credits	2,020,408	2,493,629	473,221
Bonds, debentures, and notes payable: Debentures payable	10,483,150	10,173,050	—310,100
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	67,312	66,991	—321
Total liabilities	12,944,914	13,255,860	310,946
RESERVE			
Insurance reserve-available for future losses and expenses	7,356,243	9,830,631	2,474,388
Total liabilities and reserve	20,301,157	23,086,491	2,785,334
Certificates of claim relating to properties on hand	237,823	145,475	—92,348

During the fiscal year 1958 the income of the fund amounted to $5,854,720, while expenses and losses amounted to $2,976,461, leaving $2,878,259 net income before adjustment of valuation allowances. After the valuation allowances had been increased by $210,322, a net income of $2,667,937 resulted for the fiscal year.

STATEMENT 17.—*Income and expenses, Housing Insuranec Fund, through June 30, 1957 and June 30, 1958*

	Feb. 3, 1938 to June 30, 1957	July 1, 1957 to June 30, 1958	Feb. 3, 1938 to June 30, 1958
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$1,327,364	$166,995	$1,494,359
Interest—Other	1,024,664	278,129	1,302,793
Dividends on rental housing stock	2,598	331	2,929
	2,354,626	445,455	2,800,081
Insurance premiums and fees:			
Premiums	17,869,896	3,593,476	21,463,372
Fees	8,462,692	1,811,145	10,273,837
	26,332,588	5,404,621	31,737,209
Other income:			
Profit on sale of investments	88,568	6,848	95,416
Miscellaneous income	2,204	—2,204	
	90,772	4,644	95,416
Total income	28,777,986	5,854,720	34,632,706
Expenses:			
Interest expenses: Interest on funds advanced by U.S. Treasury	1,386,666		1,386,666
Administrative expenses:			
Operating costs (including adjustments for prior years)	19,318,435	2,830,883	22,342,122
Other expenses:			
Depreciation on furniture and equipment	104,995	12,398	118,230
Miscellaneous expenses	100		100
	105,095	12,398	118,330
Losses and charge-offs:			
Loss (or profit —) on acquired security	1,320,537	134,481	1,455,018
Loss (or profit —) on equipment	—1,298	—1,301	—2,691
	1,319,239	133,180	1,452,327
Total expenses	22,129,435	2,976,461	25,299,445
Net income before adjustment of valuation allowances	6,648,551	2,878,259	9,333,261
Increase (—) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	—195,090	—53,575	—248,665
Allowance for loss on real estate	—1,826,064	—526,800	—2,352,864
Allowance for loss on mortgage notes acquired under terms of insurance	—2,671,154	+370,053	—2,301,101
Net adjustment of valuation allowances	—4,692,308	—210,322	—4,902,630
Net income	1,956,243	2,667,937	4,430,631

ANALYSIS OF INSURANCE RESERVE

Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		$7,356,243	
Adjustments during the period		—193,549	
Net income for the period	$1,956,243	2,667,937	$4,430,631
	1,956,243	9,830,631	4,430,631
Capital contributions from other FHA insurance funds	5,400,000		5,400,000
Balance at end of period	7,356,243	9,830,631	9,830,631

Investments

Section 207(p) of the National Housing Act provides that excess moneys not needed for current operations under the Housing Insurance Fund shall be deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States, or, with the approval of the Secretary of the Treasury, used for the purchase of debentures issued under section 207 and section 204. In the fiscal year 1958, $619,450 of debentures were redeemed in payment of mortgage insurance premiums and $3,000,700 were redeemed by debenture calls. During the fiscal year 1958, net redemptions of investments amounting to $2,352,000 (principal amount) were made for the account of this fund, and at June 30, 1958 the fund held United States Government securities in the principal amount of $4,648,000, yielding 2.35 percent as follows:

Investments of the Housing Insurance Fund, June 30, 1958

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1962	2	$1,348,000	$1,348,000	$1,348,000
1962–67	2½	1,500,000	1,500,000	1,500,000
1967–72	2½	1,801,438	1,800,000	1,800,700
Average annual yield 2.35%		4,649,438	4,648,000	4,648,700

Properties Acquired Under the Terms of Insurance

During 1958, eight additional project properties or assigned mortgage notes (1,102 units) were acquired by the FHA Commissioner under the terms of mortgage insurance of Section 207 and none were sold. No additional Section 213 project properties or assigned mortgage notes were acquired during the calendar year, and none were sold. Under Section 213 home properties, 53 were acquired under the terms of insurance and 47 were sold during 1958. Through December 31, 1958, a cumulative total of 42 rental housing properties or assigned mortgage notes (6,611 units) insured under Section 207–210 had been acquired under the terms of insurance; 5 project properties or project mortgage notes (303 units) and 204 home properties insured under Section 213 had been acquired. Twenty-three projects (3,505 units) and one mortgage note (1,102 units) insured under Section 207–210, and under Section 213 one project (26 units), one mortgage note (144 units) and 137 home properties had been sold. The acquired properties on hand at December 31, 1958 in the Housing Insurance Fund are as follows:

Housing Insurance Fund, statement of properties on hand as of Dec. 31, 1958

	Sec. 207 projects, 7 properties (1,088 units)	Sec. 213		Total, 76 properties (1,248 units)
		Projects, 2 properties (92 units)[1]	Homes, 67 properties (68 units)[2]	
Expenses:				
Acquisition costs	$6,378,527	$957,307	$460,667	$7,796,501
Interest on debentures	470,052	52,574	23,069	545,695
Taxes and insurance	170,050	29,571	7,226	206,847
Additions and improvements	7,381			7,381
Maintenance and operating expenses	351,057	8,228	10,307	369,592
Miscellaneous expenses	12,427	448	4	12,879
Total expenses	7,389,494	1,048,128	501,273	8,938,895
Income:				
Rental and other income (net)	444,891	48,198	2,110	495,199
Proceeds from partial sales		124,685		124,685
Total income	444,891	172,883	2,110	619,884
Net acquired security on hand	6,944,603	875,245	499,163	8,319,011

[1] Includes 11 units of one partially sold project.
[2] Includes 1 project unit repossessed.

An analysis of assigned notes in process of liquidation (on hand) and assigned notes liquidated is shown in Statement 18 and an analysis of properties sold is shown in Statement 19.

STATEMENT 18.—*Statement of assigned notes liquidated or in process of liquidation, Housing Insurance Fund, through Dec. 31, 1958*

	Sec. 207		Sec. 213		Total HI Fund, 14 mortgage notes (2,203 units)
	Liquidated in full, 1 mortgage note (1,102 units)	In process of liquidation, 11 mortgage notes (916 units)	Liquidated in full, 1 mortgage note (144 units)	In process of liquidation, 1 mortgage note (41 units)[1]	
Balance of note at acquisition	$2,959,981	$8,969,532	$1,506,500	$466,156	$13,932,169
Income:					
Interest on notes	428,893	507,652	410,643	72,876	1,420,064
Recovery of reserve for foreclosure costs	59,799		14,109		73,908
Miscellaneous		8,794			8,794
Total income	488,692	516,446	424,752	72,876	1,502,766
Expenses:					
Acquisition costs	2,980,081	8,969,532	1,506,500	466,156	13,932,169
Interest on debentures	300,201	422,417	261,117	62,913	1,046,648
Service charge		4,244	2,502	166	6,912
Miscellaneous	2,501	3,352	34	571	6,458
Total expenses	3,292,683	9,399,545	1,770,153	529,806	14,992,187
Net cost	2,803,991	8,883,009	1,345,401	456,930	13,489,421
Net profit before distribution of liquidation profits	185,990	86,433	161,099	9,226	442,748
Less distribution of liquidation profits:					
Certificates of claim	15,728	76,777	30,242	6,408	129,155
Increment on certificates of claim	1,789	4,858	6,022	999	13,668
Refunds to mortgagors	168,473				168,473
Profit to Housing Insurance Fund		4,798	124,835	1,819	131,452
Analysis of note balances:					
Balance of note at acquisition	2,989,981	8,969,532	1,506,500	466,156	13,932,169
Less: Principal recoveries:					
Cash	2,989,981	114,950	35,521	200,979	3,341,431
Mortgage notes			1,470,979		1,470,979
Present outstanding balance		8,854,582		265,177	9,119,759

[1] Includes 16 units which have been released by payment of the mortgage allocable to the properties released.

STATEMENT 19.—*Statement of profit and loss on sale of acquired properties, Housing Insurance Fund through Dec. 31, 1958*

	Secs. 207–210, 23 projects (3,505 units)	Sec. 213		Total HI Fund 161 properties (3,668 units)
		Projects, 1 property (26 units)	Homes, 137 properties (137 units)	
Proceeds of sales:				
Sales price[1]	$15,304,997	$216,650	$1,050,450	$16,572,097
Less commissions	9,011	8,603	47,657	65,271
Net proceeds of sales	15,295,986	208,047	1,002,793	16,506,826
Income:				
Rental and other income (net)	2,421,428	18,390	1,520	2,441,338
Mortgage note income	2,772,774	23,382	58,755	2,854,911
Recovery prior to acquisition on defaulted notes	8,036			8,036
Total income	5,202,238	41,772	60,275	5,304,285
Total proceeds of sold properties	20,498,224	249,819	1,063,068	21,811,111
Expenses:				
Debentures and cash adjustments	16,378,367	211,197	1,038,921	17,628,485
Asset value acquired after default of purchase money mortgages	−140,587			−140,587
Interest on debentures	3,692,487	30,812	77,875	3,801,174
Taxes and insurance	660,269	3,508	14,943	678,720
Additions and improvements	217,322	82		217,404
Maintenance and operating expense	1,110,152	20,853	52,154	1,183,159
Service charge	2,721	450	2,166	5,337
Miscellaneous expense	39,118	253		39,371
Total expenses	21,959,849	267,155	1,186,059	23,413,063

STATEMENT 19.—*Statement of profit and loss on sale of acquired properties, Housing Insurance Fund through Dec. 31, 1958*—Continued

	Secs. 207–210, 23 projects (3,505 units)	Sec. 213		Total HI Fund 161 properties (3,668 units)
		Projects, 1 property (26 units)	Homes, 137 properties (137 units)	
Net profit (or loss −) before distribution of liquidation profits	−$1,461,625	−$17,336	−$122,991	−$1,601,952
Less distribution of liquidation profits:				
Certificates of claim	131,067		3,670	134,737
Increment on certificates of claim	12,141		164	12,305
Refunds to mortgagors	3,815		901	4,716
Loss (−) to Housing Insurance Fund	−1,608,648	−17,336	−127,726	−1,753,710

[1] Analysis of terms of sales.

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	9		$385,766		$385,766
Properties sold for cash and notes (or contracts for deed)	152	176	584,786	$15,601,545	16,186,331
Total	161	176	970,552	15,601,545	16,572,097

In addition to the rental housing projects acquired under the Housing Insurance Fund, one Section 207 project insured under the Mutual Mortgage Insurance Fund had been acquired and sold at no loss to that fund.

The turnover of Section 207 and Section 213 properties acquired and sold, by calendar year, is given below:

STATEMENT 20.—*Turnover of properties acquired and mortgage notes assigned under Sec. 207 of Title II contracts of insurance by years and cumulative through Dec. 31, 1958*

Properties and notes acquired		Properties and notes sold, by calendar years							Properties and notes on hand Dec. 31, 1958
Year	Number	1940-52	1953	1954	1955	1956	1957	1958	
1940-52	18	18						−1	1
1953	2						1	1	
1954	3			2		1			
1955	10					2	1		7
1956	2								2
1957									
1958	8								8
Total	43	18		2		3	2		18

NOTE: The number of properties and notes sold has been reduced by one property repossessed because of default on mortgage notes. The repossessed property has not been resold.

STATEMENT 21.—*Turnover of properties acquired and mortgage notes assigned under Sec. 213 of Title II contracts of insurance by years and cumulative through Dec. 31, 1958*

Properties and notes acquired		Properties and notes sold, by calendar years							Properties and notes on hand Dec. 31, 1958
Year	Number	1952	1953	1954	1955	1956	1957	1958	
1952	1			1					
1953	2						1		1
1954	3			1	1	1			
1955	14				4	8	2		
1956	64					20	18	5	21
1957	72						35	21	16
1958	53							21	32
Total	209			2	5	29	56	47	[1] 70

[1] Includes 67 of the 204 home properties acquired.
NOTE: On the 137 home properties sold, the average time between acquisitions and sale by the Federal Housing Administration was 6.42 months.

Certificates of Claim and Refunds to Mortgagors

Certificates of claim issued in connection with the 23 projects sold and one mortgage note liquidated under Section 207–210, which had been sold, through December 31, 1958 totaled $382,850. The amount paid or to be paid on these certificates totaled $146,795, and the amount canceled or to be canceled $236,055. In addition, excess proceeds on 3 projects had been refunded to mortgagors in the amount of $172,288, in accordance with provisions of the Act prior to amendment of August 10, 1948.

As a result of insurance under Section 213, two certificates of claim in the amount of $39,337 had been issued in connection with one project acquired and sold and one mortgage note assigned under terms of insurance and subsequently liquidated, with $30,242 of this amount to be paid and $9,095 to be canceled. In addition, certificates of claim in the amount of $52,426 were issued on 137 Section 213 homes. The amount paid or to be paid on the certificates of claim issued on Section 213 home properties totaled $3,670 and the amount canceled or to be canceled totaled $48,756. In addition, there were excess proceeds on 5 Section 213 home properties amounting to $901 for refund to mortgagors.

The certificate of claim issued in connection with the only rental housing project acquired under the Mutual Mortgage Insurance Fund amounted to $31,532. This certificate of claim had been paid in full, with increment thereon in the amount of $1,255.

TITLE II: SECTION 220 HOUSING INSURANCE FUND

The Section 220 Housing Insurance Fund was created by Section 220 of the National Housing Act, as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Congress). This section authorizes insurance by the FHA of mortgages on homes and rental properties located in an urban redevelopment area for which a Federal-aid contract was executed or approved before August 2, 1954, or in an urban renewal area which the Housing and Home Finance Administrator has determined to be appropriate for an urban renewal project and located in a city for which the Administrator has approved a workable program presented by the local authorities for preventing the spread of blight and eliminating and preventing slum conditions. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

For the purposes of this fund, the act authorized the Commissioner to transfer the sum of $1 million from the War Housing Insurance Fund.

Capital and Net Income

At June 30, 1958, assets of the fund totaled $1,234, 437. There were outstanding liabilities of $279,921, and insurance reserve of $954,516 which represented $1,000,000 transferred from the War Housing Insurance Fund and an operating deficit of $45,484.

STATEMENT 22.—*Comparative statement of financial condition, Section 220 Housing Insurance Fund, as of June 30, 1957 and June 30, 1958*

	June 30, 1957	June 30, 1958	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$155, 102	$90, 857	−$64, 245
Investments:			
U.S. Government securities (amortized)	650, 000	1, 100, 000	450, 000
Other securities (stock in rental housing corporations)	900	2, 700	1, 800
Total investments	650, 900	1, 102, 700	451, 800
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	8, 252	23, 986	15, 734
Accounts receivable—Interfund	1, 257	5, 449	4, 192
Total accounts and notes receivable	9, 509	29, 435	19, 926
Accrued assets: Insurance premiums		11, 445	11, 445
Total assets	815, 511	1, 234, 437	418, 926
LIABILITIES			
Trust and deposit liabilities: Fee deposits held for future disposition	11, 325	15, 335	4, 010
Deferred and undistributed credits:			
Unearned insurance premiums	101, 124	213, 046	111, 922
Unearned insurance fees	31, 291	51, 540	20, 249
Total deferred and undisbuted credits	132, 415	264, 586	132, 171
Total liabilities	143, 740	279, 921	136, 181
RESERVE			
Insurance reserve—available for future losses and expenses	671, 771	954, 516	282, 745
Total liabilities and reserve	815, 511	1, 234, 437	418, 926

During the fiscal year 1958, the income to the fund amounted to $798,273 while expenses and losses amounted to $508,946, leaving an operating income of $289,327 for the year. The cumulative income of the Section 220 Housing Insurance Fund from August 2, 1954 to June 30, 1958 amounted to $1,281,808, with cumulative expenses and losses of $1,327,292, or an operating deficit of $45,484.

STATEMENT 23.—*Income and expenses, Section 220 Housing Insurance Fund, through June 30, 1957 and June 30, 1958*

	Aug. 2, 1954 to June 30, 1957	July 1, 1957 to June 30, 1958	Aug. 2, 1954 to June 30, 1958
Income:			
Interest and dividends: Interest on U.S. Government securities	$40, 637	$19, 021	$59, 658
Insurance premiums and fees:			
Premiums	78, 102	351, 686	429, 788
Fees	364, 796	427, 566	792, 362
	442, 898	779, 252	1, 222, 150
Total income	483, 535	798, 273	1, 281, 808
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	808, 484	506, 963	1, 322, 003
Other expenses: Depreciation on furniture and equipment	3, 450	2, 216	5, 694
Losses and charge-offs: Loss (or profit −) on equipment	−170	−233	−405
Total expenses	811, 764	508, 946	1, 327, 292
Net income (or loss −)	−328, 229	289, 327	−45, 484
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income: Insurance Reserve:			
Balance at beginning of period		$671, 771	
Adjustments during the period		−6, 582	
Net income (or loss −) for the period	−$328, 229	289, 327	−$45, 484
	−328, 229	954, 516	−45, 484
Capital contributions from other FHA insurance funds	1, 000, 000		1, 000, 000
Balance at end of period	671, 771	954, 516	954, 516

Investments

Section 220(g) of the Act provides that moneys in the Section 220 Housing Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments. At June 30, 1958, the following U.S. Government securities were held by the fund:

Investments of the Section 220 Housing Insurance Fund, June 30, 1958

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1959	2	$550,000	$550,000	$550,000
1961	2	100,000	100,000	100,000
1962	2	450,000	450,000	450,000
Average annual yield 2.00%		1,100,000	1,100,000	1,100,000

TITLE II: SECTION 221 HOUSING INSURANCE FUND

Section 221 Housing Insurance Fund was created by Section 221 of the National Housing Act, as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Congress) which authorized the insurance, in communities that have requested it, of mortgages on low-cost housing for families displaced because of urban renewal projects. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of $1 million from the War Housing Insurance Fund.

Capital and Net Income

At June 30, 1958, assets of the fund amounted to $1,041,844. There were outstanding liabilities of $218,625, and insurance reserve of $823,919 consisting of a net operating deficit of $176,781 and $1 million transferred from War Housing Insurance Fund.

During the fiscal year, the income to the fund amounted to $337,949 while expenses and losses amounted to $334,154, leaving an operating income of $3,795 for the period, before adjustment of valuation allowances. Valuation allowances were established in the amount of $104, resulting in net income of $3,691 for the year. From inception August 2, 1954, to June 30, 1958, operations resulted in a deficit of $176,781 as shown on Statement 25.

STATEMENT 24.—*Comparative statement of financial condition, Section 221 Housing Insurance Fund, as of June 30, 1957 and June 30, 1958*

	June 30, 1957	June 30, 1958	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$123,822	$100,879	−$22,943
Investments: U.S. Government securities (amortized)	750,000	900,000	150,000
Loans receivable:			
Mortgage notes and contracts for deed		6,900	6,900
Less allowance for losses		104	104
Net loans receivable		6,796	6,796
Accounts and notes receivable:			
Accounts receivable—Insurance premiums		410	410
Accounts receivable—Interfund	461	3,107	2,646
Total accounts and notes receivable	461	3,517	3,056
Accrued assets:			
Insurance premiums		29,722	29,722
Interest on U.S. Government securities		930	930
Total accrued assets		30,652	30,652
Total assets	874,283	1,041,844	167,561
LIABILITIES			
Accrued liabilities: Interest on debentures		122	122
Trust and deposit liabilities:			
Fee deposits held for future disposition	21,838	176,480	154,642
Deposits held for mortgagors, lessees and purchasers		65	65
Total trust and deposit liabilities	21,838	176,545	154,707
Deferred and undistributed credits:			
Unearned insurance premiums	3,602	29,838	26,236
Unearned insurance fees	4,017	4,570	−47
Total deferred credits	8,219	34,408	26,189
Bonds, debentures and notes payable: Debentures payable		7,550	7,550
Total liabilities	30,057	218,625	188,568
RESERVE			
Insurance reserve—available for future losses and expenses	844,226	823,219	−21,007
Total liabilities and reserve	874,283	1,041,844	167,561

STATEMENT 25.—*Income and expenses, Section 221 Housing Insurance Fund, through June 30, 1957 and June 30, 1958*

	Aug. 2, 1954 to June 30, 1957	July 1, 1957 to June 30, 1958	Aug. 2, 1954 to June 30, 1958
Income:			
Interest and dividends: Interest on U.S. Government securities	$42,922	$16,646	$59,568
Insurance premiums and fees:			
Premiums	1,507	50,055	51,562
Fees	27,876	271,237	299,113
	29,383	321,292	350,675
Other income: Miscellaneous income		11	11
Total income	72,305	337,949	410,254
Expenses:			
Interest expense: Interest on debenture obligations		7	7
Administrative expenses—Operating costs (including adjustments for prior years)	227,143	332,290	584,036
Other expenses: Depreciation on furniture and equipment	971	1,457	2,535
Losses and charge-offs:			
Loss on acquired security		553	553
Loss (or profit −) on equipment	−35	−153	−200
	−35	400	353
Total expenses	228,079	334,154	586,931
Net income (or loss −) before adjustment of valuation allowances	−155,774	3,795	−176,677
Increase (−) or decrease (+) in valuation allowances: Allowance for loss on loans receivable		−104	−104
Net income (or loss −)	−155,774	3,691	−176,781
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		$844,226	
Adjustments during the period		−24,698	
Net income (or loss −) for the period	−$155,774	3,691	−$176,781
	−155,774	823,219	−176,781
Capital contributions from other FHA insurance funds	1,000,000		1,000,000
Balance at end of period	844,226	823,219	823,219

Investments

Section 221(h) of the Act provides that moneys in the Section 221 Housing Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments. At June 30, 1958, the fund held U.S. Government securities as follows:

Investments of the Section 221 Housing Insurance Fund, June 30, 1958

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1959	2	$750,000	$750,000	$750,000
1959	2½	99,906	100,000	100,000
1962	2	50,000	50,000	50,000
Average annual yield 2.06%		899,906	900,000	900,000

Properties Acquired Under the Terms of Insurance

The calendar year 1958 was the first year in which properties insured under Title II, Section 221, were acquired by the Commissioner under the terms of insurance. During the year two properties were acquired by the Section 221 Housing Insurance Fund at a total cost of $16,055. In the same period one property was sold at a price which left a net charge against the fund of $1,313, as shown in Statement 26. The certificate of claim issued on the one property sold amounted to $319, all of which is to be canceled.

STATEMENT 26.—*Statement of profit and loss on sale of acquired properties, Section 221 Housing Insurance Fund, through Dec. 31, 1958*

Items	Section 221 (1 property)
Proceeds of sale: Sales price [1]	$7,250
Expenses:	
Debentures and cash adjustments	7,569
Interest on debentures	152
Taxes and insurance	435
Maintenance and operating	407
Total expenses	8,563
Loss (−) to Section 221 Housing Insurance Fund	−1,313

[1] Analysis of terms of sales.

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Property sold for cash and note.	1	1	$350	$6,900	$7,250

On December 31, 1958, the cost of the one property which remained on hand under this fund was as follows:

Section 221 Housing Insurance Fund, statement of properties on hand at Dec. 31, 1958

	Sec. 221 (1 property)
Expenses:	
Acquisition costs	$7,389
Interest on debentures	103
Net acquired security on hand	7,492

TITLE II: SERVICEMEN'S MORTGAGE INSURANCE FUND

The Servicemen's Mortgage Insurance Fund was created by Section 222 of the National Housing Act, as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Congress). The purpose of this section is to aid in the provision of housing accommodations for servicemen in the Armed Forces of the United States and in the Coast Guard of the United States, and their families. Section 222 provides for the insurance of mortgages which would be eligible for insurance under Section 203, except that, when executed by a mortgagor who is a serviceman and who, at the time of insurance, is the owner-occupant of the property, the maximum ratio of loan to value may, in the discretion of the Commissioner, exceed the maximum ratio of loan to value prescribed in Section 203 but not to exceed in any event 95 per centum of the appraised value of the property and not to exceed $17,100. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

For the purposes of this fund, the act authorized the Commissioner to transfer the sum of $1 million from the War Housing Insurance Fund.

Capital and Net Income

As of June 30, 1958, the fund had assets of $4,936,550 and outstanding liabilities of $956,246, leaving $3,980,304 insurance reserve. Included in the insurance reserve is the sum of $1 million which was transferred from the War Housing Insurance Fund.

For the fiscal year 1958, income of $2,241,207 was earned, while expenses and losses were $431,838, leaving net income of $1,809,369 before adjustment of valuation allowances. Valuation allowances were increased in the amount of $4,855, resulting in a net income of $1,804,514 for the year. Total net income from inception, August 2, 1954, to June 30, 1958 was $2,980,304 as shown in statement 28.

STATEMENT 27.—*Comparative statement of financial condition, Servicemen's Mortgage Insurance Fund, as of June 30, 1957 and June 30, 1958*

	June 30, 1957	June 30, 1958	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$250,266	$279,408	$29,142
Investments: U.S. Government securities (amortized)	2,644,792	4,100,804	1,456,012
Loans receivable:			
Mortgage notes and contracts for deed		66,992	66,992
Less allowance for losses		1,005	1,005
Net loans receivable		65,987	65,987
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	53,327	38,853	−14,474
Accounts receivable—Other		10	10
Accounts receivable—Interfund	1,319	4,818	3,499
Total accounts and notes receivable	54,646	43,681	−10,965
ASSETS—Continued			
Accrued assets:			
Insurance premiums		$382,334	$382,334
Interest on U.S. Government securities		12,150	12,150
Other		289	289
Total accrued assets		394,773	394,773
Acquired security: Real estate (at cost plus expenses to date)	$34,621	60,664	26,043
Less: Allowance for losses	4,917	8,767	3,850
Net acquired security	29,704	51,897	22,193
Total assets	2,979,408	4,936,550	1,957,142
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	24	533	509
Accrued liabilities: Interest on debentures	462	1,771	1,309
Trust and deposit liabilities:			
Fee deposits held for future disposition	17,350	33,439	16,089
Deposits held for mortgagors, lessees and purchasers		1,615	1,615
Total trust and deposit liabilities	17,350	35,054	17,704
Deferred and undistributed credits:			
Unearned insurance premiums	764,719	810,899	46,180
Other		289	289
Total deferred and undistributed credits	764,719	811,188	46,469
Bonds, debentures, and notes payable: Debentures payable	32,550	107,700	75,150
Total liabilities	815,105	956,246	141,141
RESERVE			
Insurance reserve available for future losses and expenses	2,164,303	3,980,304	1,816,001
Total liabilities and reserve	2,979,408	4,936,550	1,957,142
Certificates of claim relating to properties on hand	475	2,516	2,041

STATEMENT 28.—*Income and expenses, Servicemen's Mortgage Insurance Fund, through June 30, 1957 and June 30, 1958*

	Aug. 2, 1954 to June 30, 1957	July 1, 1957 to June 30, 1958	Aug. 2, 1954 to June 30, 1958
Income:			
Interest and dividends: Interest on U.S. Government securities	$71,839	$92,115	$163,954
Insurance premiums and fees:			
Premiums	1,635,789	2,045,883	3,681,672
Fees	279,703	102,071	381,774
	1,915,492	2,147,954	4,063,446
Other income:			
Profit on sale of investments		19	19
Miscellaneous income		1,119	1,119
		1,138	1,138
Total income	1,987,331	2,241,207	4,228,538
Expenses:			
Interest expense: Interest on debenture obligations	−1	310	309
Administrative expenses: Operating costs (including adjustments for prior years)	814,797	420,438	1,223,793
Other expenses: Depreciation on furniture and equipment	3,473	1,837	5,260
Losses and charge-offs:			
Loss on acquired security		9,446	9,446
Loss (or profit −) on equipment	−158	−193	−346
	−158	9,253	9,100
Total expenses	818,111	431,838	1,238,462
Net income before adjustment of valuation reserves	1,169,220	1,809,369	2,990,076
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable		−1,005	−1,005
Allowance for loss on real estate	−4,917	−3,850	−8,767
Net adjustment of valuation allowances	−4,917	−4,855	−9,772
Net income	1,164,303	1,804,514	2,980,304
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income: Insurance reserve:			
Balance at beginning of period		$2,164,303	
Adjustments during the period		11,487	
Net income for the period	$1,164,303	1,804,514	$2,980,304
	1,164,303	3,980,304	2,980,304
Capital contributions from other FHA insurance funds	1,000,000		1,000,000
Balance at end of period	2,164,303	3,980,304	3,980,304

Investments

Section 222(f) of the act provides that moneys in the Servicemen's Mortgage Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by the United States; or the the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments. In the fiscal year 1958, $21,250 of debentures were redeemed by call. During the fiscal year the fund increased its investment in U.S. Government securities by $1,450,000 (principal amount) and as of June 30, 1958 held the following U.S. Government securities:

Investments of the Servicemen's Mortgage Insurance Fund, June 30, 1958

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1958	3¼	$101,484	$100,000	$100,804
1959	2	750,000	750,000	750,000
1959	2½	1,272,210	1,275,000	1,275,000
1960	2	500,000	500,000	500,000
1961	2	550,000	550,000	550,000
1962	2	925,000	925,000	925,000
Average annual yield 2.16%		4,098,694	4,100,000	4,100,804

Properties Acquired Under the Terms of Insurance

During calendar year 1958 seventeen properties were acquired by the Servicemen's Mortgage Insurance Fund and eight were sold. Through December 31, 1958, a total of 21 properties had been acquired, of which 11 were sold, leaving 10 properties on hand.

STATEMENT 29.—*Statement of profit and loss on sale of acquired properties, Servicemen's Mortgage Insurance Fund, through Dec. 31, 1958*

Item	Sec. 222 (11 properties)
Proceeds of sales:	
Sales price [1]	$114,550
Less commission and other selling expenses	5,646
Net proceeds of sales	108,904
Income:	
Rental and other income (net)	445
Mortgage note income	738
Total income	1,183
Total proceeds of sold properties	110,087
Expenses:	
Debentures and cash adjustments	110,952
Interest on debentures	3,228
Taxes and insurance	1,573
Maintenance and operating	9,341
Service charge	36
Total expenses	125,130
Loss (−) to Servicemen's Mortgage Insurance Fund	−15,043

[1] Analysis of terms of sales.

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash					
Properties sold for cash and notes (or contracts for deed)	11	11	$9,500	$105,050	$114,550
Total	11	11	9,500	105,050	114,550

On December 31, 1958, the cost of the 10 properties which remained on hand under the Servicemen's Mortgage Insurance Fund was as follows:

Servicemen's Mortgage Insurance Fund, statement of properties on hand at Dec. 31, 1958

	Sec. 222 (10 Properties)
Expenses:	
Acquisition costs	$114, 726
Interest on debentures	3, 575
Taxes and insurance	2, 204
Maintenance and operating	333
Net acquired security on hand	120, 838

Statement 30 shows the turnover of Section 222 acquired properties since the acquisition of the first such property in 1957.

STATEMENT 30.—*Turnover of properties acquired under Sec. 222 of Title II, contracts of insurance by years and cumulative through Dec. 31, 1958*

Properties acquired		Properties sold, by calendar years		Properties on hand Dec. 31, 1958
Year	Number	1957	1958	
1957	4	3	1	
1958	17		7	10
Total	21	3	8	10

NOTE: On the 11 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 5.24 months.

Section 222 of the Act contains provisions identical to Section 204(f) under the Mutual Mortgage Insurance Fund with respect to the issuance of certificates of claim on properties acquired. Certificates of claim issued in connection with the 11 Section 222 properties which had been acquired and sold through 1958 totaled $3,764, all of which is to be canceled.

TITLE VI: WAR HOUSING INSURANCE FUND

The insurance risks on privately financed emergency housing loans insured under Title VI are liabilities of the War Housing Insurance Fund, established by an amendment of March 28, 1941 to the National Housing Act. Section 603 of Title VI authorized the insurance of home mortgages (one- to four-family); Section 608, the insurance of mortgages on rental and group housing; Section 609, the insurance of loans to finance the manufacture of housing; Section 610, the insurance under Section 603 and 608 of any mortgage executed in connection with sales by the Government of specified types of permanent housing; and Section 611, the insurance of mortgages, including construction advances, on projects of 25 or more single-family dwellings.

The War Housing Insurance Fund was originally allocated the sum of $5 million by the Federal Government. It has been credited with all income received with respect to insurance granted under Title VI, and has been charged with all expenses and losses relating to such insurance.

This is not a mutual fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Capital

Assets of the War Housing Insurance Fund as of June 30, 1958 totaled $204,297,445, against which there were outstanding liabilities of $53,455,068. The fund had an insurance reserve of $150,842,377, consisting entirely of earnings.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed by the U.S. Government to establish this fund in the amount of $5 million was established as a liability as of June 30, 1953. This principal amount, together with interest thereon in the amount of $1,390,010, has been repaid, the final payment being made on September 30, 1953.

STATEMENT 31.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1957 and June 30, 1958*

	June 30, 1957	June 30, 1958	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$5, 892, 531	$7, 935, 947	$2, 043, 416
Investments:			
U.S. Government securities (amortized)	30, 937, 682	27, 347, 493	−3, 590, 189
Other securities (stock in rental housing corporations)	382, 660	375, 660	−7, 000
Total investments	31, 320, 342	27, 723, 153	−3, 597, 189
Loans receivable:			
Mortgage notes and contracts for deed	68, 606, 998	78, 473, 152	9, 866, 154
Less allowance for losses	2, 511, 796	3, 109, 712	597, 916
Net loans receivable	66, 095, 202	75, 363, 440	9, 268, 238
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	395, 348	294, 805	−100, 543
Accounts receivable—Other	35, 521	12, 959	−22, 562
Accounts receivable—Interfund	−319	16, 396	16, 715
Total accounts and notes receivable	430, 550	324, 160	−106, 390
Accrued assets:			
Interest on U.S. Government securities	46, 478	46, 484	6
Other	697, 626	699, 879	2, 253
Total accrued assets	744, 104	746, 363	2, 259

STATEMENT 31.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1957 and June 30, 1958*—Continued

	June 30, 1957	June 30, 1958	Increase or decrease (−)
ASSETS			
Acquired security:			
Real estate (at cost plus expenses to date)	$58, 237, 110	$60, 700, 004	$2, 462, 894
Less allowance for losses	24, 227, 987	27, 466, 605	3, 238, 618
Net real estate	34, 009, 123	33, 233, 399	−775, 724
Mortgage notes acquired under terms of insurance	96, 819, 266	89, 641, 591	−7, 177, 675
Less allowance for losses	39, 305, 901	33, 063, 506	−6, 242, 395
Net mortgage notes acquired under terms of insurance	57, 513, 365	56, 578, 085	−935, 280
Net acquired security	91, 522, 488	89, 811, 484	−1, 711, 004
Other assets—held for account of mortgagors	1, 905, 302	2, 392, 898	487, 596
Total assets	197, 910, 519	204, 297, 445	6, 386, 926
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	3, 062	49, 360	46, 298
Accrued liabilities: Interest on debentures	681, 527	504, 574	−176, 953
Trust and deposit liabilities:			
Excess proceeds of sale	773, 938	2, 390, 485	1, 616, 547
Deposits held for mortgagors, lessees and purchasers	4, 932, 316	5, 778, 857	846, 541
Total trust and deposit liabilities	5, 706, 254	8, 169, 342	2, 463, 088
Deferred and undistributed credits:			
Unearned insurance premiums	9, 712, 549	9, 132, 402	−580, 147
Other	702, 862	705, 527	2, 665
Total deferred and undistributed credits	10, 415, 411	9, 837, 929	−577, 482
Bonds, debentures and notes payable: Debentures payable	47, 088, 750	33, 958, 500	−13, 130, 250
Other liabilities: Reserve for foreclosure costs—mortgage notes acquired under terms of insurance	1, 009, 816	935, 363	−74, 453
Total liabilities	64, 904, 820	53, 455, 068	−11, 449, 752
RESERVE			
Insurance reserve—available for future losses and expenses	133, 005, 699	150, 842, 377	17, 836, 678
Total liabilities and reserve	197, 910, 519	204, 297, 445	6, 386, 926
Certificates of claim relating to properties on hand	3, 109, 231	1, 253, 428	−1, 855, 803

Income and Expenses

During the fiscal year 1958 the fund earned $25,303,612 and had expenses and losses of $9,846,472, leaving $15,457,140 net income before adjustment of valuation allowances. After the valuation allowances had been decreased by $2,405,861, the net income for the year amounted to $17,863,001, which was credited to the insurance reserve fund.

Cumulative income of the War Housing Insurance Fund from its establishment March 28, 1941, to June 30, 1958, amounted to $351,118,256, while cumulative expenses were $118,326,056, leaving $232,792,200 net income before adjustment of valuation allowances. Valuation allowances of $63,639,823 were established, leaving cumulative net income of $169,152,377.

STATEMENT 32.—*Income and expenses, War Housing Insurance Fund through June 30, 1957 and June 30, 1958*

	Mar. 28, 1941 to June 30, 1957	July 1, 1957 to June 30, 1958	Mar. 28, 1941 to June 30, 1958
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$12, 341, 935	$691, 612	$13, 033, 547
Interest—Other	17, 388, 130	5, 293, 637	22, 681, 767
Dividends on rental housing stock	15, 217	1, 570	16, 787
	29, 745, 282	5, 986, 819	35, 732, 101
Insurance premiums and fees:			
Premiums	251, 076, 126	19, 224, 990	270, 301. 116
Fees	45, 156, 055	6	45, 156, 061
	296, 232, 181	19, 224, 996	315, 457, 177
Other income:			
Profit (or loss −) on sale of investments	−535, 107	5, 204	−529. 903
Miscellaneous income	372, 288	86, 593	458, 881
	−162, 819	91, 797	−71, 022
Total income	325, 814, 644	25, 303. 612	351, 118, 256
Expenses:			
Interest expenses: Interest on funds advanced by U.S. Treasury	1, 390, 010		1, 390, 010
Administrative expenses: Operating costs (including adjustments for prior years)	75, 313, 341	1, 950, 621	77, 290, 183
Other expenses:			
Depreciation on furniture and equipment	391, 785	8, 724	400. 623
Miscellaneous expenses	101	11, 199	11, 300
	391, 886	19, 923	411, 923
Losses and charge-offs:			
Loss on acquired security	31, 377, 669	7, 876, 844	39, 254, 513
Loss (or profit −) on equipment	−19, 645	−916	−20, 573
	31, 358. 024	7, 875, 928	39, 233, 940
Total expenses	108. 453, 261	9, 846, 472	118, 326, 056
Net income before adjustment of valuation reserves	217, 361, 383	15, 457, 140	232, 792, 200
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−2, 511, 796	−597, 916	−3, 109, 712
Allowance for loss on real estate	−24, 227, 987	−3, 238, 618	−27, 466, 605
Allowance for loss on mortgage notes acquired under terms of insurance	−39, 305, 901	+6, 242, 395	−33, 063, 506
Net adjustment of valuation allowances	−66, 045, 684	+2, 405, 861	−63, 639. 823
Net income	151, 315, 699	17, 863. 001	169, 152, 377
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		$133, 005, 699	
Adjustments during the period		−26, 323	
Net income for the period	$151, 315, 699	17, 863, 001	$169, 152, 377
	151, 315, 699	150, 842, 377	169, 152. 377
Capital contributions to other FHA insurance funds	−18, 310, 000		−18, 310, 000
Balance at end of period	133, 005, 699	150, 842, 377	150, 842, 377

Investments

Section 605(a) of Title VI contains a provision similar to that under Title II with respect to investment of moneys not needed for current operations by the purchase of United States Government securities or the retirement of debentures.

During the fiscal year 1958, $7,404,300 of debentures were redeemed in payment of mortgage insurance premiums and $24,287,550 were redeemed by debenture calls.

During the fiscal year 1958, net redemptions of $3,598,000, face amount, decreased the United States Government securities held by the fund as of June 30, 1958 to $27,222,500, principal amount, as follows:

Investments of the War Housing Insurance Fund, June 30, 1958

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1959–62	2¼	$12,863	$13,500	$13,044
1962	2	6,597,000	6,597,000	6,597,000
1964–69	2½	9,992	11,000	10,066
1966–71	2½	4,000,000	4,000,000	4,000,000
1967–72	2½	16,868,736	16,601,000	16,727,383
Average annual yield 2.33%	----------	27,488,591	27,222,500	27,347,493

Properties Acquired Under the Terms of Insurance

The Federal Housing Administration acquired title in 1958, under the terms of insurance, to 76 properties (103 units) insured under Section 603 and sold 125 (191 units). Through December 31, 1958, a total of 11,631 Section 603 properties (15,899 units) had been acquired at a cost of $78,486,960, and 11,171 properties (15,199 units) had been sold at prices which left a net charge against the fund of $11,292,504, or an average of $1,011 per case. There remained on hand for future disposition 460 properties having 700 living units.

During 1958, 57 additional rental housing properties or assigned mortgage notes (4,463 units) insured under Section 608 were acquired by the FHA Commissioner under the terms of insurance and 35 (2,513 units) were sold. Through December 31, 1958, a total of 385 projects (24,535 units) and 187 mortgage notes (14,901 units) had been acquired by the Commissioner. Two hundred and eighty-four project properties (16,590 units) had been sold, and 3 mortgage notes (66 units) had been settled, leaving 101 project properties (7,945 units) and 184 mortgage notes (14,835 units) still held by the FHA.

No additional purchasers' or manufacturers' notes insured under Section 609 were assigned to the FHA Commissioner during the calendar year 1958. The 2 manufacturers' notes and 65 discounted purchasers' notes previously assigned had been settled with a resultant loss to the fund of $788,147.

STATEMENT 33.—*Statement of profit and loss on sale of acquired properties, War Housing Insurance Fund, through Dec. 31, 1958*

	Sec. 603, 11,171 properties (15,199 units)	Sec. 608, 284 projects (16,590 units)	Total WHI Fund 11,455 properties (31,789 units)
Proceeds of sales:			
Sales price [1]	$62,568,720	$75,519,725	$138,088,445
Less commissions and other selling expenses	2,490,528	113,632	2,604,160
Net proceeds of sales	60,078,192	75,406,093	135,484,285
Income:			
Rental and other income (net)	6,380,804	28,212,968	34,593,772
Mortgage note income	9,710,079	7,030,248	16,740,327
Recovery prior to acquisition on defaulted notes	1,334,619	106,445	1,441,064
Total income	17,425,502	35,349,661	52,775,163
Total proceeds of sold properties	77,503,694	110,755,754	188,259,448
Expenses:			
Debentures and cash adjustments	66,605,829	107,572,725	174,178,554
Asset value acquired after default of purchase money mortgages	−346,509	−171,543	−518,052
Purchase of land held under lease	79,016	258,893	337,909
Interest on debentures	10,158,896	16,570,702	26,729,598
Taxes and insurance	2,305,600	6,018,693	8,324,293
Additions and improvements	614,298	1,220,154	1,834,452
Maintenance and operating expense	6,228,440	13,415,515	19,643,955
Service charge	51,748	36,119	87,867
Miscellaneous expense	6,650	413,116	419,766
Total expenses	85,703,968	145,334,374	231,038,342
Net profit (or loss −) before distribution of liquidation profits	−8,200,274	−34,578,620	−42,778,894
Less distribution of liquidation profits:			
Certificates of claim	1,060,720	217,885	1,278,605
Increment on certificates of claim	144,050	47,158	191,208
Refunds to mortgagors	1,887,460	----------	1,887,460
Loss (−) to War Housing Insurance Fund	−11,292,504	−34,843,663	−46,136,167

[1] Analysis of terms of sales.

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	2,044	----------	$19,616,553	----------	$19,616,553
Properties sold for cash and notes (or contracts for deed)	8,511	6,714	10,617,972	$107,853,920	118,471,892
Total	11,455	6,714	30,234,525	107,853,920	138,088,445

STATEMENT 34.—*Statement of properties on hand, War Housing Insurance Fund, as of Dec. 31, 1958*

	Sec. 603, 400 properties (700 units)	Sec. 608, 101 properties (7,945 units)	Total, 501 properties (8,645 units)
Expenses:			
Acquisition costs	$3,815,057	$45,966,500	$49,781,557
Interest on debentures	446,485	4,866,912	5,313,397
Taxes and insurance	315,163	1,484,268	1,799,431
Additions and improvements	80,415	139,434	219,849
Maintenance and operating	787,877	2,767,967	3,555,844
Miscellaneous	1,964	56,215	58,179
Total expenses	5,446,961	55,281,296	60,728,257
Income: Rental and other income (net)	821,225	5,106,226	5,927,451
Net acquired security on hand	4,625,736	50,175,070	54,800,806

STATEMENT 35.—*Statement of assigned notes liquidated or in process of liquidation, War Housing Insurance Fund, through Dec. 31, 1958*

	Sec. 608: Liquidated in full, 3 mortgage notes (66 units)	Sec. 608: In process of liquidation, 184 mortgage notes (14,835 units)	Sec. 609, liquidated in full, 67 notes [1] (370 units)	Total WHI Fund, 254 notes (15,271 units)
Balance of note at acquisition	$325,338	$104,738,969	$1,118,810	$106,183,117
Less unrecoverable balances written off	60,496	----------	793,967	854,463
Net recovered or to be recovered	264,842	104,738,969	324,843	105,328,654
Income:				
Interest on notes	----------	13,031,496	28,260	13,059,756
Recovery of reserve for foreclosure costs	1,867	----------	----------	1,867
Miscellaneous	1,432	2,554	----------	3,986
Total income	3,299	13,034,050	28,260	13,065,609

See footnote at end of table.

STATEMENT 35.—*Statement of assigned notes liquidated or in process of liquidation, War Housing Insurance Fund, through Dec. 31, 1958*—Continued.

	Sec. 608: Liquidated in full, 3 mortgage notes (66 units)	Sec. 608: In process of liquidation, 184 mortgage notes (14,835 units)	Sec. 609, liquidated in full, 67 notes [1] (370 units)	Total WHI Fund, 254 notes (15,271 units)
Expenses:				
Acquisition costs	$325,338	$104,738,969	$1,118,810	$106,183,117
Interest on debentures	5,867	9,361,886	22,396	9,390,149
Service charge	27	50,168	----------	50,195
Miscellaneous	6,218	40,993	44	47,255
Total expenses	337,450	114,201,016	1,141,250	115,679,716
Net cost	334,151	101,166,966	1,112,990	102,614,107
Net profit (or loss −) before distribution of liquidation profits	−69,309	3,572,003	−788,147	2,714,547
Less distribution of liquidation profits:				
Certificates of claim	----------	1,520,688	----------	1,520,688
Increment on certificates of claim	----------	190,928	----------	190,928
Profit (or loss −) to War Housing Insurance Fund	−69,309	1,860,387	−788,147	1,002,931
Analysis of note balances:				
Balance of note at acquisition	325,338	104,738,969	1,118,810	106,183,117
Less:				
Unrecoverable balances written off	60,496	----------	793,967	854,463
Principal recoveries—cash	264,842	4,875,621	324,843	5,465,306
Present outstanding balance	----------	99,863,348	----------	99,863,348

[1] Represents 65 discounted purchasers' notes and 2 manufacturers' notes.

The turnover of Section 603 and Section 608 properties acquired and sold, by calendar year, is given below:

STATEMENT 36.—*Turnover of properties acquired under Section 603 of Title VI contracts of insurance by years, and cumulative through Dec. 31, 1958*

Properties acquired: Year	Number	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	Properties on hand Dec. 31, 1958
1943	498	29	220	110	139													
1944	2,542		36	685	1,178	386	140	87	17	7	6							
1945	2,062			187	1,050	317	350	139	6	8	5							
1946	998				431	302	210	43	11	1								
1947	16					5	9	1		1								
1948	116						23	21	65	1	4	2						
1949	507							93	243	75	28	9	18	8	12	5	7	9
1950	1,635								421	460	246	103	80	144	111	16	16	38
1951	735									411	193	53	27	36	15			
1952	609										209	122	65	73	38	10	2	90
1953	412											56	58	125	34	43	6	90
1954	427												42	43	338	4		
1955	717													407	31	181	11	87
1956	101														50	45	3	3
1957	180															33	66	81
1958	76																14	62
Total	11,631	29	256	982	2,798	1,010	732	384	763	964	691	345	290	836	629	337	125	460

NOTES: On the 11,171 properties sold the average time between acquisition and sale by the Federal Housing Administration was 23.70 months. The number of properties sold has been reduced by 509 properties repossessed because of default on mortgage notes of which 472 had been resold by Dec. 31, 1958.

STATEMENT 37.—*Turn-over of properties acquired and mortgage notes assigned under sec. 608 of title VI contracts of insurance by years and cumulative through Dec. 31, 1958*

Properties and notes acquired		Properties and notes sold, by calendar years									Properties and notes on hand Dec. 31, 1958
Year	Number	1943–50	1951	1952	1953	1954	1955	1956	1957	1958	
1943–48	3	2	----	----	----	1	----	----	----	----	----------
1949	16	--------	----	----	11	1	1	----	2	----	1
1950	66	--------	7	2	4	6	9	1	10	----	27
1951	82	--------	1	----	2	21	9	3	24	3	19
1952	37	--------	----	----	----	10	7	5	4	3	8
1953	63	--------	----	----	----	4	6	8	15	4	26
1954	70	--------	----	----	----	1	4	19	9	3	34
1955	76	--------	----	----	----	----	2	19	12	9	34
1956	53	--------	----	----	----	----	----	2	7	11	33
1957	49	--------	----	----	----	----	----	----	1	1	47
1958	57	--------	----	----	----	----	----	----	----	1	56
Total	572	2	8	2	17	44	38	57	84	35	285

NOTE: The number of properties and notes sold has been reduced by 6 properties repossessed because of default on mortgage notes of which 5 had been resold by Dec. 31, 1958.

Certificates of Claim and Refunds to Mortgagors

Section 604(f) of the act provides that if the net amount realized from any property conveyed to the Commissioner under section 603, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee and any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim in the total amount of $2,390,443 had been issued through 1958, in connection with the section 603 properties which had been acquired and subsequently sold. The proceeds of sale were sufficient to provide for the payment in full or in part on these certificates in the amount of $1,060,720, or approximately 44 percent. Certificates of claim canceled or to be canceled amounted to $1,329,723, or approximately 56 percent. In addition, the proceeds of sale were sufficient to pay refunds of $1,874,285 to 4,843 mortgagors, and $13,175 of refunds were held in trust for 33 payees whose whereabouts are unknown. The average refund per case amounted to $387.

With respect to the excess proceeds, if any, from the sale of an acquired project insured under section 608, the act provides that any amount remaining after the payment of the certificate of claim shall be credited to the War Housing Insurance Fund.

Certificates of claim totaling $2,423,829 had been issued in connection with the section 608 acquisitions which had been disposed of by December 31, 1958. The proceeds of sale were sufficient to provide $217,885 for payment in full or in part on these certificates. Certificates of claim canceled or to be canceled amounted to $2,205,944.

TITLE VII: HOUSING INVESTMENT INSURANCE FUND

The Housing Investment Insurance Fund was created by Section 710 of the National Housing Act as amended August 10, 1948 (Housing Act of 1948, Public Law 901, 80th Congress), which provides that this fund shall be used by the FHA Commissioner as a revolving fund for carrying out the rental housing yield insurance program authorized by Title VII and for administration expenses in connection therewith. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Section 710 further provides that the Secretary of the Treasury shall make available to the Commissioner such funds as the Commissioner may deem necessary, but not to exceed $10 million, which amount is authorized to be appropriated out of any money in the Treasury not otherwise appropriated.

One million dollars had been allocated to the fund by the Secretary of the Treasury pursuant to the request of the Federal Housing Commissioner and the remaining $9 million had been rescinded and covered into the Treasury in accordance with the Second Supplemental Appropriation Act, 1956 (PL 533, 84th Cong., approved May 19, 1956). Up to December 31, 1958, no applications for insurance under Title VII had been submitted.

Capital and Net Income

Assets of the Housing Investment Insurance Fund at June 30, 1958 totaled $889,995. Transfers from the War Housing Insurance Fund under Section 219 amounted to $910,000, and the cumulative operating deficit is $20,005. The $1 million which was transferred from the United States Treasury to establish the fund in accordance with Section 710 of the Act was established as a liability of the fund as of June 30, 1953, under the provisions of Public Law 94, 83d Congress. This amount, including interest thereon in the amount of $107,914, was repaid on July 31, 1953.

STATEMENT 38.—*Comparative statement of financial condition, Housing Investment Insurance Fund, as of June 30, 1957 and June 30, 1958*

	June 30, 1957	June 30, 1958	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury	$12,345	$17,221	$4,876
Investments: U.S. Government securities (amortized)	851,043	871,197	20,154
Accounts and notes receivable: Accounts receivable—Inter-fund	120	119	—1
Accrued assets: Interest on U.S. Government securities	1,458	1,458	------------
Total assets	864,966	889,995	25,029
RESERVE			
Insurance reserve—available for future losses and expenses	864,966	889,995	25,029

The total income for fiscal year 1958 was $21,762, consisting entirely of income on U.S. Government securities, while expenses amounted to $5, resulting in a net income for the year of $21,757. The cumulative income of the Housing Investment Insurance Fund from August 10, 1948 to June 30, 1958, amounted to $151,670, while cumulative expenses amounted to $171,675, resulting in a net deficit of $20,005.

STATEMENT 39.—*Income and expenses, Housing Investment Insurance Fund through June 30, 1957 and June 30, 1958*

	Aug. 10, 1948 to June 30, 1957	July 1, 1957 to June 30, 1958	Aug. 10, 1948 to June 30, 1958
Income:			
Interest and dividends: Interest on U.S. Government securities	$129,908	$21,490	$151,398
Other income: Profit on sale of investments	------------	272	272
Total income	129,908	21,762	151,670
Expenses:			
Interest expenses: Interest on funds advanced by U.S. Treasury	107,914	------------	107,914
Administrative expenses: Operating Costs (including adjustments for prior years)	66,740	5	63,486
Other expenses: Depreciation on furniture and equipment	292	------------	278
Losses and charge-offs: Loss (or profit —) on equipment	—4	------------	—3
Total expenses	174,042	5	171,675
Net income (or loss —)	—45,034	21,757	—20,005
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income: Insurance reserve:			
Balance at beginning of period	------------	$864,966	------------
Adjustments during the period	------------	3,272	------------
Net income (or loss —) for the period	—$45,034	21,757	—$20,005
	—45,034	889,995	—20,005
Capital contributions from other FHA insurance funds	910,000	------------	910,000
Balance at end of period	864,966	889,995	889,995

Investments

Section 710 of the Act provides that moneys in the Housing Investment Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments. During the fiscal year 1958, net purchases of U.S. Government securities made for the account of this fund amounted to $20,000, principal amount. At June 30, 1958, the fund held $870,000, principal amount, of U.S. Government securities as follows:

Investments of the Housing Investment Insurance Fund, June 30, 1958

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1962	2	$70,000	$70,000	$70,000
1965–70	2½	97,375	100,000	98,202
1967–72	2½	704,922	700,000	702,995
Average annual yield 2.44%	----------	872,297	870,000	871,197

TITLE VIII: ARMED SERVICES HOUSING MORTGAGE INSURANCE FUND

An amendment to the National Housing Act approved August 8, 1949 (Public Law 211, 81st Congress) created the Military Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Title VIII of the act; Section 803 provides for the insurance of military housing "project" mortgages and Section 809, added by Public Law 574, 84th Congress, provides for the insurance of "home" mortgages. Public Law 345, 84th Congress, approved August 11, 1955, changed the title of the fund from Military Housing Insurance Fund to Armed Services Housing Mortgage Insurance Fund. For the purposes of this fund, the Act authorized to be appropriated the sum of $10 million, of which $5 million was made available by the Supplemental Appropriation Act, 1950 (Public Law 358, 81st Congress).

This is not a mutual fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Investments

Section 804(a) of the act provides that moneys not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States, or, with the approval of the Secretary of the Treasury, used to purchase debentures issued under this title. In the fiscal year 1958, $980,100 of debentures were redeemed in payment of mortgage insurance premiums and $6,939,500 by call.

During the fiscal year 1958, net redemptions of $3,526,000 decreased the United States Government securities held by the fund as of June 30, 1958 to $11,974,000, principal amount. These transactions resulted in a decrease in the average annual yield from 2.46 percent to 2.42 percent.

Investments of the Armed Services Housing Mortgage Insurance Fund, June 30, 1958

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1962	2	$1,424,000	$1,424,000	$1,424,000
1964–69	2½	1,511,820	1,550,000	1,524,151
1965–70	2½	288,391	300,000	291,642
1966–71	2½	1,063,141	1,100,000	1,073,103
1967–72	2½	7,701,281	7,600,000	7,656,781
Average annual yield 2.42%		11,988,633	11,974,000	11,969,677

Mortgage Insurance Authorization

Section 803(a) of the Act as amended by Public Law 345, 84th Congress, created a separate mortgage insurance authorization with regard to all new insurance written under Title VIII pursuant to commitments issued on or after August 11, 1955, including both the new Armed Services Housing program and the extended Military Housing program. This new insurance authorization provides that the aggregate amount of principal obligations of all mortgages insured under this program shall not exceed $2,300 million and that the limitation in Section 217 shall not apply to this program. The status of the Title VIII Insurance Authorization at December 31, 1958 is as follows:

Status of Armed Services Housing Mortgage Insurance Authorization, as of Dec. 31, 1958

	Section 803	Section 809	
Insurance authorization			[1] $2,300,000,000
Charges against insurance authorization:			
Mortgages insured	$1,082,407,326	$25,793,450	
Commitments for insurance	[2] 130,461,672	14,908,351	
Total charges against authorization	1,212,868,998	40,701,801	1,253,570,799
Unused insurance authorization			1,046,429,201

[1] Increased from $1,363,500,000 in accordance with Section 503 of Public Law 1020, 84th Congress, approved Aug. 7, 1956.
[2] Includes Section 803 statements of eligibility in the amount of $116,932,159.

Capital and Net Income

As of June 30, 1958, the assets of the Armed Services Housing Mortgage Insurance Fund totaled $27,428,793, against which there were outstanding liabilities of $17,268,258, leaving $10,160,535 insurance reserve. The insurance reserve consists entirely of earnings.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed by the U.S. Government to establish this fund in the amount of $5 million was established as a liability of the fund as of June 30, 1953. This amount was repaid during fiscal year 1954 together with interest in amount of $441,092, the final payment being made on November 30, 1953.

Statement 40.—*Comparative statement of financial condition, Armed Services Housing Mortgage Insurance Fund as of June 30, 1957 and June 30, 1958*

	June 30, 1957	June 30, 1958	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$841,421	$981,585	$140,164
Investments:			
U.S. Government securities (amortized)	15,490,237	11,969,677	−3,520,560
Other securities (stock in rental housing corporations)	23,600	15,500	−8,100
Total investments	15,513,837	11,985,177	−3,528,660
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	57,352	162,106	104,754
Accounts receivable—Interfund	2,565	11,658	9,093
Total accounts and notes receivable	59,917	173,764	113,847
Accrued assets:			
Insurance premiums		24,861	24,861
Interest on U.S. Government securities	19,740	19,740	
Other	64,583	95,359	30,776
Total accrued assets	84,323	139,960	55,637
Acquired security:			
Real estate (at cost plus expenses to date)	7,750,146	13,423,997	5,673,851
Less allowance for losses	2,980,980	8,151,564	5,170,584
Net real estate	4,769,166	5,272,433	503,267
Mortgage notes acquired under terms of insurance	12,538,251	13,411,505	873,254
Less allowance for losses	4,920,206	4,535,631	−384,575
Net mortgage notes acquired under terms of insurance	7,618,045	8,875,874	1,257,829
Net acquired security	12,387,211	14,148,307	1,761,096
Other assets—held for account of mortgagors	15,465		−15,465
Total assets	28,902,174	27,428,793	−1,473,381
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	143	4,953	4,810
Accrued liabilities: Interest on debentures	224,084	186,325	−37,759

Statement 40.—*Comparative statement of financial condition, Armed Services Housing Mortgage Insurance Fund, as of June 30, 1957 and June 30, 1958*—Continued

	June 30, 1957	June 30, 1958	Increase or decrease (−)
Trust and deposit liabilities:			
Fee deposits held for future disposition	$25,675	$31,739	$6,064
Excess proceeds of sale		67,014	67,014
Deposits held for mortgagors, lessees and purchasers	59,755	115,499	55,744
Total trust and deposit liabilities	85,430	214,252	128,822
Deferred and undistributed credits:			
Unearned insurance premiums	1,762,413	1,930,487	168,074
Unearned insurance fees	81,772	65,968	−15,804
Other	64,583	95,359	30,776
Total deferred and undistributed credits	1,908,768	2,091,814	183,046
Bonds, debentures and notes payable: Debentures payable	15,339,150	14,635,250	−703,900
Other liabilities: Reserve for foreclosure costs—mortgage notes acquired under terms of insurance	123,802	135,664	11,862
Total liabilities	17,681,377	17,268,258	−413,119
RESERVE			
Insurance reserve—available for future losses and expenses	11,220,797	10,160,535	−1,060,262
Total liabilities and reserve	28,902,174	27,428,793	−1,473,381
Certificates of claim relating to properties on hand	341,706	287,619	−54,087

Total income of the Armed Services Housing Mortgage Insurance Fund during the fiscal year 1958 amounted to $5,518,042, while expenses and losses amounted to $1,796,831, leaving a net income of $3,721,211 before adjustment of valuation allowances. After valuation allowances of $4,786,009 were provided, a net loss of $1,064,798 resulted for the year. The cumulative income of the fund from August 8, 1949 to June 30, 1958, amounted to $31,314,487, while cumulative expenses totaled $8,466,757, resulting in a cumulative net income of $22,847,730 before adjustment of valuation allowances. Valuation allowances of $12,687,195 were established, leaving cumulative net income of $10,160,535.

Statement 41.—*Income and expenses, Armed Services Housing Mortgage Insurance Fund, through June 30, 1957 and June 30, 1958*

	Aug. 8, 1949 to June 30, 1957	July 1, 1957 to June 30, 1958	Aug. 8, 1949 to June 30, 1958
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$1,824,921	$370,796	$2,195,717
Dividends on rental housing stock	930	404	1,334
Interest—other	150,613	175,088	325,701
	1,976,464	546,288	2,522,752
Insurance premiums and fees:			
Premiums	16,581,888	3,260,497	19,842,385
Fees	7,238,093	1,707,481	8,945,574
	23,819,981	4,967,978	28,787,959
Other income: Profit on sale of investments		3,776	3,776
Total income	25,796,445	5,518,042	31,314,487
Expenses:			
Interest expenses: Interest on funds advanced by U.S. Treasury	441,092		441,092
Administrative expenses: Operating costs (including adjustments for prior years)	6,205,216	1,083,207	7,283,904
Other expenses: Depreciation on furniture and equipment	28,912	4,771	33,664
Losses and charge-offs:			
Loss on acquired security		709,354	709,354
Loss (or profit—) on equipment	−758	−501	−1,257
	−758	708,853	708,097
Total expenses	6,674,462	1,796,831	8,466,757
Net income before adjustment of valuation allowances	19,121,983	3,721,211	22,847,730
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on real estate	−2,980,980	−5,170,584	−8,151,564
Allowance for loss on mortgage notes acquired under terms of insurance	−4,920,206	+384,575	−4,535,631
Net adjustment of valuation allowances	−7,901,186	−4,786,009	−12,687,195
Net income (or loss −)	11,220,797	−1,064,798	10,160,535
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		$11,220,797	
Adjustments during the period		4,536	
Net income (or loss −) for the period	$11,220,797	−1,064,798	$10,160,535
Balance at end of period	11,220,797	10,160,535	10,160,535

Properties Acquired Under Terms of Insurance

During the calendar year 1958, 4 additional properties or assigned notes (986 units) were acquired by the Commissioner under the terms of insurance and 1 section 803 property (185 units) was sold.

Certificates of claim issued in connection with the two Section 803 projects sold as of December 31, 1958, amounted to $79,153, all of which is to be canceled.

STATEMENT 42.—*Statement of profit and loss on sale of acquired properties, Armed Services Housing Mortgage Insurance Fund, through Dec. 31, 1958*

	Sec. 803, 2 properties (310 units)
Proceeds of sales:	
Sales price [1]	$663, 213
Less commissions and other selling expenses	1, 571
Net proceeds of sales	661, 642
Income:	
Rental and other income (net)	272, 777
Mortgage note income	6, 514
Total income	279, 291
Total proceeds of sold properties	940, 933
Expenses:	
Debentures and cash adjustments	2, 478, 800
Interest on debentures	205, 615
Taxes and insurance	34, 617
Additions and improvements	4, 484
Maintenance and operating	171, 072
Service charge	180
Miscellaneous	3. 518
Total expenses	2, 898, 286
Loss (—) to Armed Services Housing Mortgage Insurance Fund	—1, 957, 353

[1] Analysis of terms of sales.

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Total
Property sold for all cash	1		$342, 111		$342, 111
Property sold for cash and note	1	1	31, 102	$290, 000	321, 102
Total	2	1	373, 213	290, 000	663, 213

The turnover of Section 803 properties acquired and sold, by calendar year, is shown in Statement 43.

STATEMENT 43.—*Turnover of properties acquired and mortgage notes assigned under Sec. 803 of title VIII contracts of insurance by years and cumulative through Dec. 31, 1958*

Properties and notes acquired		Properties sold by calendar years		Properties and notes on hand Dec.31, 1958
Year	Number	1957	1958	
1954	1			1
1955	4			4
1956	2			2
1957	11	1	1	9
1958	4			4
Total	22	1	1	20

On December 31, 1958, there remained on hand, under Section 803, 11 project properties (1,521 units) and 9 assigned mortgage notes (1,766 units) under the Armed Services Housing Mortgage Insurance Fund.

STATEMENT 44.—*Armed Services Housing Mortgage Insurance Fund, statement of properties on hand at Dec. 31, 1958*

	11 properties (1,521 units)
Expenses:	
Acquisition costs	$11, 952, 737
Interest on debentures	1, 000, 454
Taxes and insurance	232, 050
Additions and improvements	5, 144
Maintenance and operating	267, 045
Miscellaneous	16, 650
Total expenses	13, 483, 080
Income: Rental and other income (net)	574, 369
Net acquired security on hand	12, 909, 311

STATEMENT 45.—*Statement of assigned notes liquidated or in process of liquidation, Armed Services Housing Mortgage Insurance Fund, through December 31, 1958*

	Sec. 803, in process of liquidation, 9 mortgage notes (1,766 units)
Balance of note at acquisition	$12, 923, 511
Income: Interest on notes	575, 328
Expenses:	
Acquisition costs	12, 923, 511
Interest on debentures	599, 080
Service charge	7, 962
Miscellaneous	4, 433
Total expenses	13, 535, 880
Net cost	12, 960, 558
Net loss (—) before distribution of liquidation profits	—37, 047
Less distribution of liquidation profits:	
Certificates of claim	68, 092
Increment on certificates of claim	5, 288
Loss (—) to Armed Services Housing Mortgage Insurance Fund	—110, 427
Analysis of note balances: Balance of note at acquisition	12, 923, 511
Less: Principal recoveries—cash	184, 004
Present outstanding balance	12, 739, 507

TITLE IX: NATIONAL DEFENSE HOUSING INSURANCE FUND

The National Defense Housing Insurance Fund was created by Section 902 of the National Housing Act, as amended September 1, 1951 (Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Congress), which provides that this fund shall be used by the Commissioner as a revolving fund for carrying out the provisions of Title IX of the Act. This title of the Act provides for the insurance of mortgages in areas which the President shall have determined to be critical defense housing areas. To accomplish this purpose, the Act authorized the Commissioner to transfer from the War Housing Insurance Fund the sum of $10 million, all of which had been transferred by December 31, 1953. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Capital and Net Income

As of June 30, 1958, the assets of the National Defense Housing Insurance Fund totaled $56,929,736, against which there were outstanding liabilities of $68,980,284, leaving a deficit of $12,050, 548. This represented an operating deficit of $22,050, 548 less $10 million transferred from other insurance funds in accordance with Section 219 of the act.

STATEMENT 46.—*Comparative statement of financial condition, National Defense Housing Insurance Fund as of June 30, 1957 and June 30, 1958*

	June 30, 1957	June 30, 1958	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury	$1, 236, 133	$1, 589, 001	$352, 868
Investments:			
U.S. Government securities (amortized)	5, 253, 174	5, 187, 438	—65, 736
Other securities (stock in rental housing corporations)	9, 100	9, 200	100
Total investments	5, 262 274	5, 196, 638	—65, 636
Loans receivable:			
Mortgage notes and contracts for deed	12, 089, 903	18, 773, 382	6, 683, 479
Less allowance for losses	211, 573	334, 286	122, 713
Net loans receivable	11, 878, 330	18, 439, 096	6, 560, 766
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	48, 890	45, 792	—3, 098
Accounts receivable—Other	1, 211	447	—764
Accounts receivable—Interfund	—5, 595	29	5, 624
Total accounts and notes receivable	44, 506	46, 268	1, 762
Accrued assets:			
Interest on U.S. Government securities	6, 406	3, 635	—2, 771
Other	100, 237	106, 436	6, 199
Total accrued assets	106, 643	110, 071	3, 428
Acquired security:			
Real estate (at cost plus expenses to date)	44, 314, 683	47, 511, 818	3, 197, 135
Less allowance for losses	20, 051, 189	23, 104, 250	3, 053, 061
Net real estate	24, 263, 494	24, 407, 568	144, 074
Mortgage notes acquired under terms of insurance	11, 157, 935	10, 841, 458	—316, 477
Less allowance for losses	4, 411, 935	3, 705, 082	—706, 853
Net mortgage notes acquired under terms of insurance	6, 746, 000	7, 136, 376	390, 376
Net acquired security	31, 009, 494	31, 543, 944	534, 450
Other assets-held for account of mortgagors		$4, 718	$4, 718
Total assets	$49, 537, 380	56, 929, 736	7, 392, 356
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	41, 764	65, 009	23, 245
Accrued liabilities: Interest on debentures	868, 104	1, 354, 299	486, 195
Trust and deposit liabilities:			
Free deposits held for future disposition	1, 100		—1, 100
Excess proceeds of sale	27, 158	145, 859	118, 701
Deposits held for mortgagors, lessees and purchasers	306, 801	379, 081	72, 280
Total trust and deposit liabilities	335, 059	524, 940	189, 881
Deferred and undistributed credits:			
Unearned insurance premiums	1, 208, 656	1, 142, 458	—66, 198
Other	100, 237	106, 437	6, 200
Total deferred and undistributed credits	1, 308, 893	1, 248, 895	—59, 998
Bonds, debentures and notes payable: Debentures payable	56, 856, 950	65, 677, 150	8, 820, 200
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	110, 838	109, 991	—847
Total liabilities	59, 521, 608	68, 980, 284	9, 458, 676
RESERVE			
Insurance reserve (deficit —)	—9, 984, 228	—12, 050, 548	—2, 066, 320
Total liabilities and reserve	49, 537, 380	56, 929, 736	7, 392, 356
Certificates of claim relating to properties on hand	1, 224, 749	1, 568, 801	344, 052

Income and Expenses

During fiscal year 1958 the income to the fund amounted to $2,729,357, while expenses and losses amounted to $2,302,143, leaving a net income of $427,214 before provision for valuation allowances. An increase of $2,468, 921 in the valuation allowances resulted in a net loss of $2,041,707 for the year.

The cumulative income of the National Defense Housing Insurance Fund from September 1, 1951 to June 30, 1958, amounted to $17,143,724 while cumulative expenses amounted to $12,050,654, leaving cumulative net income of $5,093,070 before adjustment of valuation allowances. Valuation allowances of $27,143,618 were established, leaving a cumulative net deficit of $22,050,548.

STATEMENT 47.—*Income and expenses, National Defense Housing Insurance Fund, through June 30, 1957 and June 30, 1958*

	Sept. 1, 1951 to June 30, 1957	July 1, 1957 to June 30, 1958	Sept. 1, 1951 to June 30, 1958
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$768, 711	$120, 532	$889, 243
Interest—Other	552, 310	314, 699	867, 009
Dividends on rental housing stock	155	40	195
	1, 321, 176	435, 271	1, 756, 447
Insurance premiums and fees:			
Premiums	10, 231, 751	2, 256, 503	12, 488, 254
Fees	2, 722, 747	174	2, 722, 921
	12, 954, 498	2, 256, 677	15, 211, 175
Other income:			
Profit on sale of investments	54, 622	9, 237	63, 859
Miscellaneous income	84, 071	28, 172	112, 243
	138, 693	37, 409	176, 102
Total income	14, 414, 367	2, 729, 357	17, 143, 724
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	5, 627, 118	670, 352	6, 321, 989
Other expenses:			
Depreciation on furniture and equipment	26, 014	2, 955	29, 075
Miscellaneous expenses	29, 207		29, 207
	55, 221	2, 955	58, 282
Losses and charge-offs:			
Loss on acquired security	4, 041, 566	1, 629, 146	5, 670, 712
Loss (or profit —) on equipment	−7	−310	−329
	4, 041, 559	1, 628, 836	5, 670, 383
Total expenses	9, 723, 898	2, 302, 143	12, 050, 654
Net income before adjustment of valuation allowances	4, 690, 469	427, 214	5, 093, 070
Increase (—) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−211, 573	−122, 713	−334, 286
Allowance for loss on real estate	−20, 051, 189	−3, 053, 061	−23, 104, 250
Allowance for loss on mortgage notes acquired under terms of insurance	−4, 411, 935	+706, 853	−3, 705, 082
Net adjustment of valuation allowances	−24, 674, 697	−2, 468, 921	−27, 143, 618
Net income (or loss —)	−19, 984, 228	−2, 041, 707	−22, 050, 548

ANALYSIS OF INSURANCE RESERVE

Distribution of net income: Insurance reserve:			
Balance at beginning of period		−$9, 984, 228	
Adjustments during the period		−24, 613	
Net income (or loss —) for period	−$19, 984, 228	−2, 041, 707	−$22, 050, 548
	−19, 984, 228	−12, 050, 548	−22, 050, 548
Capital contributions from other FHA insurance funds	10, 000, 000		10, 000, 000
Balance at end of period	−9, 984, 228	−12, 050, 548	−12, 050, 548

Investments

Section 905(a) of Title IX contains a provision similar to that under Title II with respect to investment of moneys not needed for current operations by the purchase of United States Government securities or the retirement of debentures.

During fiscal year 1958, $3,032,750 of debentures were redeemed in payment of mortgage insurance premiums.

During the fiscal year 1958, net redemptions of $70,000, principal amount, of U.S. Government securities were made. These transactions left the U.S. Government securities held by the fund as of June 30, 1958 at $5,200,000 yielding 2.07 percent.

Investments of the National Defense Housing Insurance Fund, June 30, 1958

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1956–59	2¼	$288, 375	$300, 000	$297, 579
1960	2	1, 250, 000	1, 250, 000	1, 250, 000
1961	2	250, 000	250, 000	250, 000
1962	2	3, 000, 000	3, 000, 000	3, 000, 000
1966–71	2½	193, 563	200, 000	195, 206
1967–72	2½	193, 062	200, 000	194, 653
Average annual yield 2.07%		5, 175, 000	5, 200, 000	5, 187, 438

Properties Acquired Under Terms of Insurance

During 1958, 4 additional properties or assigned notes (158 units) insured under Section 908 were acquired by the FHA Commissioner and none was sold. Titles to 640 home properties (817 units) insured under Section 903 were acquired under the terms of insurance during 1958. Through December 31, 1958, a cumulative total of 18 mortgage notes (1,393 units) and 12 properties (824 units) insured under Section 908, and 7,941 home properties (9,237 units) insured under Section 903 had been acquired under the terms of insurance; 3,481 home properties (4,276 units) insured under Section 903 and 1 Section 908 property (54 units) had been sold at December 31, 1958. Certificates of claim issued in connection with the 3,481 Section 903 properties sold through December 31, 1958 totaled $1,160,184 of which $170,441 is paid or to be paid and $989,743 canceled. The certificate of claim issued in connection with the Section 908 property sold in the amount of $7,983 is to be canceled. At December 31, 1958, there remained on hand 4,460 properties (4,961 units) insured under Section 903, and 18 mortgage notes (1,393 units) and 11 properties (770 units) insured under Section 908.

STATEMENT 48.—*National Defense Housing Insurance Fund, statement of properties on hand as of Dec. 31, 1958*

	Sec. 903, 4,460 properties (4,961 units)	Sec. 908, 11 properties (770 units)	Total, 4,471 properties (5,731 units)
Expenses:			
Acquisition costs	$38, 091, 116	$5, 397, 400	$43, 488, 516
Interest on debentures	2, 470, 626	565, 064	3, 036, 600
Taxes and insurance	1, 628, 307	111, 717	1, 740, 024
Additions and improvements	51, 303	5, 839	57, 142
Maintenance and operating expenses	1, 635, 721	289, 566	1, 925, 287
Miscellaneous expense	6, 212	13, 062	19, 274
Total expenses	43, 883, 285	6, 382, 048	50, 265, 933
Income: Rental and other income (net)	3, 550, 460	511, 870	4, 062, 330
Net acquired security on hand	40, 332, 825	5, 870, 769	46, 203, 594

STATEMENT 49.—*Statement of profit and loss on sale of acquired properties, National Defense Housing Insurance Fund, through Dec. 31, 1958*

Items	Sec. 903, 3,481 properties (4,276 units)	Sec. 908, 1 property (54 units)	Total NDHI Fund, 3,482 properties (4,330 units)
Proceeds of sales:			
Sales price [1]	$26, 367, 698	$236, 500	$26, 604, 198
Less commission and other selling expense	988, 622	971	989, 593
Net proceeds of sales	25, 379, 076	235, 529	25, 614, 605
Income:			
Rental and other income (net)	2, 020, 490	20, 183	2, 040, 673
Mortgage note income	1, 477, 677	12, 689	1, 490, 366
Recovery prior to acquisition on defaulted notes	29, 700		29, 700
Total income	3, 527, 867	32, 872	3, 560, 739
Total proceeds of sold properties	28, 906, 943	268, 401	29, 175, 344
Expenses:			
Debentures and cash adjustment	30, 893, 798	382, 552	31, 276, 350
Asset value acquired after default of purchase money mortgages	−435, 140		−435, 140
Purchase of land held under lease	53, 917		53, 917
Interest on debentures	2, 427, 312	52, 601	2, 479, 913
Taxes and insurance	808, 244	6, 547	814, 791
Additions and improvements	23, 163	348	23, 511
Maintenance and operating expense	1, 591, 443	4, 817	1, 596, 260
Service charge	38, 382	109	38, 491
Miscellaneous	785	816	1, 601
Total expenses	35, 401, 904	447, 790	35, 849, 694
Net profit (or loss —) before distribution of liquidation profits	−6, 494, 961	−179, 389	−6, 674, 350
Less distribution of liquidation profits:			
Certificates of claim	170, 441		170, 441
Increment on certificates of claim	6, 708		6, 708
Loss (—) to National Defense Housing Insurance Fund	−6, 672, 110	−179, 389	−6, 851, 499

[1] Analysis of terms of sales.

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	555		$1, 666, 477		$1, 666, 477
Properties sold for cash and notes (or contracts for deed)	2, 927	2, 679	1, 220, 406	$23, 717, 315	24, 937, 721
Total	3, 482	2, 679	2, 886, 883	23, 717, 315	26, 604, 198

STATEMENT 50.—*Statement of assigned notes liquidated or in process of liquidation, National Defense Housing Insurance Fund, through Dec. 31, 1958*

	Sec. 908, in process of liquidation, 18 mortgage notes (1,393 units)
Balance of note at acquisition	$10, 061, 839
Income: Interest on notes	726, 621
Expenses:	
Acquisition costs	10, 061, 839
Interest on debentures	738, 994
Service charge	6, 006
Miscellaneous	5, 363
Total expenses	10, 812, 202
Net cost	10, 085, 581
Net loss (—) before distribution of liquidation profits	−23, 742
Less distribution of liquidation profits:	
Certificates of claim	61, 747
Increment on certificates of claim	5, 586
Loss (—) to National Defense Housing Insurance Fund	−91, 075
Analysis of note balances:	
Balance of note at acquisition	10, 061, 839
Less: Principal recoveries—cash	189, 182
Present outstanding balance	9, 872, 657

Statements 51 and 52 show the turnover of properties acquired under Sections 903 and 908 by calendar year of acquisition.

STATEMENT 51.—*Turnover of properties acquired under Sec. 903 of title IX contracts of insurance by years, and cumulative through Dec. 31, 1958*

Properties acquired		Properties sold, by calendar years						Properties on hand Dec. 31, 1958
Year	Number	1953	1954	1955	1956	1957	1958	
1953	3			3				
1954	690		2	113	149	166	15	245
1955	2, 535			358	657	249	138	1, 133
1956	2, 800				167	539	628	1, 466
1957	1, 273					69	196	1, 008
1958	640						32	608
Total	7, 941		2	474	973	1, 023	1, 009	4, 460

NOTE: On the 3,481 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 18.57 months.

The number of properties sold has been reduced by 69 properties repossessed because of default on mortgage notes, of which 17 had been resold by Dec. 31, 1958.

STATEMENT 52.—*Turnover of properties acquired and mortgage notes assigned under Sec. 908 of title IX contracts of insurance by years, and cumulative through Dec. 31, 1958*

Year	Properties and notes acquired	Properties sold, calendar years		Properties and notes on hand Dec. 31, 1958
		1957	1958	
1954	2	1		1
1955	10			10
1956	7			7
1957	7			7
1958	4			4
Total	30	1		29

ADMINISTRATIVE EXPENSE ACCOUNT

A separate account, entitled Salaries and Expenses, Federal Housing Administration, is maintained for the purpose of handling all transactions with respect to the payment of salaries and other expenses involved in operating the FHA. Moneys for such expenses and for the purchase of furniture and equipment required in the operations of the FHA are allocated to this fund and all disbursements for these purposes are made from it. Until the income of the insurance funds was sufficient to cover salaries and expenses, allocations were made to this account from the United States Treasury through the RFC in accordance with provisions contained in the National Housing Act and subsequent appropriation acts. Since July 1, 1937, a portion of the allocations, and since July 1, 1940, all allocations to salaries and expenses have been made from the various FHA insurance funds.

STATEMENT 53.—*Comparative statement of financial condition, Administrative Expense Account (salaries and expenses), as of June 30, 1957 and June 30, 1958*

	June 30, 1957	June 30, 1958	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$3,435,612	$6,375,293	$2,939,681
Accounts and notes receivable: Accounts receivable—Other	180,536	144,724	−35,812
Land, structures, and equipment:			
Furniture and equipment	2,701,231	[1] 3,134,104	432,873
Less allowance for depreciation	1,524,650	1,577,488	52,838
Net furniture and equipment	1,176,581	1,556,616	380,035
Total assets	4,792,729	8,076,633	3,283,904
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	2,253,553	[2] 5,085,904	2,832,351
Inter-fund	1,176,581	1,556,616	380,035
Total accounts payable	3,430,134	6,642,520	3,212,386
Trust and deposit liabilities:			
Due general fund of the U.S. Treasury		2,049	2,049
Employees' payroll deductions for taxes, etc	1,360,801	1,428,901	68,100
Total trust and deposit liabilities	1,360,801	1,430,950	70,149
Deferred and undistributed credits: Other	1,794	3,163	1,369
Total liabilities	4,792,729	8,076,633	3,283,904

[1] Excludes unfilled orders in the amount of $63,843.
[2] Excludes unfilled orders in the amount of $617,580.

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FEDERAL HOUSING ADMINISTRATION