Hazel Young

28th ANNUAL REPORT

OF THE

FEDERAL HOUSING ADMINISTRATION

FOR THE

YEAR ENDING DECEMBER 31, 1961

FHA

A CONSTITUENT OF HOUSING AND HOME FINANCE AGENCY

Neal J. Hardy, Commissioner

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Federal Housing Administration

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

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

The various FHA insurance programs in effect in 1961 are summarized below.

TITLE I

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

TITLE II

Section 203(b) of Title II authorizes the insurance of mortgages on new and existing one- to four-family dwellings. Maximum mortgage amounts are $25,000 on a one-family dwelling, $27,500 on a two- or three-family dwelling, and $35,000 on a four-family dwelling.

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

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

Section 203(k), added in 1961, authorizes the insurance of loans in amounts up to $10,000 for a one-family dwelling, $20,000 for a two-family dwelling, $27,500 for a three-family dwelling, and $35,000 for a four-family dwelling, with maturities up to 20 years, to finance major home improvements.

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

Section 213, added to Title II in 1950, authorizes FHA to insure mortgages on cooperative housing projects of five 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 FHA to furnish technical advice and assistance in the organization of the cooperatives and in the planning, development, construction, and operation of the housing projects. Before the enactment of Section 213, mortgages on cooperative housing were eligible for insurance under Section 207. Section 213, as amended by the Housing Act of 1961, also authorizes the insurance of supplementary cooperative loans for improvements or repairs to cooperative projects financed under Section 213 or Section 207, or for community facilities to serve the occupants.

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

Section 220(h), added in 1961, authorizes the insurance of loans to finance the improvement and rehabilitation of homes and multifamily structures in urban renewal areas, in amounts up to $10,000 per family unit (with some additional limitations), and having maturities up to 20 years.

Section 221, as amended in 1961, authorizes the insurance of mortgages on new and rehabilitated one- to four-family homes for families displaced by urban renewal or governmental action, and one-family homes for other low- and moderate-income families. This section also authorizes mortgage insurance for multifamily rental and cooperative housing. Multifamily housing sponsored by a limited-dividend, nonprofit, public, cooperative, or investor sponsor must be located in a community that has a workable program approved by the Housing Administrator for the elimination of slums and blight, and the mortgage may carry a below-market interest rate. FHA can reduce or waive its mortgage insurance premium on mortgages with the below-market interest rate, and the Federal National Mortgage Association can buy the mortgages from its special assistance funds.

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

Section 223, added in 1954, authorizes the insurance under Sections 203, 207, 213, 220, 221, 222, 231, 232, and 233 of mortgages on specified types of permanent housing sold by Federal or State governments, or given to refinance mortgages insured under Section 608 (before August 2, 1954), 220, 221, 903, or 908.

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

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

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

Section 233, added in 1961, authorizes the insurance of mortgages on new one- to four-family homes and new multifamily projects of eight or more units that involve the use and testing of advanced technology or experimental neighborhood design, with the object of reducing costs and improving quality.

Section 234, added in 1961, authorizes FHA to insure a mortgage covering a family unit in a multifamily structure and an undivided interest in the common areas and facilities that serve the structure (condominiums). The structure must be one financed with an FHA-insured mortgage, other than a Section 213 cooperative mortgage.

TITLE VI

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

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

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

TITLE VII

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

TITLE VIII

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

Section 809, added in 1956, authorizes mortgage insurance on homes built for sale to essential civilian employees at research and development installations of the military departments and the National Aeronautics and Space Administration, and the research and development installation of the Atomic Energy Commission in Los Alamos County, N. Mex.

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

TITLE IX

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

PUBLICATIONS

The following are the principal new or revised FHA publications issued in 1961. Unless otherwise indicated, they can be obtained without charge from the Federal Housing Administration, Washington 25, D.C.

Amortization and Insurance Premium Tables for Home Improvement and Rehabilitation Loans to be Used under the National Housing Act. FHA 2008, 1961. 45 cents.*

Amortization and Insurance Premium Tables for Home Mortgages and Loans to be Insured under the National Housing Act. FHA 2025, 1961. 70 cents.*

Annual Report. Twenty-seventh Annual Report of the Federal Housing Administration (for the year ending December 31, 1960). $1.*

Digest of Insurable Loans. FHA 2575, revised October 1961. 10 cents.*

Estimating Ability to Pay for a Home. FHA 201, revised March 1961.

FHA Appraised Values and Maximum Mortgage Amounts for 1-, 2- and 3-Family Residences: Specified Satutory or Administrative Limits for Section 203(b). FHA 426, revised July 1961.

FHA Home Mortgage Insurance (Fact Sheet). FHA 208, 1961. 5 cents.*

FHA Home Owner's Guide. FHA 100, revised February 1961. 15 cents.*

FHA Mortgage Insurance for Moderate Income Housing (Sec. 221(d)(3) of the National Housing Act). August 1961.

FHA Regulations: General Introduction. FHA 1000, November 1961.

FHA Regulations: Home Mortgage Insurance. FHA 3000, October 1961.

FHA Regulations: Project Mortgage Insurance. FHA 4000, October 1961.

FHA Regulations: Property Improvement Loan Insurance (Title I). FHA 2000, November 1961.

FHA's New Home Improvement Plans. FHA 206, 1961. 10 cents.*

FHA's Rental Housing Program: What It Is, How It Works. FHA 415, revised July 1961. 10 cents.*

Housing for You When You're 62: What FHA Does About It. FHA 699, revised July 1961. 15 cents.*

How To Apply for an FHA-Insured Mortgage on Your Home. 1961.

Minimum Property Standards for Low Cost Housing. FHA 18, September 1961. 25 cents.*

Minimum Property Standards for One or Two Living Units. FHA 300, reprinted to include general revision No. 3, dated December 1960. $2.*

National Housing Act as Amended and Provisions of Other Laws Pertaining to the Federal Housing Administration. FHA 107, 1961. $2.25.*

Summary Statement on Cooperative Housing. FHA 3239, revised September 1961.

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

Highlights of 1961

FHA entered a new phase in 1961.

Outstanding among FHA developments during the year were the following:

1. Enactment of the Housing Act of 1961.
2. Greater emphasis on the housing requirements of urban communities and on conservation and rehabilitation of existing housing.
3. Extension of FHA programs to benefit families at lower income levels.
4. Increased efficiency in FHA operations.
5. Closer cooperation with the other constituent agencies that make up the Housing and Home Finance Agency.

President Kennedy's housing message of March 9, 1961 presented challenges to local communities and to the housing industry to recognize the changes that have taken place in the pattern of national growth and development, housing needs and problems, and, among its other recommendations, included proposals for FHA help in meeting these needs and solving these problems. In the Housing Act of 1961, Congress gave its approval to the President's proposals, and FHA was made a stronger and more flexible instrument for use by the industry in raising housing standards.

The Housing Act of 1961 has had an impact on FHA operations that will probably prove to be greater than that of any Federal housing law since the FHA was first established in 1934.

Among its FHA provisions, the 1961 Act, by amending the National Housing Act—

- increased the maximum mortgage amount insurable under FHA's regular Section 203(b) home mortgage insurance program, reduced downpayment requirements, and extended the maximum maturity for mortgages on FHA- or VA-inspected homes;
- authorized special terms for insurance of mortgages on homes and on rental and cooperative housing for families of low and moderate income;
- amended Section 220 to facilitate insured financing for rehabilitated housing in urban renewal areas;
- made individuals, groups of individuals, and partnerships eligible as sponsors of Section 207 rental housing;
- permitted insurance of mortgages on cooperative projects for as few as five families;
- increased the maximum insurable mortgage amount under Section 231 (housing for the elderly) for projects of four or more rooms per family unit.
- increased the maximum insurable loan-value ratio for nursing homes;
- extended to October 1, 1962 FHA authority to insure mortgages on military housing, and removed restrictive provisions affecting Section 810 offbase housing;
- authorized insurance of loans in amounts up to $10,000 per unit to improve homes and multifamily housing in urban renewal areas and to improve one- to four-family homes in any area;
- extended to October 1, 1965 FHA authority to insure Title I property improvement loans;
- authorized mortgage insurance for experimental housing;
- authorized insurance of a mortgage on an individually owned unit in a multifamily structure and an undivided interest in the common areas and facilities serving the building (condominium);
- removed the ceiling on the amount of outstanding mortgage insurance, and substituted a provision limiting it to commitments issued before October 1, 1965.

The Act was signed by the President on June 30, 1961. A week later, FHA regulations for most of the new provisions were sent to insuring offices and lenders. In August a series of zone conferences was held at which officials of the FHA and the other HHFA constituents discussed the new law and regulations with key personnel of the FHA and other HHFA field offices. These conferences were especially significant in being the first large-scale interagency conferences held. Housing Administrator Robert C. Weaver and top officials of the constituent agencies participated.

In November, the National Association of Home Builders held meetings in the FHA insuring office cities to explain the provisions of the new Act to the members of the local homebuilders associations in the areas. Members of the local FHA staffs took part in these meetings.

Increased importance of urban housing in FHA operations was indicated by the establishment in April 1961 of an Office of Multifamily Housing Operations in FHA under the direction of an Assistant Commissioner, who also was given jurisdiction over urban renewal mortgage insurance. At the same time, the New York City insuring office, which for a number of years has processed multifamily housing applications exclusively, was designated as a zone multifamily housing office to advise and assist insuring office directors throughout the New England States on multifamily and urban renewal housing insurance. Later in the year, five additional multifamily housing offices were set up in the following cities to serve the other FHA administrative zones: Philadelphia for Zone II (Middle Atlantic States); Atlanta for Zone III (Southeastern States); Chicago for Zone IV (North Central States); Fort Worth for Zone V (Southwestern States); San Francisco for Zone VI (Pacific States).

FHA took aggressive steps during the year to strengthen the efficiency of its operations and to reduce backlogs in its insuring offices. Internal reorganization was one part of this effort: establishment of the Office of Multifamily Housing Operations in Washington and the six multifamily housing offices previously mentioned; integration of the Title I operation with the Office of Field Operations for better coordination and to emphasize the important role of Title I in housing conservation; reorganization of the Comptroller's Office and conversion of field statistical reporting to a system of automatic data processing for economy and production of additional data; reassignment of responsibility for various field staff services.

A series of meetings was held with representative mortgage lenders to explore ways in which lenders and FHA might streamline procedures so as to shorten the time required to close insured mortgage transactions.

FHA also tightened its requirements for credit reports submitted by mortgage lenders, in order to improve the quality and extent of information provided in such reports as a basis for FHA mortgage risk analysis.

When Congress in August authorized FHA to spend additional funds, FHA immediately began the authorization of fee appraisals, overtime work when necessary in field offices, detail of personnel between insuring offices as needed, and the recruitment of new personnel. FHA field personnel was increased from 5,210 at the end of 1960 to 5,682 at the end of 1961.

From July 28 to December 29, 1961, the total number of home mortgage insurance applications on hand was reduced from 55,800 to 24,500. On July 28, 60 of the 75 insuring offices required more than 10 working days on the average for processing an application. By December 29 the number had been reduced to 14, and in 31 offices the average time had dropped to 5 days or less.

As an additional means of improving service, a new insuring office was opened on November 1 in Santa Ana, Calif. Changes in the jurisdictions of several other insuring offices were made during the year.

In August, FHA instituted a plan by which a lender can receive FHA debentures representing 80 percent of the unpaid balance of a foreclosed mortgage within 30 working days after FHA has received notification that title to the property has been transferred to the Commissioner. The remainder of the amount due is paid after FHA processing of the claim has been completed.

FHA and the Federal Aviation Agency cooperated during the year in a study of airport noises near flying fields and of possible measures to abate them. FHA is attempting to measure the extent of public tolerance in nearby housing in order to judge the limits within which it is feasible to accept properties for mortgage insurance.

Special studies relating to closing costs and discount practices in connection with FHA-insured home mortgages, and to rental housing for the elderly and nursing homes under the FHA program were prepared for congressional subcommittees.

Measures were taken in 1961 to offer all possible assistance, within the limits of FHA authority, to victims of floods and other major disasters. Insuring offices were directed to approve applications for hardship forbearance relief for disaster victims and to expedite processing of mortgage insurance applications; minimum loan amounts for insured home improvement loans were waived for disaster victims, as well as the requirement that the property to be improved be at least 10 years old. Provisions for insurance of no-downpayment, 30-year mortgages in amounts up to $12,000, and for leniency in reporting default on Title I property improvement loans, automatically take effect in an area designated by the President as a major disaster area.

Encouraging progress was made in 1961 in making FHA benefits more widely available to members of minority groups. Closer working arrangements were developed with State and municipal authorities administering fair housing practice acts and ordinances; negotiations were instituted with the Bureau of Indian Affairs which, when finally consummated, will greatly enhance the opportunities for Indians living on tribal reservations to enjoy the benefits of FHA programs. New employment opportunities in FHA were opened to minorities in 1961, and the services of the FHA intergroup relations advisers were used on a wider basis than before. Although no statistics are available, it is apparent that there has been a notable increase in the number of FHA-insured open-occupancy projects, especially in the northern and western sections of the United States.

A decision of great significance to FHA was handed down by the Supreme Court of the United States in 1961 in the case of *U.S.* v. *Stanley S. Neustadt et al.* The decision stated that FHA was not liable for damages to a home buyer involving a property that had been appraised by FHA.

Applications were received in 1961 for mortgage insurance on 872,766 housing units—17 percent above the number received in the preceding year. Total insurance written in 1961 on home mortgages, multifamily project mortgages, and property improvement loans amounted to $6.5 billion, compared with $6.3 billion in 1960.

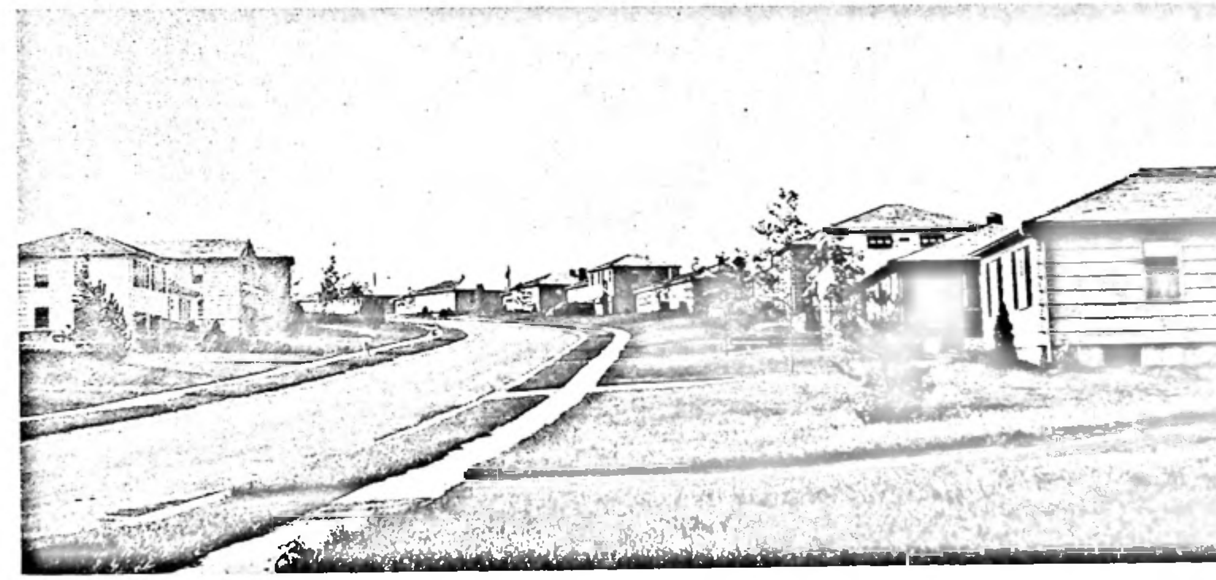
The 244,315 housing units started in 1961 under FHA inspection represented 19.2 percent of the total 1,275,300 privately financed nonfarm starts during the year as reported by the Bureau of the Census.

Neal J. Hardy was appointed by the President to be Federal Housing Commissioner, effective March 8, 1961.

HOMES

General

Mortgages in 1961 totaling $4.8 billion were insured by FHA on 376,248 home units—the third highest number insured in any one year. About 65 percent of the total number were existing construction and about 35 percent were new construction. Of the units insured, 364,574 were insured under the regular Section 203 home mortgage insurance program and the Section 222 program for servicemen's homes. The others were insured



Nall Hills Subdivision, Overland Park, Kans., an award-winning development of 650 homes financed with mortgages insured by FHA under Section 203(b) of the National Housing Act and priced at $16,000 to $30,000.
Above, A street scene. Below, An individual home.

under various special programs discussed later in this section of the report.

The Housing Act of 1961 authorized FHA to insure mortgages under Section 203(b) of the National Housing Act in amounts up to $25,000 on a one-family dwelling, $27,500 on a two- or three-family dwelling, and $35,000 on a four-family dwelling. The previous limits had been $22,500 on a one-family dwelling, $25,000 on a two-family dwelling, $27,500 on a three-family dwelling, and $35,000 on a four-family dwelling.

The Act also authorized the following minimum downpayments on new homes under Section 203(b): 3 percent of $15,000 of value, plus 10 percent of the next $5,000 of value, plus 25 percent of value above $20,000. The previous minimum requirement had been 3 percent of $13,500 of value, plus 10 percent of the next $4,500 of value, plus 30 percent of value above $18,000. The new provisions make it possible, for example, to buy a $20,000 property by making a downpayment of $1,000 instead of the $1,500 formerly required.

The 1961 Act provides that a mortgage approved for insurance before construction of the house is begun may have a maturity as long as 35 years. The monthly payment to interest, principal, and mortgage insurance premium on a $25,000, 35-year loan at 5¼ percent interest, which can now be used to finance a property valued at $30,000, would be $140.62, compared to a monthly payment of $133.75 on a 30-year loan in the former maximum amount of $22,500.

FHA took a number of steps during the year to reduce home financing costs and to protect homeowners.

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The maximum permissible interest rate on insured home mortgages was reduced twice. On February 2 the rate was lowered from the 5¾ percent that had been in effect since September 23, 1959, to 5½ percent. On May 29 another reduction brought the maximum rate down to 5¼ percent, which remained in effect for the rest of 1961.

Effective July 17, 1961, permission for lenders to collect an annual service charge of one-half of 1 percent on FHA-insured home mortgages of $9,000 or less was rescinded.

An amendment made to the regulations in May 1961 allows a homeowner to prepay his insured mortgage loan in full without paying the 1 percent FHA prepayment charge, if the mortgage insurance has been in force for 10 years or longer.

New minimum property standards for low-cost housing were published in 1961 to make FHA requirements consistent throughout the country and to encourage the production of sound, durable, well-planned housing for which reasonable maintenance costs can be expected. The standards differ from the regular FHA minimum property standards in permitting, for example, greater latitude in acceptable finishes and interior and exterior covering materials, and allowing completion by the owner of certain improvements for which special knowledge or experience is not needed.

Use of the new standards was made optional until April 1, 1962, and mandatory thereafter.

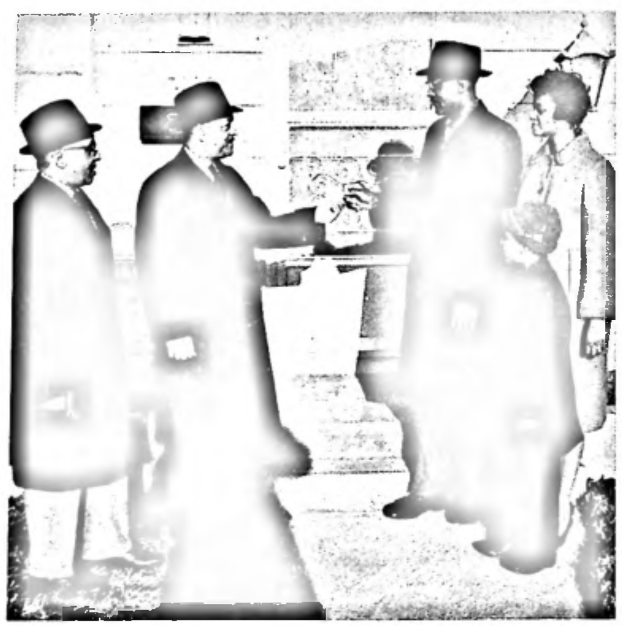
FHA regulations were amended and new policy and procedural instructions were sent to the field offices on the subject of forbearance for homeowners whose mortgages are temporarily in default because of circumstances beyond their control. FHA policy is to encourage lenders to extend all reasonable leniency to such mortgagors.

Under the amended regulations, a lender has full discretion for working out with the mortgagor an arrangement for postponing the mortgage payments for a time and then making them up so that the loan will be completely amortized by the original scheduled date. FHA will approve such an arrangement without dictating its specific terms. If the mortgage is eventually foreclosed, the mortgagee will be reimbursed for all mortgage interest accrued and uncollected during the forbearance period.

Brentwood Hills, Kansas City, Kans., a subdivision of 147 homes ranging in price from $10,500 to $70,000. About 75 percent are financed with mortgages insured by FHA under Section 203(b).

Above, A general view of Brentwood Hills.

Below, Wendell A. Robbins and Harold E. Robbins, builders and developers, presenting keys to a new homeowner.



A lender unwilling to extend forbearance in the circumstances mentioned also has the alternative of assigning the mortgage to FHA instead of foreclosing.

A letter was sent to all approved mortgagees on October 16 clarifying FHA's policy of cooperation with respect to forbearance extended by lenders under the provisions of the Soldiers' and Sailors' Civil Relief Act of 1940 to mortgagors called into military service.

Participation payments under the mutual mortgage insurance system amounting to $15.2 million were made in 1961 to 96,352 homeowners whose mortgages had been insured under Section 203(b) of the National Housing Act and paid in full. From 1945, when the first payments were made, through the end of 1961, payments were made to more than a million homeowners and totaled $129.3 million.

The subject of participation payments is discussed in more detail in Section 4 of this report.

Low-Cost Homes

From the beginning, FHA operations have been directed to helping families of limited income improve their housing standards. The Housing Amendments of 1938 specifically authorized the insurance of Title I loans of not more than $2,500 to finance new construction, and about 46,000 of these so-called Class 3 loans were insured. In 1950, Section 8 was added to Title I to provide for the insurance of mortgages on low-cost homes in outlying areas. This section was superseded in 1954 by Section 203(i), which is still in effect. In addition, over the years financing terms under other home mortgage insurance provisions of the National Housing Act have been made progressively more liberal for homes in the lower price ranges, and FHA has worked administratively in various ways to encourage the production of low-cost housing.

The Housing Act of 1961 is particularly concerned with bettering the housing conditions of low- and moderate-income families. With this purpose in view, the Act amended Section 221 of the National Housing Act, formerly limited to mortgage insurance on homes for families displaced by urban renewal or some form of governmental action, and made it applicable to homes for other low- and moderate-income families as well.

For a displaced family, the maximum insurable mortgage amount is $11,000 for a one-family dwelling, $18,000 for a two-family dwelling, $27,000 for a three-family dwelling, and $33,000 for a four-family dwelling. These amounts may be increased to as much as $15,000, $25,000, $32,000, and $38,000, respectively, in high-cost areas. The minimum downpayment is $200, which may be applied to initial charges and closing costs, and the mortgage may have a 40-year maturity.

A low- or moderate-income family other than a displaced family can finance only a single-family dwelling under this section. The maximum mortgage amount is $11,000, which may be increased to as much as $15,000 in high-cost areas; the minimum downpayment is 3 percent of total acquisition cost (purchase price plus initial charges and closing costs), and the maximum mortgage maturity is 30 years, or 35 years for homes inspected by FHA or the Veterans' Administration during construction. At the Commissioner's discretion, the 35-year term may be lengthened to 40 years.

To facilitate the financing and rehabilitation of existing homes under Section 221, the 1961 Housing Act changed the basis for determination of the maximum mortgage amount to the sum of the

Belleau Woods, Atlanta, Ga.: Relocation housing financed with Section 221 mortgages insured by FHA—105 houses priced at $10,000.

Portland, Maine—Apartment building before and after rehabilitation with financing insured by FHA under Section 221. The buildings in the foreground of the "before" photograph were removed by the Portland Slum Clearance and Redevelopment Authority.

estimated cost of rehabilitation plus the FHA estimate of the property value before rehabilitation.

Insurance claims on defaulted Section 221 mortgages will be paid in cash or debentures, at the option of the lender.

FHA has established mortgage limits under this section for the various areas served by its insuring offices, based on cost levels in those areas.

In the first half of 1961, applications for home mortgage insurance on new homes under Section 221 were below the number received in the same months of 1960, but in the last 6 months of 1961 almost three times as many applications were received as in the last 6 months of 1960. In the entire calendar year 1961, applications were received on 9,984 new-home units and 5,145 existing-home units. The total for new- and existing-home applications together, 15,029 units, was 59 percent higher than the 1960 number.

MULTIFAMILY HOUSING

Under all the FHA multifamily project programs, mortgages totaling $928 million on 59,367 housing units were insured in 1961. This was a 20 percent increase over the 49,101 units insured in 1960, and represented one of the highest volume years since 1951.

The growth of urban communities—the fact that 70 percent of all Americans are now living in such communities and that the prospect is for continued expansion of housing requirements for cities and their environs—is bringing FHA multifamily housing programs into greater prominence in building operations than ever before. These programs, in addition to the Section 207 rental housing mortgage insurance authorized in the original National Housing Act, include cooperative housing, rental housing for the elderly, housing for the armed services, rental and cooperative housing for low- and moderate-income families, rental housing in urban renewal areas, nursing homes, experimental housing, and condominium housing.

A reorganization effected in April 1961 grouped all these programs under the direction of an Assistant Commissioner for Multifamily Housing Operations. The increasing scope of FHA multifamily housing operations was further emphasized by the establishment of multifamily housing offices in the six FHA administrative zones to assist in expeditious and consistent application of FHA requirements and procedures throughout the areas served by the various zones, and to prepare for the constantly increasing volume of multifamily housing activity that is looked for in the years ahead.

Rental Housing

Section 207 of the National Housing Act, which provides the standard FHA multifamily rental housing program, was amended by the Housing Act of 1961 to authorize for the first time the insurance of mortgages on projects sponsored by individuals, groups of individuals, and partnerships. Sponsorship was previously limited to corporations.

Mortgages totaling $381.4 million were insured under Section 207 in 1961 on 164 rental projects with 24,146 housing units, compared with mortgages on 142 projects with 19,447 units insured in 1960. From 1934 through the end of 1961, FHA insured 1,340 mortgages under this section in a total amount of $1.5 billion and involving 154,801 units.

A survey on March 15, 1961 of occupancy in rental housing on which mortgage insurance was in force under the various FHA programs—Sections 207, 220, 221, 608, 803 (Wherry projects still in private ownership), and 908—showed a vacancy rate of 5.4 percent. The survey covered 425,000 rental apartments in all the States, the District of Columbia, and Puerto Rico on which mortgage insurance was in force and on which construction had been completed.

The lowest vacancy rate, 2.5 percent, was in the New England States and represented a decrease from the 3.4 percent rate reported in 1960. In the North Central States the vacancy rate decreased from 7.2 percent in 1960 to 6.7 percent in 1961. The other four FHA zones had increases in vacancy rates in 1961. Some insuring offices reported vacancies of 2 percent or less. These included the metropolitan centers of New York City, Chicago, the District of Columbia, and Newark.

A change in FHA policy announced in September 1961 allows carpets and draperies in multifamily projects to be included as acceptable parts of the mortgage security where their inclusion is warranted by market demand and competition. Carpeting in public corridors had previously been allowed as part of the security in some projects.

John Marshall House, the first rehabilitation project in Washington, D.C., to have a mortgage insured by FHA under Section 207, is located in the Capitol Hill area near the U.S. Supreme Court Building.
Above, Before rehabilitation. Below, After rehabilitation.

Edgewood Arms, San Jose, Calif., an apartment project financed with a Section 207 FHA-insured mortgage.
Above, Street view. Below, Interior Court.

Its installation in individual units has now been made acceptable, since draperies for the large glass areas in modern buildings are considered to be a necessary and functional element, and carpeting in individual apartments reduces the noise nuisance and makes them more desirable. Determination of whether carpets and draperies may be included in a specific project is left to the insuring office director.

Mortgages on mobile-home courts are insured under Section 207. The Housing Act of 1961 increased the maximum insurable mortgage amount per space to $1,800. FHA published revised minimum property standards for mobile-home courts in 1961. Since 1955, when insurance was first authorized for mortgages of this kind, 4 mortgages in a total amount of $1.4 million on courts with 1,044 spaces have been insured. One property has been acquired by FHA, and insurance is still in force on the other three.

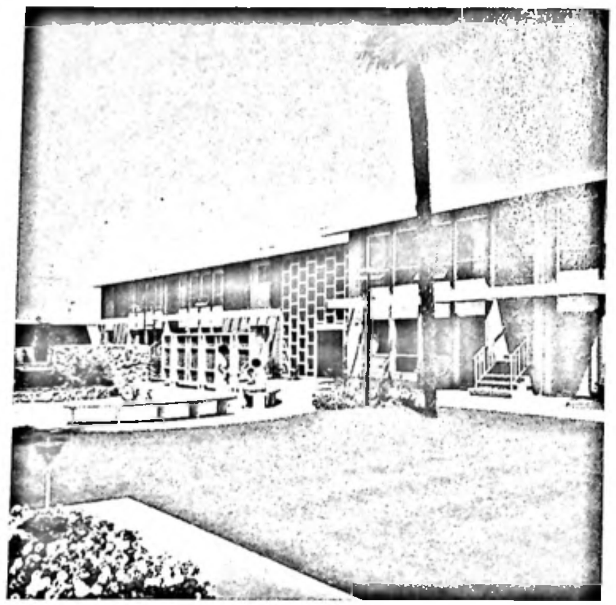
Cooperative Housing

Three changes in the Section 213 cooperative housing program were made by the Housing Act of 1961.

First, the minimum number of units in an eligible project was reduced from eight to five.

Second, FHA was authorized to insure supplementary loans made to a management-type cooperative to finance improvements, repairs, or necessary community facilities. The supplementary loan is limited to an amount which, when added to the outstanding mortgage on the property, will not exceed the original mortgage principal, and the loan maturity may not exceed the remaining term of the mortgage.

The third amendment concerns investor sponsors who build projects with the intention of selling



them to cooperative groups after completion. The Housing Act of 1956, which first authorized this type of sponsorship, provided that an investor sponsor who failed to sell the project to a cooperative within 2 years after completion would be ineligible thereafter for an insured mortgage under Section 213. The 1961 Act leaves the sponsor's subsequent eligibility to the discretion of the FHA Commissioner.

In 1961, mortgages totaling $150 million were insured on 223 projects with 9,021 housing units. In the previous year, mortgages on 237 projects with 7,803 units were insured. Of those insured in 1961, 172 with 3,097 units were sales-type projects and 51 with 5,924 units were management

type. This is the largest number of management-type units insured since 1952. Mortgages were also insured under Section 213 in 1961 on 2,952 individual homes released from blanket mortgages on sales-type projects after completion.

Mortgages have been insured under this section on housing in 39 States and Puerto Rico. It is being used increasingly to finance housing projects in urban renewal areas. The largest of these so far insured is River Houses, under construction in the Southwest redevelopment area in Washington, D.C., a management-type project including a large apartment building and individual row-house units.

Low-Cost Rental and Cooperative Housing

As a means of helping to make good housing available to families whose incomes are too high for public housing but not high enough to compete in the normal rental and cooperative market, the Housing Act of 1961 authorized FHA to insure mortgages on housing built, rehabilitated, or refinanced for occupancy by such families.

The insurance is provided under Section 221(d)(3) and 221(d)(4) of the National Housing Act. Section 221 was fomerly limited to relocation housing for families displaced by urban renewal or governmental action, but is now extended so as to benefit any family of low or moderate income.

A mortgage may be insured on a project of five or more units, and is limited to not more than (1) $12.5 million; (2) $8,500 per family unit ($9,000 in elevator structures) for projects averaging fewer than four rooms per unit, or $2,250 per room ($2,750 in elevator structures) for projects with a larger room average; (3) (except for limited-dividend and general sponsors) estimated replacement cost for proposed construction, estimated rehabilitation cost plus value before rehabilitation, or estimated rehabilitation cost plus outstanding debt if refinancing is involved. Limited-dividend and general mortgagors are limited to 90 percent of these amounts.

The per-room and per-unit limitations may be increased by as much as $1,000 per room in high-cost areas without regard to the number of rooms. FHA has established maximum amounts for the areas served by individual insuring offices.

Section 221(d)(3) provides special terms for housing located in approved urban renewal areas and sponsored by public agencies (other than local housing authorities that obtain their funds exclusively for public housing from the Federal Government), cooperatives (including investor sponsored), nonprofit corporations or associations, or limited-dividend corporations. With such sponsorship, the maximum interest rate—at present 5¼ percent—can be reduced, at the time of completion of construction and final endorsement of the mortgage for insurance, to a rate as low as the average current yield on all marketable obligations of the U.S. Treasury (at present 3⅛ percent). On mortgages carrying this rate, FHA waives its mortgage insurance premium and the mortgages will be purchased by the Federal National Mortgage Association.

Activity under Section 221(d)(3) is therefore limited by the amount of FNMA special assistance funds available for purchasing the mortgages. Before the end of 1961, requests for consideration of projects far exceeded the funds currently available, and FHA established an allocation system for the six administrative zones on the basis of

Twin Acres, Hartford, Conn.—40 units of rental relocation housing sponsored by Hartford Homes, Inc., a nonprofit corporation with Section 221 FHA-insured financing.

population, with preference given to projects serving low-income displaced families and distributed as widely as possible where the need is greatest. FHA has established income limits for occupancy of the projects by families of different sizes in the various insuring office jurisdictions.

Projects of limited-dividend or general mortgagors under Section 221(d)(4) of the National Housing Act are not required to be built in urban renewal areas and are not eligible for the below-market interest rate authorized under Section 221(d)(3).

Insurance claims under Section 221(d)(3) and 221(d)(4) are payable in cash or debentures, at the option of the lender.

The first mortgage on a Section 221(d)(3) project was insured in October in the amount of $2.3 million, on a 320-unit project in Baltimore to be known as Forest Heights Apartments, sponsored by a nonprofit corporation. The rent schedule, based on a 5¼-percent interest rate, ranged from $75 to $95. With the interest rate reduced to 3⅛ percent on completion and purchase of the mortgage by FNMA, and with FHA waiving the mortgage insurance premium, the rental range will be lowered to $57.50 to $77.50.

Condominiums

The Housing Act of 1961 authorized a new kind of home mortgage for FHA insurance: a mortgage covering a family unit in a multifamily building and an undivided interest in the common areas and facilities serving the structure. This form of ownership, which has been used successfully in other countries and in Puerto Rico, is a relatively new concept in the United States. Hawaii and Arkansas have enacted enabling legislation specifically to facilitate condominium ownership, and other States are considering similar legislation. Although no insurance was written under this new program in 1961, there is evidence of interest and approval by builders, realtors, and others who have studied it.

Insurance is limited by law to a mortgage on a family unit in a multifamily structure of five or more units on which a mortgage is or has been insured under one of the FHA multifamily housing programs other than Section 213.

An individual may own as many as three units in the building in addition to the one he occupies. (He must be an occupant.) The mortgage amount on a single unit is limited to not more than (1) $25,000; (2) 97 percent of $13,500 of value plus 90 percent of the next $4,500 of value plus 70 percent of value above $18,000; (3) $2,500 per room, or $9,000 per unit if the number of rooms in the building is less than four per unit. (Per-room and per-unit amounts can be increased in elevator structures and in high-cost areas.) The maximum loan maturity is 30 years.

Armed Services Housing

Mortgages in a total amount of $239.9 million were insured in 1961 under the provisions of Title VIII of the National Housing Act. The mortgages insured included 123 on 14,061 units of housing for personnel of the armed services, and 803 on individual homes built for sale to essential civilian personnel at research and development installations. The total of 14,864 units insured in 1961 compares with 14,206 in 1960. From its first enactment in 1949, Title VIII has helped to provide more than 206,000 housing units.

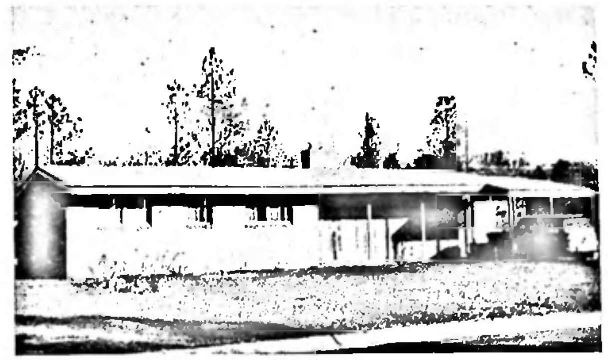
Authority to insure mortgages under this title was extended by the Housing Act of 1961 for an additional year, and is presently scheduled to expire on October 1, 1962.

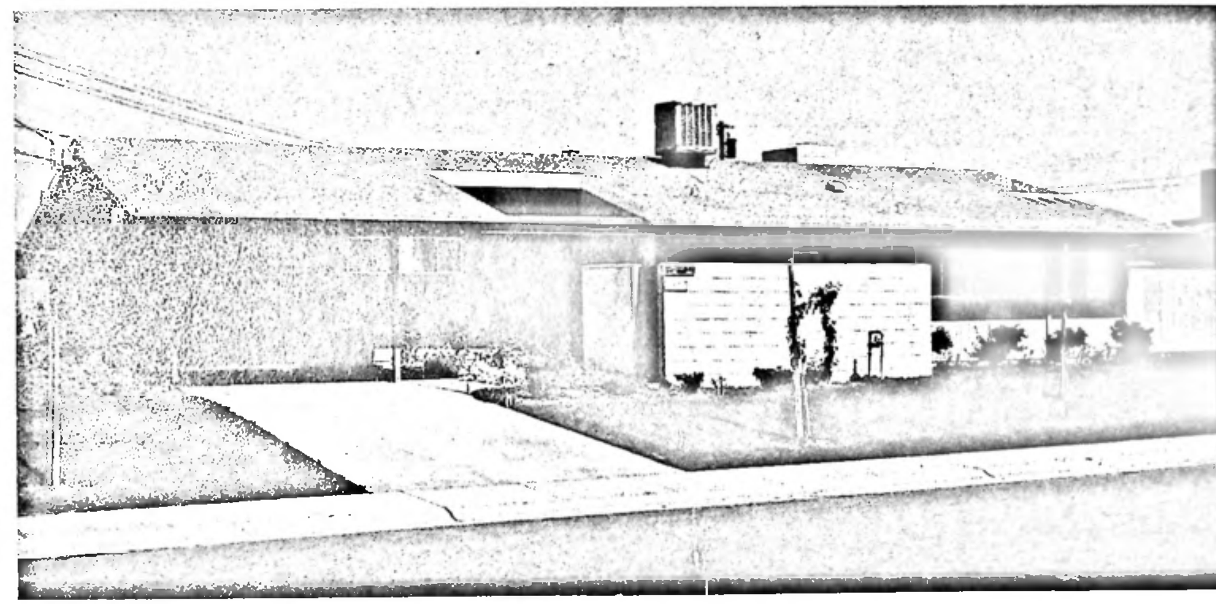
Section 810 of Title VIII authorizes the insurance of not more than 5,000 units of housing for military and essential civilian personnel in defense areas. No insurance has been written under this section, and the 1961 Housing Act amended it by removing requirements that previously made it ineffective: (1) limitation of the number of Section 810 units to those authorized by annual military construction authorization acts; (2) requirement for certification of need by the Secretary of Defense; (3) authorization for FHA to require the Secretary of Defense to guarantee the FHA insurance fund against losses on mortgages that are not acceptable risks.

In February 1961, FHA and the Defense Department entered into an agreement designed to expedite completion of 24 large armed services housing projects located in various parts of the country that had been abandoned by the contractor in May 1960. By the end of 1961, 9 of the projects had been completed and occupied and 10 others were within weeks of completion.

With an increasing number of military installations in process of deactivation, FHA in cooperation with the Department of Defense and other Government and private organizations is studying possibilities for the most effective reuse of such installations. FHA interest is in housing occupied by personnel serving the installations, since much of the housing has been financed with insured mortgages. As an example of possible reuse, in one locality a State university has expressed interest in acquiring the training facilities and a private hospital is negotiating for the hospital on the site.

Conferences were held in December with representatives of the Department of Defense concerning the contribution that FHA insuring office directors and market analysts might make in estimating Department of Defense housing requirements for the fiscal year 1963. FHA made several special investigations during 1961 of housing situations and future prospects of localities dominated by military activities, for the guidance of FHA operating policies in those localities.





Armed services housing financed under Section 803 of the National Housing Act.
Above One of 540 units at McClellan Air Force Base, Calif. Below, One of 435 units at Marine Corps Station, New River, N.C.

Housing for the Elderly

The Housing Act of 1961 increased the maximum mortgage amount for dwelling facilities insurable under Section 231 of the National Housing Act to $2,250 per room ($2,750 per room for elevator structures) when the project has an average of four or more rooms per unit. For projects with smaller per-unit room count, the maximum is $9,000 per unit ($9,400 in elevator structures). This limitation formerly applied, without regard to the number of rooms per unit, to all projects designed for occupancy by elderly people and financed under Section 231. Authority for increasing all mortgage limitations by up to $1,250 per room in high-cost areas was not altered by the 1961 legislation.

Mortgages totaling $64.3 million on 42 projects providing 4,760 units of rental housing for the elderly were insured in 1961, bringing the total number of projects insured under this section since its enactment in 1959 to 67 with 9,000 units.

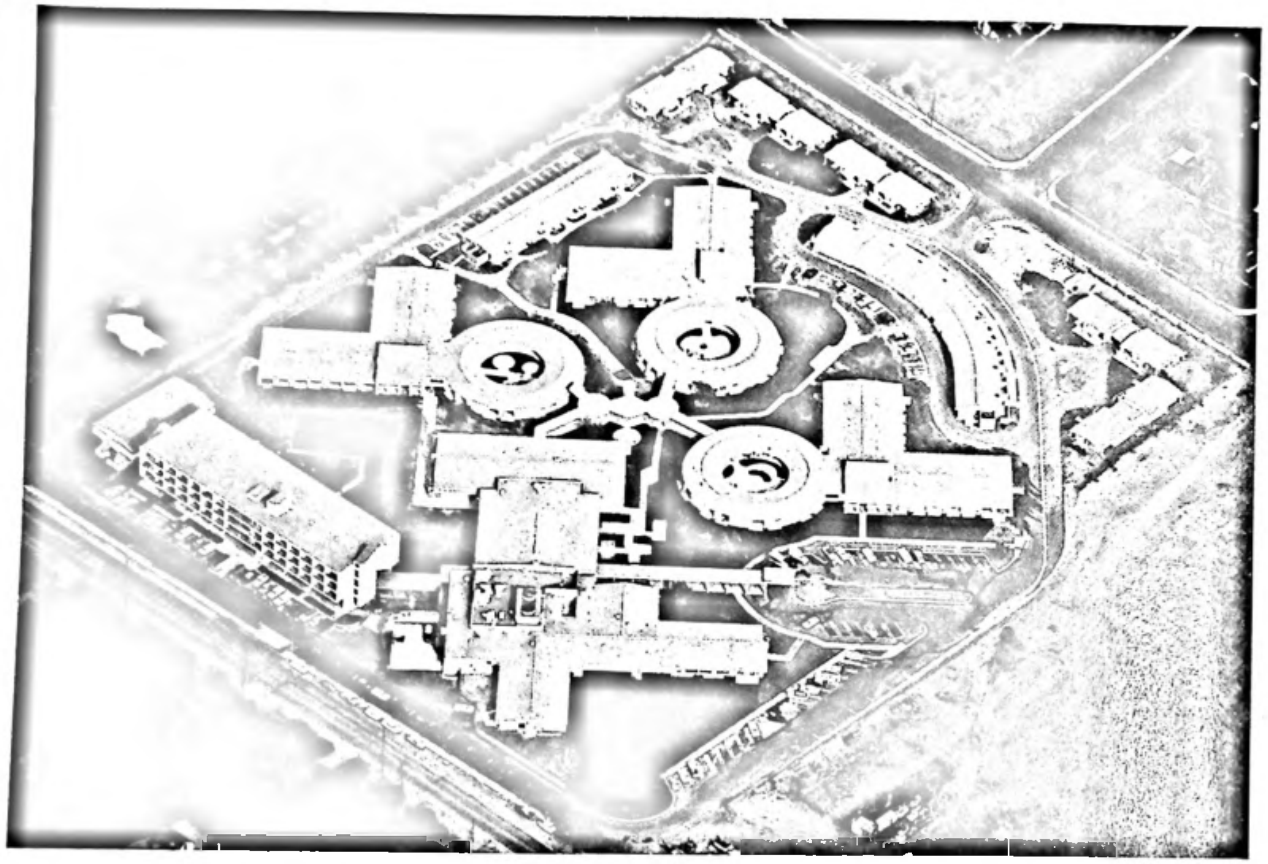
Before Section 231 was made part of the National Housing Act, mortgages on housing for the elderly could be insured under Section 207, and 35 projects with 3,422 units were financed under that section.

Sponsorship under Section 231 continues to be chiefly by church and church-related groups, although educational, fraternal, and labor organizations are increasingly active. The projects so far completed present a wide range of accommodations and include both new and rehabilitated housing, small groups of single-story cottages and high-rise apartments, location in both downtown and suburban areas, and a great variety of financing arrangements with tenants. Because of this variety, comparisons of monthly charges are difficult to make. Mortgages insured average $10,835 per unit, including nondwelling facilities.

Some projects consist of complete living units with kitchens. Others have no cooking facilities for individual tenants, but do have central dining facilities. Still others have both. Many have a kitchen on each floor where lunches and snacks can be prepared. In the larger projects, the mortgage often covers such facilities as an infirmary, a chapel, recreation and hobby rooms, barber and beauty shops, etc. Provision is usually made for both indoor and outdoor recreation.

Nursing Homes

Section 232, which was added to the National Housing Act in 1959, authorizes FHA insurance of mortgages on privately owned and operated nursing homes for the care and treatment of con-



Mt. San Antonio Gardens, Pomona, Calif.—Retirement housing financed with a mortgage insured by FHA under Section 231; sponsored by the Congregational Church; contains 251 units in cottages and multifamily buildings.

Terwilliger Plaza, Portland, Oreg.—342 units of housing for retired teachers, sponsored by the Oregon Education Association and the Retired Teachers Association. The mortgage was insured by FHA under Section 231.

Fireside Lodge, Fort Worth, Tex., the first nursing home to be completed with financing insured by FHA under Section 232 of the National Housing Act. The home has 96 beds.
Left, Exterior view. Right, Nurses' station.

valescents and others who are not acutely ill and do not need hospital care but who require skilled nursing care and related medical services. The home must be one licensed or regulated by the State in which it is located or by an authorized subdivision of the State, and certified by the State or its appropriate agency as being needed.

The mortgage is limited to not more than $12.5 million. The Housing Act of 1961 increased the maximum loan-value ratio to 90 percent. The former limit was 75 percent.

At the end of 1961, the second full year of FHA operations under this program, mortgages had been insured in a total amount of $8.8 million on 22 nursing homes with 1,801 beds. Of the total number, 20 were insured in 1961. Altogether through 1961, commitments have been issued on 62 nursing homes that will provide care for more than 5,000 patients.

Most of the sponsors are experienced nursing home administrators or from the medical profession. Many of the homes are owned by corporations organized by nursing home operators and doctors.

URBAN RENEWAL

Because of the growing importance of urban renewal in overall housing development and the large scale of its operations, and because multifamily housing accounts for by far the larger share of FHA mortgage insurance in urban renewal areas, FHA urban renewal activities were placed in the office of the Assistant Commissioner for Multifamily Housing Operations early in 1961.

The Housing Act of 1961 reduced the minimum downpayment requirements for 1- to 11-family homes in urban renewal areas financed under Section 220 of the National Housing Act. The new formula, for proposed construction, is 3 percent of $15,000 of estimated replacement cost plus 10 percent of the next $5,000 of cost plus 25 percent of cost above $20,000. For rehabilitated properties, the same percentages apply to the sum of estimated rehabilitation cost and estimated value before rehabilitation. In order to permit more effective determination of insurable mortgages, the Act changed the basis for determining the maximum mortgage amount under Section 220, for both homes and multifamily projects, from appraised value after rehabilitation to estimated rehabilitation cost plus estimated value before rehabilitation.

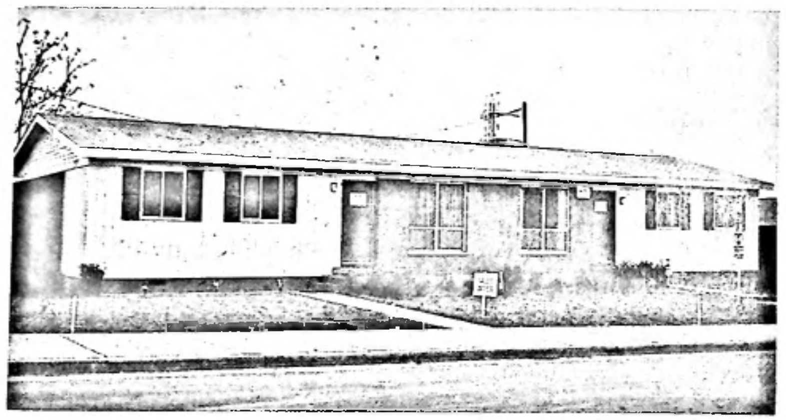
Insurance claims under Section 220 are now payable in cash or debentures, at the option of the mortgagee.

Mortgages amounting to $88.4 million, on 27 housing projects with a total of 5,373 units, were insured under Section 220 in 1961—the second highest number for any year. Mortgages were also insured during the year on 369 home units in urban renewal areas. Since the enactment of Section 220 in 1954, mortgage insurance under its provisions has totaled $389.6 million, covering 26,329 units in multifamily projects and 1,871 home units.

The multifamily housing offices established in 1961 in the six FHA administrative zones have as one of their most valuable functions the expediting of urban renewal mortgage insurance applications. With clear understanding of the program by FHA processing personnel, simplification of procedures, and close coordination of FHA efforts with those of other HHFA constituents and local agencies and groups, FHA expects to move ahead in this field much faster than in the past.

Urban renewal is becoming a reality in many of our cities. Visible accomplishments make the objectives better appreciated, and this should be a spur to greater achievement.

Wooster Square urban renewal project, New Haven, Conn.—Rehabilitation financed with Section 220 FHA-insured mortgages. The two-family houses shown here before and during rehabilitation are priced at $21,000.

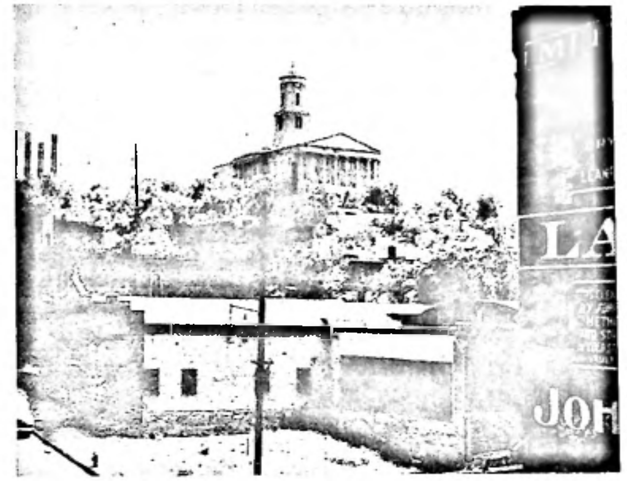


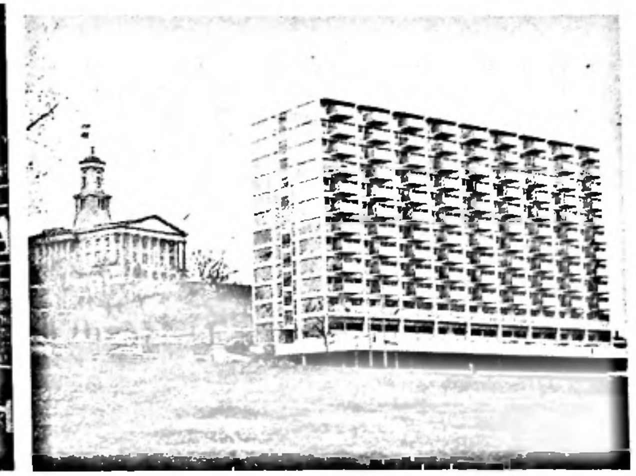
Hartshorn Homes in the Carver redevelopment site in Richmond, Va.: 98 homes priced at $11,550 and financed with mortgages insured by FHA under Section 220. Recreation areas, swimming pool, and walkways will be owned by a nonprofit home-owners' corporation.

Left, FHA Zone intergroup relations adviser welcomes the first family.

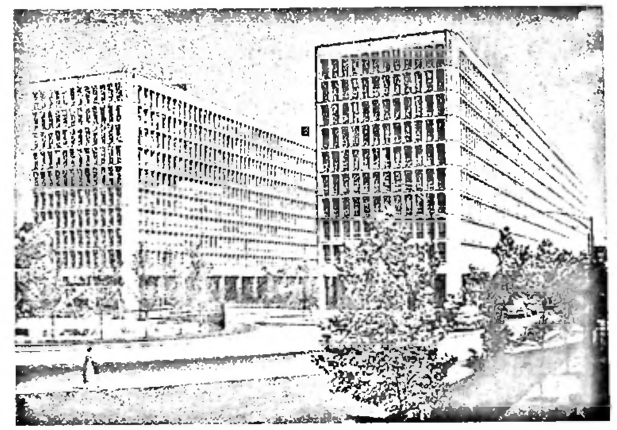
Right, Two of the homes.

Government Hill urban renewal project: Section 220 housing in North Addition, Anchorage, Alaska, priced at $27,500 to $30,000.





Capitol Towers Apartments, Inc., Nashville, Tenn., financed with a Section 220 FHA-insured mortgage, is part of an urban renewal project in the neighborhood of the State capitol, which appears in the background of the before-and-after views of the area.



University Gardens, a Section 220 FHA-insured project of 538 units in the Hyde Park-Kenwood urban renewal area on Chicago's South Side.

Part of Harlem Park urban renewal area, Baltimore, Md., in which FHA, URA, and the Baltimore Urban Renewal and Housing Agency are cooperating to furnish homeowners with a "one-stop" rehabilitation service.

Woodland Terrace Apartments, Auburn, Ala.—72 units financed under Section 220 and renting at $80 a month.

Some of the housing already built in urban renewal areas under the FHA program is illustrated here.

The authority given to FHA by the Housing Act of 1961 to insure loans in amounts up to $10,000 per unit for improvements to homes and multifamily structures in urban renewal areas provides a much-needed kind of credit to carry out projects in those areas, since conservation of existing housing is as necessary to such projects as new construction.

EXPERIMENTAL HOUSING

A new field for FHA mortgage insurance, and one holding great potentialities for benefits to homeowners and the housing industry, was opened up by inclusion in the Housing Act of 1961 of an experimental housing provision.

A new Section 233 has been made part of the National Housing Act, authorizing FHA to insure mortgages on one- to four-family homes and on multifamily projects of eight or more units, that make use of advanced technology in design, materials, or construction, or experimental standards for neighborhood design, with the object of reducing cost and improving quality. Mortgage insurance under this section will facilitate the testing of experimental elements in actual construction and thus bring them sooner into practical use.

Maximum home mortgage amounts are the same as under Section 203(b) and maximum project mortgage amounts are the same as under Section 207, but for both homes and projects the Section 233 mortgage is based on a percentage of estimated replacement cost using comparable conventional construction, instead of a percentage of value as under Sections 203(b) and 207.

FHA will make special inspections during construction and afterward to detect actual or potential failures and determine corrective measures, and, based on study of the experimental elements in use, will publish reports to assure the greatest possible benefits from the data obtained. FHA will correct, without cost to the property owners, defects caused by failure of the experimental elements.

The Commissioner has appointed an experimental housing advisory committee of nationally recognized authorities to assist in reviewing applications so as to avoid duplication of experimental work already done and to select proposals in the order of their potential value.

For the present, the experimental features of a property offered as security for a Section 233 mortgage are being reviewed by the central office in Washington. Unless a sponsor gives his consent, FHA will not discuss his proposal with other sponsors.

Insurance claims will be paid in cash or debentures, at the option of the mortgagee.

At the end of 1961, a number of applications were under consideration.

PROPERTY IMPROVEMENTS

Major Home Improvements

Urban renewal has often been handicapped in the past by lack of an adequate financing method for the extensive repairs and rehabilitation needed for many sound but neglected homes and apartment buildings to put them into livable condition.

At the same time, many homes outside urban renewal areas need to be expanded to meet the needs of growing families, or improved to prevent them from losing value.

Since 1934, FHA has insured more than 25 million property improvement loans under authority of Title I of the National Housing Act. These loans continue to serve a useful purpose, but they are not intended to finance large-scale renovation, expansion, or rehabilitation. Title I loans to improve individual homes are limited to not more than $3,500 and are repayable in 5 years or less. Loans of larger amounts, with longer maturities, were needed to supplement Title I, and this required a different form of credit with added safeguards for lenders and property owners.

To help private lending institutions provide the needed credit, the Housing Act of 1961 authorized FHA to insure loans in amounts up to $10,000 per unit, payable over terms of up to 20 years, to finance major improvements. Interest on the loans is limited by law to not more than 6 percent.

The insurance is provided under a new subsection 220(h) for homes and multifamily housing in urban renewal areas, and under a new subsection 203(k) for one- to four-family homes outside urban renewal areas.

In addition to setting a maximum amount per unit for insurable loans, the Act provides that the loan, when added to any outstanding debt related to the property to be improved, may not exceed the amount of the first mortgage FHA could insure on the property.

The property must be at least 10 years old, unless the loan is primarily for major structural improvements, or to correct faults not known when construction was completed or caused by fire, flood, or other casualty, or to finance the construction of a civil defense shelter.

FHA has established administratively minimum amounts for the loans; $1,000 in an urban renewal area (unless a smaller amount is required to bring the property into conformity with rehabilitation standards prescribed for the area); $2,500 outside urban renewal areas. Neither of the minimum amounts applies when the loan is to finance the construction of a civil defense shelter or to repair damage caused by a major disaster.

FHA will process applications in much the same way as it processes applications for mortgage

insurance, and will charge a $20 application fee and an annual insurance premium of one-half of 1 percent on outstanding loan balances. The loan will be a recorded lien on the property.

Under Section 220(h), when a property of 5 to 11 units is to be improved, the application may be processed as either a home improvement or a project improvement application. A loan processed under the home-improvement provisions is limited to not more than $40,000.

Commitments of more than $40,000 on apartment building renovation under Section 220(h) may provide for insurance of construction advances.

FHA has prepared mortgage forms for all the separate States to be used for Sections 203(k) and 220(h) loans. These and other forms and instructions are in the hands of insuring office directors and interested lenders.

Lenders must be institutions that meet FHA requirements for approved mortgagees. The borrower must own the property to be improved or hold it under a long-term leasehold.

By the end of the year, applications had been received under Section 203(k) to improve 429 home units. Only two applications had been received under Section 220(h). This is a new field for lenders, and all of them are not yet sufficiently familiar with the terms and procedures to be actively participating. There is, however, evidence of increasing interest.

In the Harlem Park urban renewal area in Baltimore, Md., an experiment in "one-stop" rehabilitation service for homeowners is being tried out and may serve as a pattern for other cities throughout the country. The FHA is cooperating in the experiment with the Urban Renewal Administration and the local urban renewal and housing agency.

FHA has made key personnel available at the site to assist in the organization of the project office and to train the local agency staff in processing loan applications. FHA personnel have also assisted in the preparation of conservation construction standards, cost-estimating guides, and appraisal benchmarks. The object of the experiment is to explain the available services to the homeowner, simplify procedures, and speed loan processing. Homeowners will be helped in filling out application forms, and will be put in touch with lenders and builders.

Title I

FHA property improvement loan insurance authority under Title I of the National Housing Act was extended by the Housing Act of 1961 to cover loans made before October 1, 1965.

The Office of Assistant Commissioner for Title I was abolished in April 1961. The Title I Operations Section, including the former Title I Field Supervision Section, is now in the Office of the Assistant Commissioner for Field Operations, and the Title I Liquidation Section is in the Office of the Assistant Commissioner-Comptroller.

During 1961, FHA insured 855,582 Title I loans with net proceeds to borrowers totaling $854.9 million. This represented a 15 percent decrease in number and a 13 percent decrease in dollar amount from the 1960 volume. The average loan amount in 1961 was $999—3 percent higher than in 1960.

Lenders were paid 27,068 claims in 1961, totaling $17.1 million. The number of claims was 34 percent higher than in 1960 and the dollar amount was 44 percent higher. The amount of the average claim paid in 1961—$633—was 8 percent higher than in 1960.

Recoveries by FHA on claims paid amounted to $5.7 million in 1961.

New contracts of insurance were issued to 443 lending institutions in 1961. At the end of the year, 12,855 lenders, including branches, were insured. The contracts of five lenders were suspended during the year on the basis of irregular lending practices.

A coordination plan involving the exchange of information on lending institutions between FHA and other Federal and State supervisory agencies, as well as the National Association of Better Business Bureaus and local better business bureaus, continues to be beneficial.

Continuing efforts in 1961 to eliminate unethical dealers and salesmen from the Title I program resulted in the placing of 853 names on the precautionary measures list—5 percent fewer than in 1960.

AGGREGATE INSURANCE VOLUME

From the beginning of FHA operations through December 31, 1961, the total amount of FHA insurance exceeded $73.9 billion, of which $37.6 billion was outstanding at the end of 1961. Total insurance written included $14.2 billion on 25.2 million property improvement loans, $50.8 billion on over 6 million home mortgages, and $8.9 billion on 11,456 multifamily projects housing 949,956 families.

Insurance outstanding at the end of 1961 included $29.5 billion in home mortgages, $6.4 billion in project mortgages, and $1.6 billion in property improvement loans.

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

FORECLOSURES AND LOSSES

From 1934 through June 30, 1961, the FHA acquired through foreclosure or the assignment of mortgage notes 131,580 units of housing representing 1.9 percent of the 6.9 million units on which mortgages had been insured since the beginning of operations. Of the acquired units, 66,101 had been sold by June 30, 1961, and 65,479 remained on hand.

Losses sustained on properties acquired and sold by FHA from 1934 through June 30, 1961 amounted to \$84.4 million and represented fifteen one-hundredths of 1 percent of the total amount of mortgage insurance written. Losses to the Mutual Mortgage Insurance Fund on sales of acquired properties under Section 203 amounted to \$11.7 million, representing three one-hundredths of 1 percent.

In addition to the actual losses realized, FHA has provided \$159.3 million for estimated future losses on the 65,479 units that remained on hand at June 30, 1961.

FINANCIAL POSITION

Gross income of the FHA during the fiscal year 1961, accounted for in major part by fees, insurance premiums, and investment income, totaled \$239,883,255. Expenses of operation during the fiscal year were \$60,158,659, leaving excess of gross income over operating expenses of \$179,724,396. During fiscal 1961, net losses on claim payments (including allocations to reserves for losses on properties and notes held by FHA) amounted to \$50,223,830. The residual of \$129,500,566 from gross income in the 12 months ending June 30, 1961 was added to the reserves of the various insurance funds administered by FHA to provide for future losses and expenses of the various FHA programs.

From the establishment of the FHA in 1934 through June 30, 1961, its gross income totaled \$2,148,968,797 and its operating expenses amounted to \$692,014,927. Since 1934, net losses on claim payments, including allocations to reserves for losses on properties and notes still held by FHA at the end of fiscal year 1961, amounted to \$353,529,575. Premium repayments in the form of participation dividends for mortgages insured under Section 203 had totaled \$121,169,983 by June 30, 1961. Expenses during the first 3 fiscal years, 1935 through 1937, were met from funds advanced through the Reconstruction Finance Corporation by the U.S. Treasury. During the following 3 fiscal years, 1938 through 1940, partial payments of operating expenses were met from income. Since July 1, 1940, operating expenses have been paid in total by allocation from the various insurance funds.

In fiscal year 1954, the FHA completely repaid its indebtedness to the U.S. Treasury Department, including principal and interest in the amount of \$85,882,962, 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, 1961, FHA had total statutory and insurance reserves of \$982,254,313 accumulated from earnings. Of this amount, \$806,053,299 was in the insurance reserves and \$176,201,014 in the statutory reserve. Insurance reserves are available for future losses and expenses, and 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, 1961, are shown below:

Title I Insurance Fund	\$92, 069, 840
Title I Housing Insurance Fund	6, 236, 934
Mutual Mortgage Insurance Fund	[1] 648, 709, 096
Section 203 Home Improvement Account	1, 000, 000
Housing Insurance Fund	5, 758, 267
Section 220 Housing Insurance Fund	4, 018, 330
Section 220 Home Improvement Account	1, 000, 000
Section 221 Housing Insurance Fund	—808, 871
Servicemen's Mortgage Insurance Fund	14, 940, 637
Experimental Housing Insurance Fund	1, 000, 000
Apartment Unit Insurance Fund	1, 000, 000
War Housing Insurance Fund	203, 209, 895
Housing Investment Insurance Fund	921, 355
Armed Services Housing Mortgage Insurance Fund	16, 969, 612
National Defense Housing Insurance Fund	—13, 770, 782
Total, all funds	\$982, 254, 313

[1] Includes statutory reserve of \$176,201,014.

FHA DEBENTURES

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

Insurance benefits to mortgagees under Sections 220, 221, 233, and 220(h) for mortgages endorsed on or after July 7, 1961 may be paid in cash or debentures, at the option of the mortgagee.

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

The interest rate on FHA debentures was decreased, effective July 1, 1961, from 3⅞ percent to 3¾ percent, and was increased, effective January 1, 1962, from 3¾ percent to 4 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 16, 1961, the Commissioner issued a call for redemption on July 1, 1961 of approximately \$30.1 million of debentures at par plus accrued interest. The debentures to be redeemed were obligations of the Title I Housing Insurance Fund (\$233,850), the Mutual Mortgage Insurance Fund (\$15,836,450), the Housing Insurance Fund (\$3,000,000), the Section 220 Housing Insurance Fund (\$9,550), the Servicemen's Mortgage Insurance Fund (\$1,008,850), and the War Housing Insurance Fund (\$10,000,000). Again, on September 20, 1961, the Commissioner issued a call for redemption on January 1, 1962 of approximately \$40.5 million of debentures at par plus accrued interest. The debentures to be redeemed were obligations of the Title I Housing Insurance Fund (\$197,500), the Mutual Mortgage Insurance Fund (\$29,849,800), the Housing Insurance Fund (\$1,500,000), the Servicemen's Mortgage Insurance Fund (\$1,982,750), and the War Housing Insurance Fund (\$7,000,000).

INSURANCE AUTHORIZATION

Title I, Section 2

The Housing Act of 1961 (Public Law 70, 87th Congress, approved June 30, 1961) extended the Title I, Section 2 insurance authorization through September 1965 in unlimited amount. The estimated outstanding balance of insurance in force at June 30, 1961 was \$1,609,801,765.

Section 217 General Mortgage Insurance

The Housing Act of 1961 amended the general mortgage insurance authorization, Section 217, to apply to all loan and mortgage insurance programs except Section 2, Section 221, and Title VIII, and to provide insurance authorization through September 1965. The amendment removed the dollar limitation of insurance authorization under Section 217 and provided that no loan or mortgage to which Section 217 is applicable can be insured by FHA after October 1, 1965 except pursuant to a commitment to insure before that date.

On June 30, 1961, the estimated outstanding balance of insurance in force, outstanding commitments, and outstanding statements of eligibility under the Section 217 general mortgage insurance authorization were as follows:

Estimated outstanding balance of insurance in force	\$32, 174, 827, 845
Outstanding commitments and statements of eligibility	5, 924, 316, 126
Total	38, 099, 143, 971

Section 221

As provided by the Housing Act of 1961, FHA authority to insure mortgages under Section 221 on low- and moderate-income housing expires July 1, 1963 with respect to sales housing and profit rental housing, and July 1, 1965 with respect to low-interest-rate rental housing. The expiration dates do not apply to housing for displaced families.

At June 30, 1961, the estimated outstanding balance of insurance in force and outstanding commitments were as follows:

Estimated outstanding balance of insurance in force	\$261, 080, 951
Outstanding commitments	57, 926, 445
Total	319, 007, 396

Armed Services Housing (Title VIII)

Section 803(a) of the National Housing Act as amended by the Housing Amendments of 1955 (Public Law 345, 84th Congress) provides a separate mortgage insurance authorization for all new insurance written under Title VIII pursuant to commitments issued on and after August 11, 1955, including both the new armed services housing program (Capehart housing) of Section 803 and the extended military housing program (Wherry housing) of Section 803 as well as additional programs for home mortgages at research and development establishments (Section 809) and mortgages on homes and projects near military establishments insured under Section 810. The insurance authorization provides that the aggregate amount of all mortgages insured shall not exceed \$2.3 billion and that the limitation in Section 217 shall not apply to Title VIII. Public Law 70, 87th Congress, approved June 30, 1961, extended FHA's authority to insure mortgages under this title to October 1, 1962.

The status of the Title VIII insurance authorization at June 30, 1961 is as follows:

	Section 803	Section 809	
Insurance authorization			\$2, 300, 000. 000
Charges:			
Mortgages insured	\$1, 741, 635, 493	\$74, 429, 850	
Commitments outstanding	[1] 90, 326, 642	4, 579, 683	
Total charges	1, 831, 962, 135	79, 009, 533	1, 910, 971, 668
Unused authorization			389, 028, 332

[1] Includes Section 803 statements of eligibility in the amount of \$77,177,678.

COST CERTIFICATIONS ON MULTIFAMILY PROJECTS

To prevent the possibility of "mortgaging out" on a multifamily housing project financed with an FHA-insured mortgage, the mortgagor is now required to certify, before the mortgage is finally endorsed 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. Cost certification is not required under Title VIII.

During calendar year 1961, cost certifications were received as follows on completed multifamily housing projects with mortgages insured by the Federal Housing Administration:

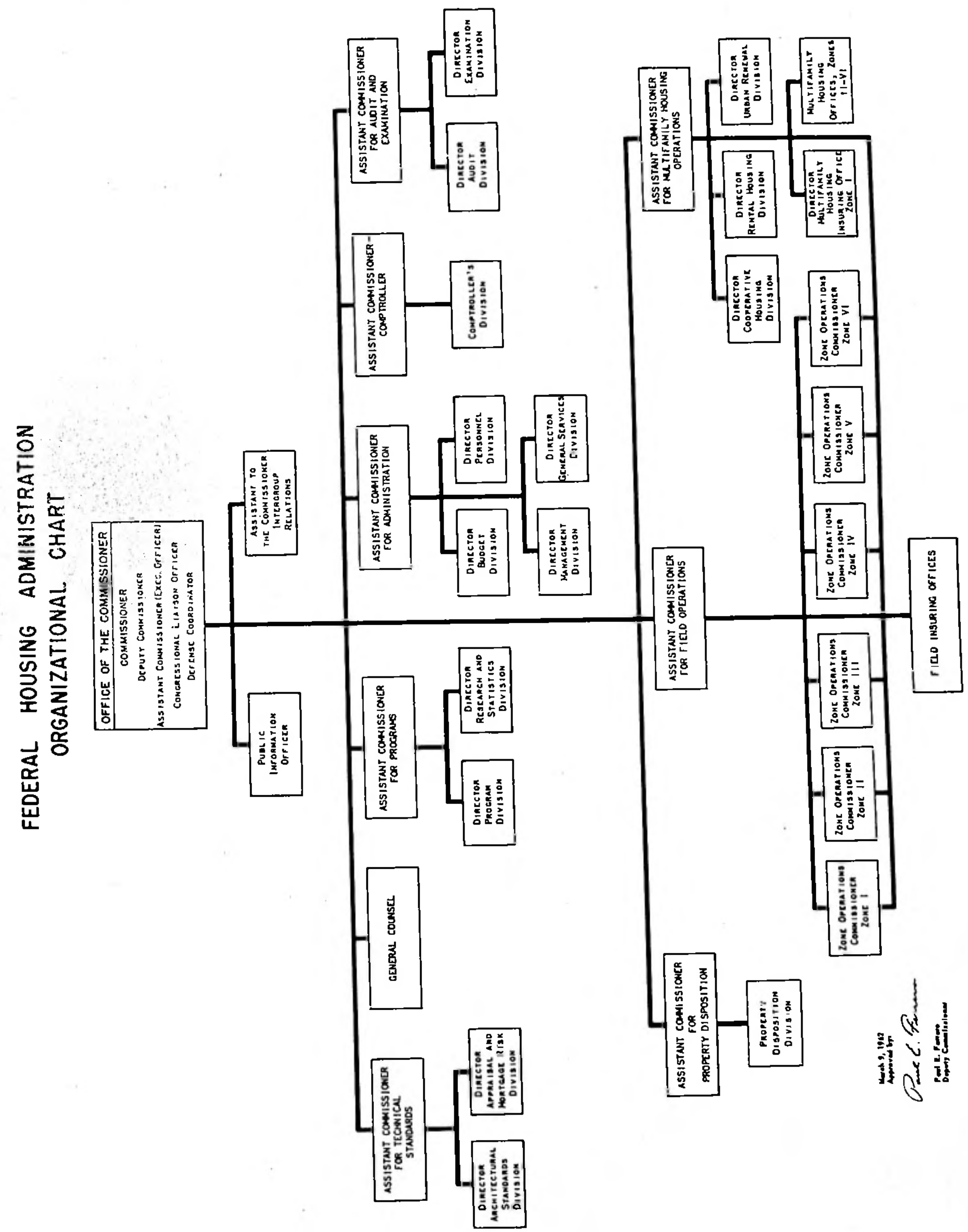
	Number	Costs certified and recognized	Amount insured
Sec. 207	90	$176,067,945	$153,217,748
Sec. 213	22	47,516,106	41,004,806
Sec. 220	19	50,605,315	43,744,900
Sec. 221	5	11,566,089	11,560,700
Sec. 231	14	22,241,125	17,076,180
Sec. 232	2	956,594	671,200
Total	152	308,953,174	267,275,534

ORGANIZATION AND PERSONNEL

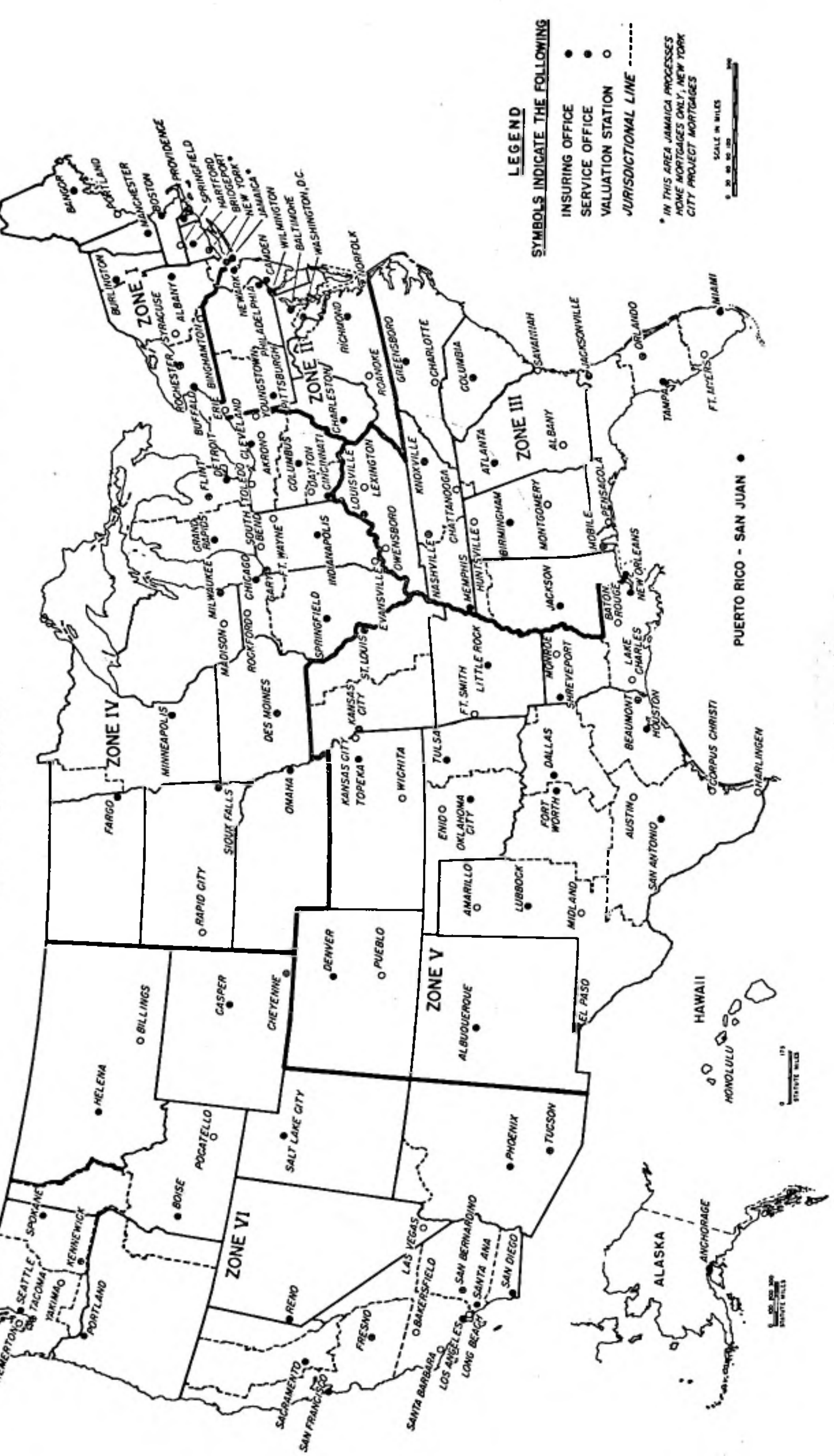
The organizational pattern in effect at the end of 1961 for the central office of FHA is shown in the chart on page 21, and the area served by each insuring office is shown in the map on page 22.

Full-time FHA employees at the start of 1961 numbered 7,006. The number had increased to 7,743 by December 31. Appointments and separations during the year totaled 1,739 and 840, respectively.

Central office personnel accounts for 24 percent of all full-time FHA employees. The other 76 percent are employed at FHA's 139 field offices spread throughout the Nation and in Puerto Rico. These offices include 76 insuring offices, responsible for all FHA operations in their respective jurisdictions; 17 service offices, where applications for mortgage insurance are received, processed, then forwarded to the insuring offices for review, commitment, and final endorsement; and 46 valuation stations, where technical personnel serve the insuring offices in their areas by preparing compliance inspection and valuation reports.



JURISDICTION OF FIELD OFFICES - FEDERAL HOUSING ADMINISTRATION
DECEMBER 31, 1961



Volume of FHA Mortgage and Loan Insurance Operations

This section provides detailed statistical information on the size and scope of FHA operations during 1961 and cumulatively since 1934, when the agency was established. The data presented include analyses relating to yearly trends, distributions by State location of properties, participations by financial institutions, terminations and foreclosures, and default experience.

During 1961, the National Housing Act, as amended, authorized FHA insurance of mortgages and loans under the following titles and sections:

Home Mortgages: Title II—Sections 203, 213, 220, 221, 222, 223, 225, 233, and 234; and Title VIII—Sections 809 and 810.

Multifamily Project Mortgages: Title II—Sections 207, 213, 220, 221, 223, 231, 232, and 233; and Title VIII—Sections 803 and 810.

Property Improvement Loans: Title I—Section 2.

Rental Housing Investment Yields: Title VII—Section 701.

The purposes of the various sections and titles are explained in Appendix A of this report.

The Housing Act of 1961, approved June 30, 1961, provided for new mortgage insurance on experimental housing under Section 233 and condominium housing under Section 234, and liberalized the provisions of Section 221 to cover homes and rental housing for families of moderate income regardless of whether they are affected by urban renewal or other governmental actions. It also authorized the insurance of property improvement loans under Sections 203, 220 (homes and projects), 213 (projects), and 234.

The impact of the 1961 legislation was most evident in the increase in applications under Section 221. The number of units represented by home applications under this section during the year increased 59 percent over the 1960 volume. Twenty-one project applications involving 4,045 units were filed under the provisions of Section 221(d)(3) authorizing the insurance of project mortgages bearing interest rates below normal market rates. The increase in home applications occurred entirely within the last 5 months of 1961 and had little effect on the volume of insurance written for the year. One low-interest rate project of 320 units was insured. Insurance was also written under the new home improvement provision of Section 203(k).

Pursuant to the provisions of legislation enacted prior to the 1961 Housing Act, insurance was written during the year under all programs except Sections 701 and 810.

SUMMARY OF OPERATIONS

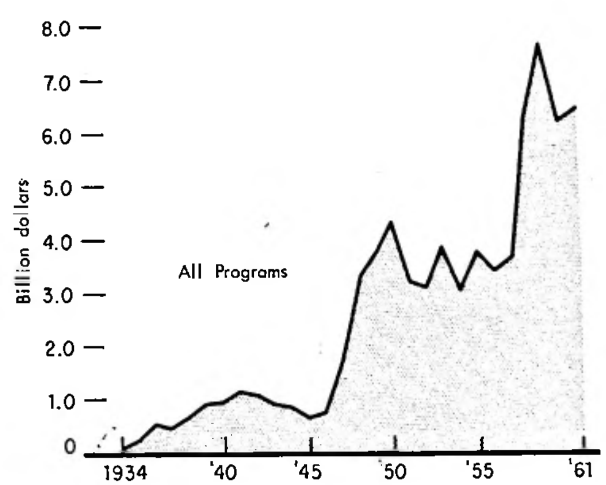
Combined Insurance Activity

During 1961, FHA insured more than $6.5 billion of mortgages and loans—an increase of 4 percent over 1960 and second only to the 1959 total of $7.7 billion. The 1961 insurance covered 1- to 4-family home mortgages secured by 376,200 dwelling units, 59,400 dwelling units involved in multifamily project mortgages, financing for nursing home accommodations for 1,600 beds, and 855,600 property improvement loans (Table III-1).

CHART III-1

VOLUME OF INSURANCE WRITTEN, 1934-61

Under all Insurance Programs of FHA



The continued predominance of the home mortgage insurance programs in 1961, as well as cumulatively during the period since 1934, is shown in the following table on the basis of the relative dollar volumes of insurance written. Home mortgages accounted for 73 percent of the total for 1961, compared with 14 percent for project mortgages and 13 percent for property improvement loans. For home mortgages this was the same percentage as in 1960, but project mortgages gained in relative importance—rising from 11 to

Table III-1.—*Mortgages and loans insured by FHA, 1934–61*

[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	80,267		
1944	877,472	146,974	707,363	12,430	56,096	389,615	114,013		
1945	664,985	96,776	474,245	4,058	19,817	501,441	170,923		
1946	755,778	80,872	421,949	2,232	13,175	790,304	320,654		
1947	1,788,264	141,364	894,675	46,604	359,944	1,247,613	533,645		
1948	3,340,865	300,034	2,116,043	79,184	608,711	1,357,386	614,239	3	$1,872
1949	3,826,283	305,705	2,209,842	133,135	1,021,231	1,246,254	593,744	196	1,466
1950	4,343,378	342,582	2,492,367	154,597	1,156,681	1,447,101	693,761	175	569
1951	3,219,836	252,642	1,928,433	74,207	583,774	1,437,764	707,070	131	560
1952	3,112,782	234,426	1,942,307	39,839	321,911	1,495,741	848,327	85	237
1953	3,882,328	261,541	2,288,626	30,701	259,194	2,244,227	1,334,287	40	221
1954	3,067,250	214,237	1,942,266	28,257	234,022	1,506,480	890,606	115	356
1955	3,806,937	310,870	3,084,767	9,431	76,489	1,024,698	645,645	11	36
1956	3,460,468	248,121	2,638,230	11,177	130,247	1,013,086	691,992		
1957	3,716,980	198,429	2,251,064	43,609	597,318	1,111,962	868,568		
1958	6,328,597	381,883	4,551,483	61,953	908,671	1,038,315	808,443		
1959	7,740,742	495,172	6,069,418	43,976	674,682	1,096,635	996,642		
1960	6,306,413	366,213	4,600,506	49,101	723,501	1,011,858	982,405		
1961	6,548,145	368,561	4,765,216	59,367	928,069	855,582	854,859		
Total	73,929,382	6,006,434	50,795,798	949,956	8,020,342	25,224,015	14,207,026	750	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. Also includes property improvement loans under Sec. 203(k), enacted June 30, 1961.

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

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

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

14 percent at the expense of property improvement loans, which dropped from 16 to 13 percent.

Type of program	Year 1961		1934–61	
	Billions of dollars	Percent	Billions of dollars	Percent
Home mortgages	4.8	73	50.8	69
Multifamily project mortgages	.9	14	8.9	12
Property improvement loans	.9	13	14.2	19
Total	6.5	100	73.9	100

Insurance written under each title and section of the National Housing Act for the years 1960 and 1961 and cumulatively since 1934 is summarized in Table III-2. In 1961, over 83 percent of the total amount of all insurance written was under the provisions of Title II—up 2 percent from 1960. The principal home mortgage insurance program, Section 203, increased its proportion of the total from 66 percent in 1960 to 67 percent in 1961. All other Title II programs, except those under Sections 221 and 222, reported both actual and percentage increases in their shares of FHA total insurance written in 1961. Section 207 showed the largest gain in volume, accounting for nearly 6 percent of the total insurance written, as opposed to 4 percent in 1960. The newer programs under Sections 231 and 232 showed the greatest percentage gains, but together still accounted for only slightly more than 1 percent of FHA's insurance business.

Property improvement loans insured under Title I decreased in relative importance from about 16 percent of the total insurance written in 1960 to 13 percent in 1961, reflecting a 13-percent decline from 1960 in aggregate net proceeds insured, to the lowest reported since 1956. The number of loans insured under this program declined by 15.4 percent from 1960, falling below 1 million for the first time since 1946.

As in 1960, the Title VIII mortgage insurance programs accounted for about 4 percent of the total amount of insurance written—the volume remaining virtually unchanged.

In 27½ years of operations ending December 31, 1961, FHA insured mortgages and loans involving over $73.9 billion in funds supplied by private lending institutions. Of this amount, $50.8 billion covered 6,006,000 home mortgages, $8.9 billion provided 950,000 multifamily dwell-

Table III-2.—*FHA insurance written by title and section, 1960, 1961, and 1934–61*

[Dollar amounts in thousands]

Title and section	1961			1960			1934–61		
	Number	Units	Amount	Number	Units	Amount	Number	Units	Amount
Title I	855,582	n.a.	$854,859	1,011,858	n.a.	$982,405	25,308,475	n.a.	$14,538,797
Sec. 2 property improvement loans	855,582	n.a.	854,859	1,011,858	n.a.	982,405	25,224,015	n.a.	14,207,926
Sec. 2 home mortgages							46,115	46,115	126,611
Sec. 8 home mortgages							38,345	38,345	204,260
Title II	368,242	420,751	5,453,390	365,126	408,156	5,001,506	5,233,872	5,665,356	49,091,406
Sec. 203 home mortgages [1]	340,345	347,849	4,404,870	333,107	340,052	4,186,428	5,065,374	5,229,817	44,152,011
Sec. 207 project mortgages [2]	164	24,146	381,367	142	19,447	269,389	1,340	154,801	1,467,515
Sec. 213 cooperative housing	3,175	11,973	190,752	3,260	10,826	159,775	32,224	104,106	1,255,040
Project mortgages	(223)	(9,021)	(150,041)	(237)	(7,803)	(117,511)	(1,557)	(73,439)	(890,162)
Sales-type project mortgages	(172)	(3,097)	(43,506)	(204)	(3,378)	(47,249)	(1,279)	(31,704)	(379,877)
Management-type project mortgages	(51)	(5,924)	(106,534)	(33)	(4,425)	(70,261)	(278)	(41,735)	(510,285)
Home mortgages	(2,952)	(2,952)	(40,711)	(3,023)	(3,023)	(42,264)	(30,667)	(30,667)	(364,877)
Sec. 220	372	5,742	92,832	186	4,664	80,909	1,852	28,200	389,583
Project mortgages	(27)	(5,373)	(88,381)	(21)	(4,467)	(79,116)	(123)	(26,329)	(369,244)
Home mortgages	(345)	(369)	(4,451)	(165)	(197)	(1,794)	(1,729)	(1,871)	(20,339)
Sec. 221	7,391	8,548	80,210	9,254	10,975	99,132	29,337	35,768	323,685
Project mortgages	(8)	(1,006)	(7,877)	(13)	(1,663)	(14,307)	(38)	(6,238)	(52,696)
Home mortgages	(7,383)	(7,542)	(72,333)	(9,241)	(9,312)	(84,826)	(29,299)	(29,530)	(270,989)
Sec. 222 home mortgages	16,733	16,733	230,793	19,151	19,151	264,065	103,656	103,656	1,397,028
Sec. 225 open-end advances	(3)	(3)	7	(5)	(5)	11	(58)	(58)	119
Sec. 231 project mortgages	42	5,760	64,366	24	3,041	31,177	67	9,008	97,609
Sec. 232 project mortgages	20	(1,630)	8,194	2	(171)	621	22	(1,801)	8,815
Title VI							635,939	1,106,812	7,127,565
Sec. 603 home mortgages							624,653	690,007	3,645,218
Sec. 608 project mortgages							7,044	405,674	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	926	14,864	239,896	1,631	14,206	232,500	7,122	206,087	2,590,917
Sec. 803 project mortgages	123	14,061	227,844	105	12,680	211,381	1,120	200,083	2,510,506
Military housing							(274)	(84,883)	(683,143)
Armed services housing	(123)	(14,061)	(227,844)	(105)	(12,680)	(211,381)	(846)	(115,200)	(1,827,363)
Sec. 809 home mortgages	803	803	12,051	1,526	1,526	21,119	6,002	6,004	80,411
Title IX							57,253	74,187	580,697
Sec. 903 home mortgages							(57,156)	(65,702)	(517,270)
Sec. 908 project mortgages							(97)	(8,485)	(63,427)
Total	1,224,750	[3] 435,615	6,548,145	1,378,615	[3] 422,362	6,306,413	31,242,661	[3] 7,196,902	73,929,382

[1] Includes 8 home improvement loans in 1961 for $25,050 involving 8 units under Sec. 203(k).

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

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

n.a.=Not available.

ing units, and $14.2 billion financed 25,224,000 property improvements.

Of the $73.9 billion of mortgages and loans insured, an estimated $38 billion remained in force at the end of 1961. The reduction of FHA's obligation resulted from terminations of insurance contracts involving $29.1 billion in face amounts, and from estimated amortization payments of $7.2 billion on insured transactions still in force (Table III-3).

FHA Influence on Residential Financing During 1961

Home Mortgages.—Of the $31.2 billion in total nonfarm mortgages of $20,000 or less recorded during 1961, FHA mortgage insurance covered $4.8 billion, or 15 percent. This was only 1 percentage point below the 1960 level, but moderately below the postwar high of 19 percent reached in both 1949 and 1959. The highest percentage ever recorded for FHA was in 1942, when wartime building and credit restrictions channeled 25 percent of all home mortgage financing dollars into FHA-insured obligations. The significance of this comparison of FHA volume with total nonfarm mortgage recordings is somewhat limited by the fact that the total figures include both second mortgages and repetitive recordings of construction and interim short-term financing on properties subsequently financed with long-term mortgages. Furthermore, the FHA volume is no longer strictly comparable to total nonfarm mortgage recordings because the maximum insurable FHA mortgage of $25,000 on single-family dwellings now exceeds the limit used by the Home Loan Bank Board in making its estimates of total recordings. This, however, does not invalidate the comparison, since somewhat less than 3 percent

TABLE III-3.—*Status of FHA insurance written as of Dec. 31, 1961*

[Dollar amounts in thousands]

Title and section	Item	Insurance written	Insurance terminated	Insurance in force: Total	Insurance in force: Amortized (estimated)	Insurance in force: Net outstanding
Title I:						
Sec. 2 property improvement loans [1]	Number of loans	25,270,130	22,500,515	2,760,615		
	Net proceeds	$14,334,537	$11,167,533	$3,167,003	$1,520,518	$1,637,485
Sec. 8 home mortgages	Number of mortgages	38,345	9,143	29,202		
	Amount	$204,260	$47,215	$157,045	$35,337	$121,708
Title II:						
Sec. 203 home mortgages [2]	Number of mortgages	5,065,374	2,169,086	2,896,288		
	Amount	$44,152,011	$13,440,497	$30,711,515	$4,106,385	$26,605,130
Sec. 207-210 project mortgages	Number of units	154,801	50,577	104,224		
	Amount	$1,467,515	$228,804	$1,238,711	$52,622	$1,186,088
Sec. 213 cooperative housing	Number of units	104,106	33,420	70,686		
	Amount	$1,255,040	$388,744	$866,295	$43,665	$822,630
Sec. 220 redevelopment housing [3]	Number of units	28,200	160	28,040		
	Amount	$389,583	$2,500	$387,084	$6,347	$380,737
Sec. 221 relocation housing [3]	Number of units	35,768	2,656	33,112		
	Amount	$323,685	$22,052	$301,633	$5,653	$295,980
Sec. 222 servicemen's housing	Number of mortgages	103,656	7,013	96,643		
	Amount	$1,397,028	$89,530	$1,307,498	$76,121	$1,231,377
Sec. 231 elderly housing	Number of units	9,008		9,008		
	Amount	$97,609		$97,609	$142	$97,467
Sec. 232 nursing homes	Number of beds	(1,801)		(1,801)		
	Amount	$8,815		$8,815	$5	$8,810
Title VI (war veterans' emergency program):						
Sec. 603 home mortgages [4]	Number of mortgages	628,016	456,323	171,693		
	Amount	$3,661,326	$2,504,576	$1,156,750	$537,710	$619,039
Sec. 608 project mortgages [5]	Number of units	469,589	133,295	336,294		
	Amount	$3,448,377	$924,012	$2,524,365	$546,320	$1,978,045
Sec. 609 manufactured-housing loans [6]	Number of loans	756	756			
	Amount	$5,316	$5,316			
Sec. 611 site fabricated housing	Number of units	2,059	2,000	59		
	Amount	$12,546	$12,109	$437	$112	$325
Title VIII:						
Sec. 803 military housing [7]	Number of units	200,083	11,331	188,752		
	Amount	$2,510,506	$129,492	$2,381,014	$164,375	$2,216,639
Sec. 809 civilian housing	Number of mortgages	6,002	128	5,874		
	Amount	$80,411	$1,566	$78,845	$3,337	$75,508
Title IX (defense housing program):						
Sec. 903 home mortgages	Number of mortgages	57,156	16,512	40,644		
	Amount	$517,270	$146,569	$370,701	$62,092	$308,610
Sec. 908 project mortgages	Number of units	8,485	2,495	5,990		
	Amount	$63,427	$18,524	$44,902	$6,918	$37,984
Total [8]		$73,929,382	$29,129,062	$44,800,319	$7,176,675	$37,623,645

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

[2] Includes 8 property improvement loans for $25,050 insured under Sec. 203(k), none of which has been terminated.

[3] Number of units terminated are estimated.

[4] Includes 3,363 mortgages for $16,108,500 insured under Sec. 610, of which 1,461 mortgages for $6,082,450 have been terminated, leaving 1,902 mortgages for $10,026,050 in force.

[5] 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.

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

[7] Includes 115,200 units (846 mortgages) for $1,827,363,194 insured under Sec. 803 armed services housing program, of which 4,866 units (32 mortgages) for $79,663,923 have been terminated, leaving 110,334 units (814 mortgages) for $1,747,699,271 in force.

[8] Includes open-end advances of $119,139 insured under Sec. 225, of which $22,707 has been terminated, leaving $96,342 in force.

of FHA home mortgages insured during 1961 exceeded the $20,000 level.

The estimated amount of total mortgage debt outstanding on nonfarm homes at the end of 1961 increased by $12.3 billion to $153.5 billion. Of this increase, $9.2 billion was conventionally financed, $2.7 billion FHA-insured, and $0.3 billion VA-guaranteed. The FHA share of the $153.5 billion was $29.5 billion, or 19 percent—unchanged from a year earlier.

The influence of FHA on home mortgage financing is not completely measured by comparisons with total mortgage recordings and total home mortgage debt outstanding. A relatively high percentage of FHA-inspected homes are known to be sold upon completion with conventional or VA-guaranteed loans rather than with FHA-insured mortgages. Another indication of the influence of FHA on residential financing is in the number of VA new-home appraisal requests for which FHA construction inspections were specified. These cases represented 38 percent of the VA total in 1961.

Multifamily Project Mortgages.—FHA's influence in the field of multifamily project financing is generally limited to a comparison of the outstanding amount of FHA-insured project mortgages with the estimate of the total amount outstanding for all such mortgages. The validity of this comparison, too, is somewhat attenuated by the fact that the estimate of total mortgage debt outstanding on multifamily properties is based on a multifamily project concept of five or more units in contrast to the FHA classification of eight or more units.

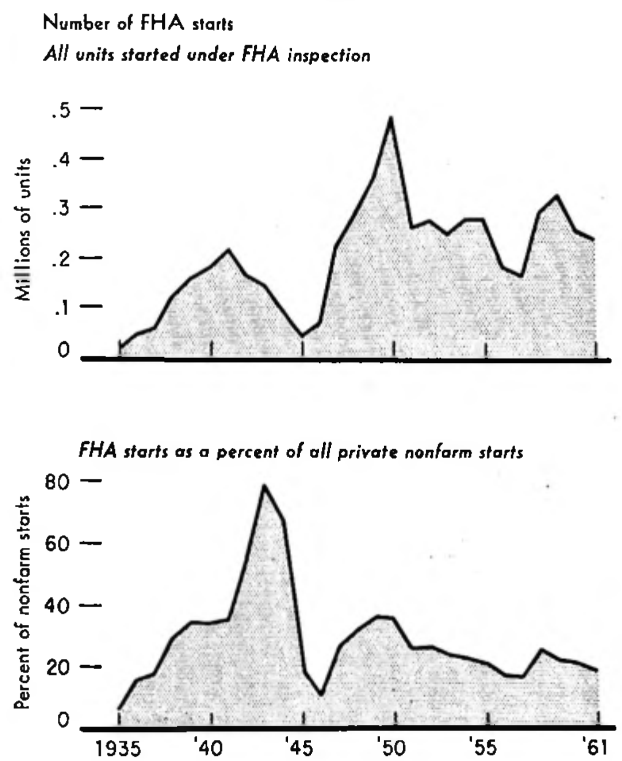
At the end of 1961, an estimated $21.1 billion of mortgage debt was outstanding on multifamily properties. Of this amount, $6.5 billion, or 30 percent, was FHA insured. This was less than 1 percentage point lower than the 1960 figure, and substantially below the high of 38 percent reached during the period from 1950 through 1952 at the height of the Section 608 veterans' emergency housing program.

Title I Property Improvement Loans.—Property improvement loans insured by FHA during 1961 represented an estimated 42 percent of total consumer installment credit extended during the year for repair and modernization loans. This was 2 percentage points lower than the estimate for 1960 and reflected the continuation of an overall downtrend in FHA's share of consumer installment credit extended for property improvement purposes. For example, the FHA average for the years 1950 through 1954 was 77 percent, with a high of 95 percent in 1953, but the average for the 7 years ending December 31, 1961 was only 45 percent, with a high of 50 percent in 1957.

Construction Starts.—Privately financed nonfarm dwelling units started during 1961 totaled 1,275,500—4 percent more than in 1960. Starts under FHA inspection involved 244,300 units, or 19 percent of the total, compared to 21 percent in 1960. Total FHA home starts involved 198,800 units, while project starts covered 45,600 units. Compared to 1960, total FHA units started decreased 6 percent, with homes falling 12 percent, but with projects rising 29 percent (Chart III–2 and Table III–4). These data do not reflect nursing homes started under Section 232, since this construction is reported in terms of bed accommodations provided. During 1961, nursing home projects started under the FHA program contemplated provision for 2,300 beds. Units started under Section 803 are under military inspection and are not included in the FHA figures above.

CHART III–2

FHA DWELLING UNITS STARTED, 1935–61



FHA Workload

During 1961, FHA received applications for mortgage insurance covering 872,800 dwelling units. Of this total, 243,800 units were for new homes, 540,000 for existing homes (including applications for the insurance of loans to finance improvements to 431 units submitted under the new Sections 203(k) and 220(h) programs), and 89,000 units in multifamily projects, exclusive of applications covering 7,400 beds in nursing home projects. In comparison with 1960, total applications were 17 percent higher with new homes increasing by less than 1 percent, existing homes by 28 percent, and multifamily project unit receipts by 13 percent. Applications reported under the relatively new nursing home program were three times as large as in 1960.

Reflecting the Commissioner's program to speed processing and reduce backlogs, FHA field offices processed (approved or rejected) applications involving 816,300 units, or nearly 18 percent more than in 1960. Of these units processed, commitments for mortgage insurance were issued for 764,000 units, or 94 percent of the total. Excluded from the workload figures are 22,600 units that were rejected after preliminary examination, 9,400 units of armed services housing on which preapplication appraisal work was performed, and 21,300 units processed under the Certified Agency Program. Also excluded are nursing home projects involving 5,300 bed accommodations that were processed in 1961.

The fee appraisal system was introduced in March 1958 to facilitate the processing of cases in field offices where the volume of business created backlogs for FHA staff appraisers. During the fiscal year 1960, the use of fee appraisers was confined largely to those offices with critical backlogs. This curtailment, along with expansion in 1961 in the number of staff appraisers, reduced the number of fee appraisals from 194,000 in 1959 to 61,700 in 1960 and to 30,600 in 1961.

FHA field office personnel also performed construction inspections on approximately 435,800 units in 1961—9 percent more than in 1960.

During 1961, FHA received 9,500 requests (including resubmissions) for subdivision analyses covering a total of 357,500 acres, and issued reports outlining development programs for nearly 5,000 subdivisions containing 131,200 acres and 410,300 lots. Analysis was discontinued on 4,300 submissions because of unacceptability of development proposals or developers' decisions to withdraw.

TABLE III-4.—*Privately financed nonfarm dwelling units started under FHA programs compared with total for United States, 1935–61*

Year	Home mortgage programs: Secs. 2 and 8 [1]	Sec. 203 [2]	Sec. 220	Sec. 221	Sec. 222	Sec. 603	Sec. 809	Sec. 903	Total home units [2]	Project mortgage programs: Sec. 207	Sec. 213: Sales type	Sec. 213: Management type	Sec. 220	Sec. 221	Sec. 231	Sec. 608	Sec. 611	Sec. 803 [3]	Sec. 908	Total project units [3] [4]	Total FHA units [2] [3] [4]	Total U.S. nonfarm units [5]	FHA as percent of U.S. total
1935		13,226							13,226	738										738	13,964	215,700	6.5
1936		48,752							48,752	624										624	49,376	301,200	16.2
1937		56,980							56,980	3,023										3,023	60,003	332,400	18.1
1938	5,845	100,966							106,811	11,930										11,930	118,741	399,300	29.7
1939	10,783	133,874							144,657	13,462										13,462	158,119	458,400	34.5
1940	10,194	166,451							176,645	3,446										3,446	180,091	529,600	34.0
1941	9,145	180,156				27,790			217,091	3,296										3,296	220,387	619,500	35.6
1942	4,010	41,578				114,616			160,204	1,163						4,295				5,458	165,662	301,200	55.0
1943	307	338				125,474			126,119	41						19,994				20,035	146,154	183,700	79.6
1944		208				83,396			83,604							9,655				9,655	93,259	138,700	67.2
1945		17,049				21,848			38,897	200						2,062				2,262	41,159	208,100	19.8
1946		44,244				22,878			67,122	41						1,870				1,911	69,033	662,500	10.4
1947	217	20,884				157,168			178,269							50,766				50,766	229,035	845,600	27.1
1948	3,006	82,979				130,464			216,449							77,610				77,610	294,059	913,500	32.2
1949	3,261	241,559				7,806			252,626	813						109,995	100	268		111,176	363,802	988,800	36.8
1950	3,191	324,937				117			328,245	2,277	141					143,331	372	12,315		158,436	486,681	1,352,200	36.0
1951	9,357	177,435						132	186,924	4,651	1,780	5,888				30,820	1,328	23,126		76,599	263,523	1,020,100	25.8
1952	5,533	190,973						32,579	229,085	7,342	3,701	6,338				5,895	37	24,039	3,374	50,816	279,901	1,068,500	26.2
1953	4,572	181,436						30,501	216,509	7,451	2,519	5,464				199	105	15,575	4,057	35,460	251,969	1,068,300	23.6
1954	22,643	220,189			5			8,073	250,910	11,856	3,569	2,659				28		6,313	972	25,397	276,307	1,201,700	23.0
1955	296	267,411			329			619	268,655	4,180	530	987						2,334		8,040	276,695	1,309,500	21.1
1956	2	182,371	230	8	487		252		183,350	557	1,302	2,120	1,082					919	2	5,991	189,341	1,093,900	17.3
1957		146,917	627	1,208	343		1,031		150,126	3,672	7,201	2,164	5,260							18,297	168,423	992,800	17.0
1958		260,803	545	7,444	683		725		270,290	14,015	3,801	2,956	3,083	1,292						25,147	295,437	1,141,500	25.9
1959		298,697	144	6,890	806		408		307,035	12,330	1,672	2,700	7,207	1,529						25,438	332,473	1,491,600	22.2
1960		217,439	384	6,690	678		545		225,736	17,694	4,242	3,735	5,232	1,892	2,418					35,213	260,949	1,230,100	21.2
1961		192,803	383	4,797	643		130		198,756	24,188	3,648	6,113	4,334	1,206	6,070					45,559	244,315	1,275,500	19.2
Total	92,362	3,810,745	2,313	27,037	4,064	691,557	3,091	71,904	4,703,073	148,990	34,205	41,133	26,198	5,919	8,488	465,526	2,032	84,889	8,405	825,785	5,528,858	21,319,000	25.9

[1] Sec. 2 activity 1938–50; Sec. 8, 1950–56.
[2] Includes units started under the certified agency program: during 1959, 1,692 units; 1960, 2,112 units; and 1961, 2,335 units.
[3] Excludes Sec. 803 Armed Services projects, classified as public housing: during 1955, 420 units; 1956, 5,309 units; 1957, 24,872 units; 1958, 41,700 units; 1959, 16,184 units; 1960, 12,682 units; and 1961, 13,903 units.
[4] Excludes Sec. 232, expressed as number of beds: during 1960, 80 beds and 1961, 2,289 beds.
[5] Total number of privately financed nonfarm dwelling units started during 1935–58 estimated by the Bureau of Labor Statistics and 1959–61 by the Bureau of the Census.

VOLUME OF INSURANCE WRITTEN

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

Home Mortgages

In 1961, FHA home mortgage insurance was available under the following subsections of Section 203: 203(b) for regular home mortgage transactions; 203(h), disaster housing; 203(i), moderate-cost suburban and farm homes; and 203(k) for home improvements; and under additional sections of Title II: Section 213 for individual homes constructed under and released from sales-type cooperative project mortgages; Section 220, homes in urban renewal areas; Section 220(h), home improvements in urban renewal areas; Section 221, homes for moderate-income families and families relocated from urban renewal areas or displaced by other governmental action; Section 222, career servicemen's homes; Section 223, authorizing insurance for homes involved in public-housing disposition, for refinancing of certain insured mortgages and for mortgages taken by FHA in connection with the sale of acquired properties; Section 225, "open end" increases of existing FHA-insured mortgages; Section 233, experimental housing; and Section 234 for condominium housing, including open end provisions for improvement loans. Home mortgage insurance was also available under Section 809 of the Title VIII program covering civilian employees engaged in armed services research and development. Homes on which mortgages may be insured under Section 810 for military personnel and essential civilian personnel at installations of the armed services will not be available until units are released from projects insured under the same section, and no Section 810 projects had been undertaken through the end of 1961.

Home mortgages insured in 1961 covered a total of 376,250 dwelling units and amounted to $4.8 billion. Units in new homes totaled 132,250, with mortgages amounting to $1.8 billion, while those in existing homes numbered 244,000 and secured mortgages aggregating $3 billion (Table III–5). While the volume in terms of units showed an increase of less than 1 percent over 1960, the total mortgage amount insured increased almost 4 percent. Proposed units dropped 22 percent from the previous year, while mortgage amounts declined 19 percent. Mortgage insurance of existing homes, on the other hand, increased 19 percent in units and 24 percent in amount.

Increases in the maximum insurable amounts under most home programs in 1961 accounted, in part, for a continued uptrend in average mortgage amounts. Most affected were single-family homes under Sections 203, 220, and 809, for which the maximum was raised from $22,500 to $25,000 and for which loan-value ratios were liberalized for all valuations above $13,500. Proposed-home mortgages averaged $13,500 in 1961, almost 4 percent more than in 1960. The average existing-home mortgage displayed a corresponding 4 percent increase to $12,200.

A complete account of home mortgage insurance written under each section of the National Housing Act, 1935 through 1961, is presented in Table III–5. The percentages below permit comparison of the relative volumes of insurance written in 1961 under each of the home mortgage programs.

Section	Total: Units (percent)	Total: Amount (percent)	New homes: Units (percent)	New homes: Amount (percent)	Existing homes: Units (percent)	Existing homes: Amount (percent)
203	92.5	92.4	90.0	91.0	93.8	93.3
213	.8	.9			1.2	1.4
220	.1	.1	.2	.2	(1)	(1)
221	2.0	1.5	4.0	2.8	1.0	.7
222	4.4	4.8	5.6	5.8	3.8	4.3
809	.2	.3	.2	.2	.2	.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] Less than 0.05 percent.

Section 203 maintained its predominant position in 1961 by accounting for 92 percent of home mortgage insurance volume, in terms of both units and mortgage amounts. The most notable change in relative importance among the programs was the two-thirds decline from 1960 to 1961 in the percentage represented by new Section 809 homes.

Included in the Section 203 data presented in Table III–5 are mortgages insured under Section 203(i), which was instituted in 1954 to supplant Section 8 for the insurance of mortgages on low-cost suburban and farm homes. Since the inception of this program, mortgages in a total of $519.6 million covering 71,052 small homes have been insured. In 1961, Section 203(i) insurance written covered 6,600 units with mortgages of $56.3 million. These figures represent new homes only. Insurance of existing homes under Section 203(i) was authorized by the National Housing Act of 1959, but the volume of such cases in 1960 and 1961 was low—fewer than 900 each year.

The disposition of home mortgage applications submitted under the principal Section 203 program is shown in Table III–6. In examining these trends, recognition should be given to the fact that the percentages shown represent closing actions completed in the years indicated, without regard to application dates. An example of the limited comparability between closing actions in given

TABLE III-5.—*Home mortgages insured by FHA, 1935–61*

[Dollar amounts in thousands]

Year	Grand total [1]		Total new construction		New construction: Sec. 2 and 8 [2]		Sec. 203 [3]		Sec. 220		Sec. 221		Sec. 222		Sec. 603		Sec. 809		Sec. 903	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	513,615	$2,007,777	235,301	$1,012,500	16,028	$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	3,603,462	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	1,750	7,428	221,381	1,613,725							2,120	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	122,764	968,613	5,615	20,112	102,695	831,748											14,449	$107,716
1953	272,299	2,288,026	151,777	1,258,558	4,276	21,303	121,081	1,038,234											25,520	198,933
1954	222,665	1,942,260	121,847	1,035,366	15,826	89,007	85,184	777,067											20,836	169,340
1955	318,454	3,084,767	131,116	1,269,179	5,705	32,259	120,459	1,188,329					1,608	$20,676					3,344	27,915
1956	253,300	2,638,230	105,315	1,132,930	139	775	101,454	1,087,699	57	$598	1	$9	2,750	35,620			5	$65	909	8,150
1957	202,454	2,251,004	74,602	880,143	8	46	70,252	823,824	455	4,887	158	1,351	3,138	43,182			553	6,671	33	294
1958	389,450	4,551,483	133,820	1,665,886			123,588	1,544,654	540	6,115	3,416	31,339	5,432	72,902			853	10,675		
1959	505,403	6,069,418	200,222	2,502,011			182,618	2,357,042	201	2,091	6,623	59,746	9,670	129,767			1,068	13,965		
1960	373,261	4,600,506	168,720	2,107,302			149,414	1,967,603	158	1,500	7,408	68,176	10,627	140,096			1,023	13,897		
1961	376,248	4,765,216	132,248	1,782,899			119,046	1,621,908	310	3,944	5,246	50,576	7,375	102,441			271	4,031		
Total	6,246,946	50,795,798	3,243,220	25,339,146	84,031	328,676	2,358,750	20,130,318	1,724	19,224	22,042	211,106	40,609	550,694	666,300	3,537,186	3,773	49,501	65,091	512,348

Year	Total existing construction [4]		Existing or refinanced construction: Sec. 8		Sec. 203 [5]		Sec. 213		Sec. 220		Sec. 221		Sec. 222		Sec. 603 and 603–610		Sec. 611		Sec. 809		Sec. 903	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	278,224	$995,187			278,224	$995,187																
1940–44	243,337	999,240			236,737	973,301									6,600	$25,939						
1945–49	439,055	2,513,302			419,194	2,423,058									19,861	90,244						
1950	126,259	855,690			125,186	852,330									1,073	3,360						
1951	99,558	712,898	46	$215	97,991	706,106	313	$2,464							1,202	3,983	6	$40				
1952	123,345	973,694	200	996	119,673	940,724	3,235	30,355							56	291	69	516			113	$819
1953	120,522	1,030,068	103	553	117,269	998,977	2,689	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	1,381,897	677	7,220			15	$116	8,707	115,926					7	$86		
1957	127,852	1,370,921			115,453	1,207,313	4,233	54,169			362	3,161	7,641	104,252					163	2,008		
1958	255,621	2,885,597			237,385	2,647,267	5,827	78,279	15	$147	978	8,380	10,942	145,431					474	6,088		
1959	305,271	3,506,807			288,562	3,289,710	2,162	31,231	34	258	1,123	9,729	12,838	168,394					552	7,483		
1960	204,541	2,403,145			190,638	2,218,824	3,023	42,261	39	204	1,814	16,650	8,524	117,969					503	7,222		
1961	244,000	2,982,317			228,803	2,782,962	2,952	40,711	59	507	2,206	21,758	9,358	128,352					532	8,021		
Total	3,003,726	25,456,652	429	2,195	2,871,067	24,02[illegible],693	30,667	364,877	147	1,115	6,588	59,793	63,047	846,334	28,864	124,140	75	556	2,231	30,906	611	4,922

[1] For total number and amount of mortgages insured under each section in 1960, 1961, and cumulatively through 1961 see Table 2.
[2] Sec. 2 activity, 1938–50; Sec. 8 activity, 1950–57.
[3] Includes insurance under Sec. 203 (i): 436 units for $2,592,300 in 1954, 14,557 for $90,853,450 in 1955, 10,481 for $65,545,450 in 1956, 3,403 for $22,331,650 in 1957, 8,128 for $61,679,850 in 1958, 14,462 for $113,730,200 in 1959, 13,021 for $106,600,750 in 1960, 6,564 for $56,281,200 in 1961.
[4] Includes insurance under Sec. 225 open-end mortgage program: $19,531 for 1955, $55,351 for 1956, $18,000 for 1957, $5,700 for 1958, $2,835 for 1959, $10,740 for 1960, $6,982 for 1961.
[5] Includes home improvement loans under Sec. 203(k).

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

Year	Number of cases closed	Percent of cases closed by— Rejection of application [1]	Expiration of commitment [1,2]	Insurance of mortgage
TOTAL CONSTRUCTION				
1946	145,500	16.2	37.9	45.9
1950	539,640	10.4	26.9	62.7
1954	357,920	14.6	36.3	49.1
1955	584,770	10.4	39.2	50.4
1956	498,064	7.2	45.7	47.1
1957	422,006	8.8	48.1	43.1
1958	631,104	10.1	33.9	56.0
1959	831,740	6.6	38.0	55.4
1960	681,070	6.6	44.5	48.9
1961	670,048	10.5	39.4	50.1
NEW CONSTRUCTION				
1946	51,522	13.5	65.9	20.6
1950	345,478	9.5	27.2	63.3
1954	196,291	13.5	44.0	42.5
1955	281,065	9.5	48.0	42.5
1956	257,098	5.1	55.6	39.3
1957	207,096	5.4	60.9	33.7
1958	236,733	6.8	41.2	52.0
1959	320,469	5.6	37.5	56.9
1960	297,389	2.2	47.7	50.1
1961	233,140	6.1	42.9	51.0
EXISTING CONSTRUCTION				
1946	93,978	17.6	22.6	59.8
1950	194,162	12.1	26.4	61.5
1954	161,629	16.0	26.8	57.2
1955	303,714	11.3	31.0	57.7
1956	241,866	9.4	35.2	55.4
1957	214,910	12.1	35.9	52.0
1958	394,371	12.1	29.5	58.4
1959	511,277	7.3	38.2	54.5
1960	383,681	9.9	42.1	48.0
1961	445,908	12.7	37.6	49.7

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

years is the increase in the relative volume of rejections from 1960 to 1961. Applications under Section 203 in 1961 increased by almost one-fifth over 1960, with a higher rate of receipts in the last half of the year than in 1960. Rejections reported for 1961, therefore, represent comparatively recent actions on a rising volume of applications. The disposition of commitments, either by expiration or by insurance, may take from several months to several years. Moreover, the rate of closings by expiration or insurance is influenced by the many factors affecting housing marketing and finance as well as by the rate of buildup of commitments through new applications. Without regard to year-to-year changes in the relative percentages among the types of dispositions, the sustained high rate of closings through expirations of commitments is evidence of the value builders and lenders place on commitments as a means of obtaining FHA appraisals, construction financing, and FHA inspection during construction.

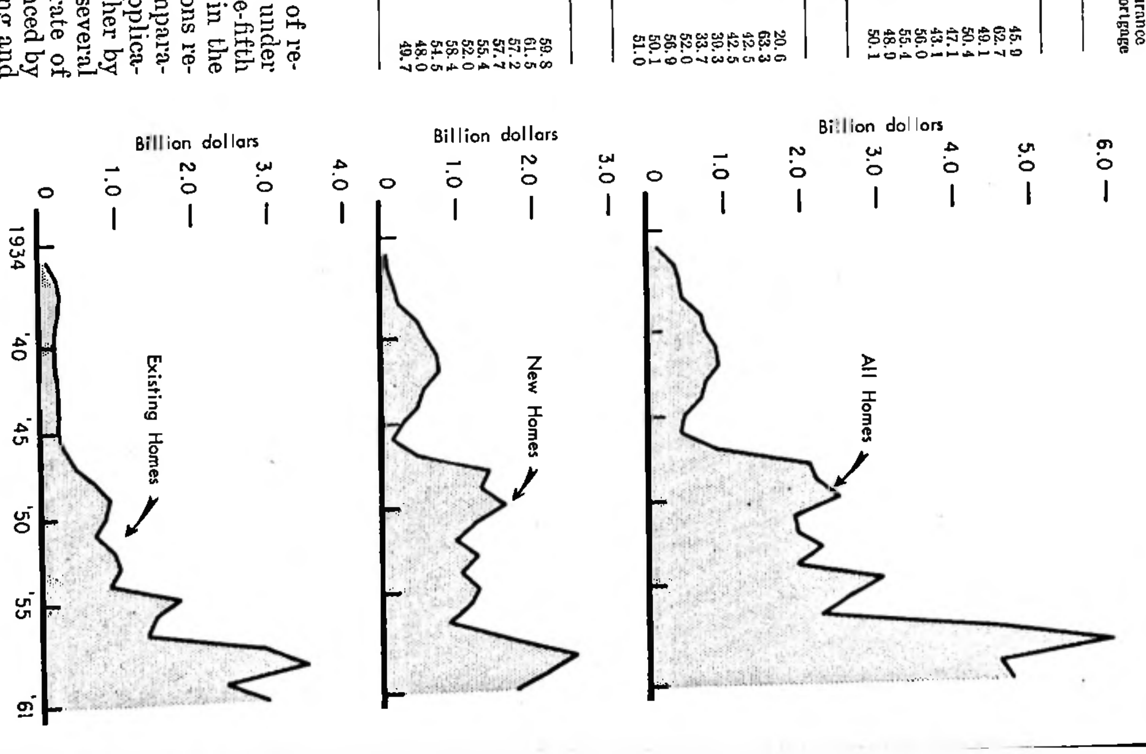
Project Mortgages

Mortgage insurance on multifamily housing was available in 1961 under the following programs authorized by the National Housing Act: Title

CHART III-3

VOLUME OF HOME MORTGAGES INSURED, 1935–61

Under all home mortgage programs of FHA

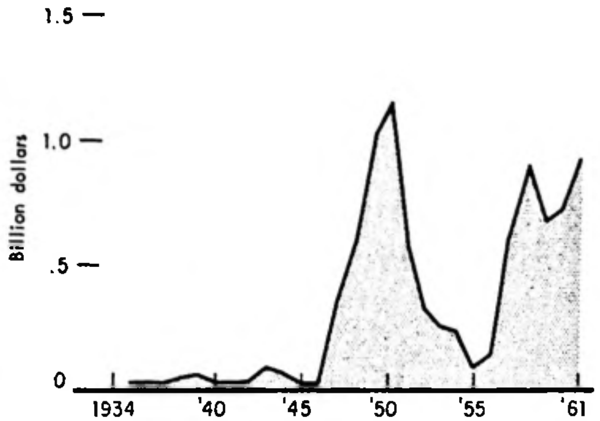


II, Section 207, covering rental housing, trailer courts, public housing sold by certain Federal or State agencies, refinanced Section 608 or 908 mortgages, and sales of Commissioner-held mortgages and properties; Section 213, cooperative housing, including supplementary loans to management-type cooperatives for rehabilitating existing properties; Section 220, redevelopment housing, including improvement loans; Section 221, rental and relocation housing; Section 231, housing for the elderly; Section 232, nursing homes; Section 233, experimental housing; Section 803, armed services housing; and Section 810 rental housing for military and civilian personnel

CHART III-4

VOLUME OF MULTIFAMILY MORTGAGES INSURED, 1935–61

Under all project mortgage programs of FHA



of military installations. Also authorized but not used was the provision for yield insurance under Title VII, Section 701. A summary of the National Housing Act in Appendix A offers a brief description of each of the programs cited above.

Project mortgage insurance in 1961 continued a generally upward trend that started in 1955, punctuated by an intervening peak year in 1958, when an unusually high volume of armed services housing under Section 803 dominated project insuring operations. The number of units involved in 1961 rose 21 percent above 1960 to 59,400, while mortgage amounts showed a corresponding increase of 28 percent to $928.1 million. The mortgage per unit in 1961, excluding Section 232, averaged $15,500, which was considerably more than the $14,700 in 1960 but only slightly above the $15,300 in 1959.

Project mortgage insurance constituted more than 14 percent of the dollar volume of mortgages insured in 1961, compared with 11 percent in 1960 and only 9 percent in 1959.

Applications for insurance of project mortgages in 1961 covered 89,000 dwelling units, an increase of 13 percent over the previous year. Characteristically, 96 percent of the units in 1961 applications were in proposed construction. As the result, however, of increased emphasis placed on the rehabilitation of existing structures by the Housing Acts of 1959 and 1961, units in applications covering existing construction rose from fewer than 400 in 1959 to 2,500 in 1960 and to 3,900 in 1961. Units in commitments issued during the year declined by 7 percent from 1960 to a total of 64,100. These figures on applications and commitments include 2,400 mobile-home spaces in applications received and 1,600 spaces in commitments issued. They do not include proposed accommodations in nursing homes under Section 232. Under this section, applications were received for 91 facilities accommodating 7,400 beds and commitments were issued for 62 facilities accommodating 5,100 beds.

The backlog of commitments outstanding at the end of 1961 involved 33,200 rental and cooperative units, 1,000 mobile-home spaces, and 4,000 nursing home beds. At the year end, field offices had applications under examination for 56,800 project dwelling units and 3,200 nursing home accommodations.

During 1961, there were 45,600 multifamily dwelling units reported started under FHA inspection, bringing the total of such units under construction during the year to 85,100—nearly one-third more than in 1960. Of these units, 28,700 were reported completed and ready for occupancy by the year end. These figures exclude 2,300 beds in nursing home facilities started under FHA inspection and 14,100 Section 803 units started under military inspection.

The volume of mortgages insured under Section 207 increased by 42 percent in 1961 to $381 million and covered 24,100 units, or 24 percent more than in 1960. Successive increases in the volume of insurance under this section in each of the past 5 years resulted in its outranking all other multifamily programs in both 1960 and 1961 (Table III-7). In addition to the 23,000 new units under the regular rental housing provisions, insurance during the year under Section 207 covered 844 spaces in 3 mobile home courts mortgaged at $1.3 million, and 274 units in the disposition of 4 public housing projects mortgaged at $1.4 million. The oldest of the multifamily insurance programs, Section 207 has accounted for almost $1.5 billion in insured mortgages from 1935 through 1961, or about 16 percent of total multifamily insurance volume.

Cooperative housing project mortgages insured under Section 213 in 1961 exceeded the 1960 volume by 28 percent to reach a new high of $150 million. Dwelling units numbered 9,000, or 16 percent more than in 1960. Of this total, newly constructed management-type cooperatives accounted for 5,800 units ($105.6 million), and existing structures purchased by management-type cooperatives for 100 units ($941,000). Investor-sponsored projects involving 4,000 units with mortgages of $67.7 million are included in the management-type figures for new construction. An investor sponsor constructs a project prior to the formation of a cooperative. This allows the project to be marketed without delay and gives prospective members an opportunity to inspect the completed structure. Such projects contemplate sale to management-type cooperatives within 2 years after completion. Under these provisions, a total of 87 projects containing 11,900 units had been insured through 1961, of which 34 containing 4,600 units had been reported sold to management-type groups.

TABLE III-7.—*Multifamily housing mortgages insured by FHA, 1935–61*

[Dollar amounts in thousands]

Year	Grand total[1]		New construction																			
			Total		Sec. 207		Sec. 213				Sec. 220		Sec. 221				Sec. 231		Sec. 232		Sec. 608	
							Sales		Management				Market rate		Below market rate							
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Beds[2]	Amount	Units	Amount
1935–39	29,777	$114,429	29,777	$114,429	29,777	$114,429																
1940–44	45,751	188,446	41,890	174,187	7,946	28,752															33,944	$145,436
1945–49	265,213	2,022,878	260,592	2,008,452	1,054	8,519															257,723	1,986,212
1950	154,597	1,156,681	153,477	1,154,680	2,514	18,065	285	$2,691													135,076	1,007,996
1951	74,207	583,774	73,333	577,545	4,890	33,201	1,928	17,726	6,067	$55,194											33,799	259,937
1952	39,839	321,911	39,839	321,911	6,043	41,843	3,681	35,788	6,003	55,913											3,457	29,634
1953	30,701	259,194	30,701	259,194	7,175	53,839	1,915	20,920	5,664	53,954												
1954	28,257	234,022	28,257	234,022	11,442	92,928	3,605	32,145	2,555	24,273												
1955	9,431	76,489	8,639	73,347	4,316	35,916	636	4,855	909	8,099												
1956	11,177	130,247	10,933	129,585	528	5,070	1,254	16,419	1,719	19,655	1,051	$9,375										
1957	43,609	597,348	43,388	596,517	4,242	40,535	5,889	76,891	2,670	33,415	5,151	50,920										
1958	64,953	908,671	64,851	908,208	11,266	135,155	4,580	61,885	2,621	35,914	2,660	31,579	2,024	$17,282								
1959	43,976	674,682	43,632	673,385	13,742	185,882	1,306	19,705	3,057	45,881	7,627	100,805	1,535	13,166			207	$2,067				
1960	49,101	723,501	47,974	717,994	18,610	266,758	3,378	47,249	4,209	68,051	4,467	79,116	1,663	14,307			2,967	30,511	(171)	$621		
1961	59,367	928,069	58,350	918,524	23,872	379,030	3,097	43,506	5,816	105,593	5,321	88,077	686	5,530	320	$2,347	5,177	58,200	(1,330)	7,496		
Total	949,956	8,920,342	935,633	8,861,978	147,417	1,440,822	31,704	379,877	41,380	506,842	26,277	368,940	5,908	50,285	320	2,347	8,351	90,778	(1,501)	8,118	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. 220		Sec. 221 Market rate		Sec. 231		Sec. 232		Sec. 608[3]	
			Military		Armed services																			
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Beds[2]	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											3,277	9,284
1950	473	2,877	15,129	123,052					1,120	2,002													1,120	2,002
1951	966	5,832	25,083	205,653					874	6,229													874	6,229
1952	125	706	17,233	135,842			3,207	$22,180																
1953	145	926	12,181	100,558			3,890	30,497																
1954			9,310	74,764			1,282	9,820																
1955			2,261	18,836	420	$3,570	100	923	792	3,143	792	3,143												
1956			982	8,410	5,399	70,055			244	662	208	370	37	$292										
1957			564	3,957	24,872	381,701			221	831	221	831												
1958					41,700	626,302			107	463	107	463												
1959					16,068	305,730			344	1,297	334	1,232					10	$65						
1960					12,680	211,381			1,127	5,507	837	2,631	210	2,210					74	$666				
1961					14,061	227,844			1,017	9,545	274	1,437	108	941	52	$304			583	6,165	(300)	$698		
Total	1,984	11,991	84,283	683,143	115,200	1,827,363	8,485	63,427	14,323	58,364	7,384	26,693	355	3,443	52	304	10	65	657	6,831	(300)	698	5,865	20,330

[1] For total number and amount of mortgages insured under each section in 1960, 1961, and cumulatively through 1961 see Table 2.

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

[3] Includes Sec. 608-610.

Sales-type cooperative projects insured in 1961 covered 3,100 units with mortgages involving $43.5 million. The single-family dwellings comprising these projects are released upon completion of construction to individual members of the cooperatives with insurance under provisions of either Section 213 or 203 or with conventional financing.

Through 1961, insurance under Section 213 covered $890.2 million in mortgage amounts and accounted for 73,400 units. Of this amount, $510.3 million involving 41,700 units represented management-type cooperative projects, and the remaining $379.9 million involving 31,700 units was for sales-type projects. Most of the single-family units comprising the latter were subsequently refinanced under the individual mortgage provisions of Section 213 upon dissolution of the mortgagor corporations following completion of the projects.

In addition to Section 213, the Housing Act of 1961 made mortgage insurance available to management-type cooperatives under provisions of Section 221(d)(3). By the end of 1961, applications for the insurance of six projects under these new provisions had been received, but no commitments had yet been issued.

Mortgage insurance of urban renewal projects under Section 220 in 1961 accounted for 5,400 units with mortgages amounting to $88.4 million. Cumulatively, this program has resulted in the insurance of 26,300 units with mortgages totaling $369.2 million.

A total of 8 projects containing 1,000 units and involving mortgages of $7.9 million were insured under Section 221 during the year. Cumulatively, insurance under this section has accounted for 6,200 units with mortgages of $52.7 million. The year's volume of insurance under this section did not yet reflect the more liberal terms provided by the Housing Act of 1961. The new legislation extended Section 221 to cover rental housing for families of moderate income without restriction to relocation activities resulting from urban renewal or other governmental action. The effect of the new legislation is evident, however, in the increased volume of applications. At the year end there were applications in process covering 3,400 units and outstanding commitments covering an additional 900 units.

Insured mortgages under Section 231 totaled $64.4 million in 1961 and represented 5,800 units of housing for the elderly. In the 3 years of operation of this program, authorized by the Housing Act of 1959, a total of $97.6 million in mortgages has been insured, involving just over 9,000 units. Of the 1961 totals, profit-motivated projects accounted for 1,800 of the units and $18 million of the mortgage amounts. Prior to 1961, only 1 profit-motivated project of 48 units had been insured. Mortgage insurance for elderly housing projects prior to the enactment of Section 231 was written under special provisions of Section 207. The earlier Section 207 program provided 3,422 units with mortgages insured for $28.9 million.

Nursing homes insured in 1961 under Section 232 were to provide 1,600 bed accommodations, 1,300 in new structures and 300 in existing. Total mortgages insured aggregated $8.2 million. Prior to 1961, less than $1 million in insurance was written, covering 171 accommodations. Although Sections 231 and 232 were both authorized in 1959, the slower development of nursing home projects compared with elderly housing stems from the fact that for nursing homes there was no earlier program under which plans could be developed, as had been the case for elderly housing; many projects planned with the prospect of insuring under Section 207 were transferred to the Section 231 program. The nursing home program has been markedly influenced by the provisions of the 1961 legislation increasing the maximum permissible mortgage from 75 percent of value to 90 percent of value for new construction cases, or to as much as 90 percent of value before rehabilitation plus 100 percent of the estimated cost of rehabilitation for existing projects.

Armed services housing mortgages insured under Section 803 in 1961 totaled $227.8 million and covered 14,100 dwelling units. These figures include 2 reinsured projects containing 242 units with mortgages of $4.1 million. Total insurance for the year under this program increased 8 percent over 1960, while the number of units increased 11 percent. Through 1961 the total insurance of armed services housing mortgages amounted to $1.8 billion and involved 115,200 dwelling units. Including 84,900 units insured under earlier provisions of Section 803, 200,100 units have been provided under this program for personnel on or near military and atomic energy installations. By the end of the year a total of $2.5 billion, or 28 percent of all FHA project mortgage insurance, had been insured under the Section 803 programs.

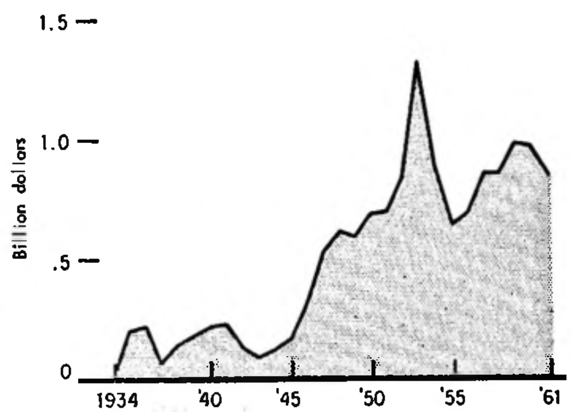
Title I Property Improvement Loans

Under Title I, Section 2, FHA insures approved financial institutions against loss on unsecured loans made to improve existing properties or to build new nonresidential structures. Classified as consumer credit notes, these loans are generally made on the basis of the borrower's character and credit rating. Upon certification by the originating institution that a loan has been made in conformance with the FHA regulations, the Commissioner accepts the loan for insurance without further investigation, subject to examination and verification of eligibility for insurance if a claim for indemnification is later submitted. The portfolio of each institution's loans is insured up to 10 percent of the total amount of the net proceeds

CHART III–5

VOLUME OF PROPERTY IMPROVEMENT LOANS INSURED, 1934–61

Under the Title I program—excludes small homes



to the borrowers, with individual claim payments being limited to 90 percent of the calculated principal loss sustained by the lender on the defaulted note. Table III–8 presents data on the volume of loans insured by years and cumulatively since 1934.

In 1961, nearly 4,000 active participating financial institutions reported nearly 856,000 loans with net proceeds totaling $855 million—a decrease from 1960 of 15 percent in number and 13 percent in amount of net proceeds. The trend and relative volume of net proceeds insured by years are shown in Chart III–5. The average net proceeds of $999 in 1961 set a new record high, exceeding by 3 percent the previous high of $971 in 1960. From 1934 through 1961 the total net proceeds that had been insured under this program reached $14.2 billion and accounted for 19 percent of the aggregate of $73.9 billion in loans and mortgages insured by FHA under all programs.

TABLE III–8.—*Title I improvement loans insured by FHA, 1934–61*

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	2,458,020	770,782	313	4,788,568	1,592,115	332
1945–49	5,151,998	2,233,205	433	9,940,566	3,825,320	385
1950	1,447,101	693,761	479	11,387,667	4,519,081	397
1951	1,437,764	707,070	492	12,825,431	5,226,151	407
1952 [1]	1,495,741	848,327	567	14,321,172	6,074,478	424
1953 [1]	2,244,227	1,334,287	595	16,565,399	7,408,765	447
1954	1,506,480	890,606	591	18,071,879	8,299,372	459
1955	1,024,698	645,645	630	19,096,577	8,945,017	468
1956	1,013,086	691,992	683	20,109,663	9,637,008	479
1957	1,111,962	868,568	781	21,221,625	10,505,576	495
1958	1,038,315	868,443	836	22,259,940	11,374,019	511
1959	1,096,635	996,642	909	23,356,575	12,370,661	530
1960	1,011,858	982,405	971	24,368,433	13,353,007	548
1961	855,582	854,859	999	25,224,015	14,207,926	563

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

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STATE DISTRIBUTION OF FHA INSURANCE WRITTEN

The distribution of FHA insurance activity throughout the States reflects variations in the demand for housing and home improvements determined by population size and growth, the size and condition of the housing inventory, and the general economic situation. Other major factors that influence the volume of FHA activity in different localities are the availability of mortgage funds and the financing policies and desires of both lenders and borrowers.

Insurance Written During 1961

All Programs.—The State distribution of FHA mortgages and loans insured in 1961 is presented in Table III–9. For the fourth consecutive year, California reported the largest total amount of insurance written under all programs combined ($787 million). New York, however, which ranked second in total amount of insurance ($606 million), ranked first in both project mortgages ($236 million) and property improvement loans ($123 million). Home mortgages were the principal insurance vehicle in all the States and major possessions in 1961, except for the District of Columbia, where project insurance predominated.

Home Mortgage Programs.—California was the leader in home mortgages insured in 1961, with over 46,000 cases amounting to $668 million. Texas, in second place, had only 27,800 cases for $323 million (Table III–9).

The volume of FHA-insured new- and existing-home mortgages, distributed by State location of the properties and by sections of the Housing Act, is shown in Table III–10. California led in the amount of both new- and existing-home insurance, but the existing-home total was more than twice as large ($482 million) as the new-home total ($186 million). Texas ranked second in new-home insurance with $171 million, but was third in the existing-home field with $152 million. New York was second in existing-home insurance with $198 million, but was well down the line in the volume of new-home mortgage insurance.

In all States the largest volumes of insured mortgages was processed under Section 203, with insuring activity under the various special-purpose programs tending toward concentration in specific States or areas. Texas, for instance, reported a substantial number of new servicemen's homes financed with mortgages insured under Section 222, while existing dwellings financed under this program were concentrated in California and Virginia. The use of Section 203(i), providing for the insurance of mortgages on low-cost suburban homes, was particularly concentrated in Florida, while Florida and Arizona together accounted for over three-fourths of the Section 213 cooperative units. Concentrations in individual States under other programs usually reflect some

TABLE III-9.—*Volume of FHA-insured mortgages and loans, by State location of property, 1961*

[Dollar amounts in thousands]

State	Total amount	Home mortgages [1] Number	Home mortgages [1] Amount	Project mortgages [1] Units [2]	Project mortgages [1] Amount	Property improvement loans Number	Property improvement loans Net proceeds
Alabama	$103,681	6,984	$86,154	498	$7,740	10,851	$9,779
Alaska	18,398	716	17,798	------	------	340	600
Arizona	169,826	9,964	125,333	3,018	31,199	14,033	13,294
Arkansas	41,459	3,008	35,594	------	------	7,353	5,865
California	786,849	46,010	668,257	6,125	89,122	24,888	29,471
Colorado	85,619	5,333	73,527	146	1,370	10,763	10,722
Connecticut	108,307	5,649	79,335	1,739	24,975	2,664	3,997
Delaware	28,830	2,234	28,767	------	------	69	63
District of Columbia	28,742	234	3,151	1,417	20,473	4,803	5,118
Florida	418,778	24,099	292,030	5,722	96,323	33,276	30,425
Georgia	132,820	8,966	115,408	430	6,719	12,089	10,692
Hawaii	19,489	967	16,934	198	2,525	12	30
Idaho	38,280	2,026	26,932	300	4,919	6,009	6,430
Illinois	187,839	6,063	84,296	3,101	54,580	49,413	48,963
Indiana	129,950	8,360	105,726	------	------	25,875	24,224
Iowa	59,360	3,532	45,312	------	------	14,042	14,047
Kansas	68,168	3,455	42,266	888	13,815	13,072	12,087
Kentucky	62,086	2,778	33,654	1,031	16,615	17,021	11,816
Louisiana	90,417	6,126	81,492	41	599	7,949	8,326
Maine	23,484	1,955	20,610	------	------	2,872	2,874
Maryland	110,786	6,300	82,772	1,363	14,821	13,232	13,193
Massachusetts	126,715	6,503	84,540	1,223	20,428	19,252	21,748
Michigan	314,102	17,618	220,981	1,350	22,761	73,739	70,361
Minnesota	109,427	5,132	73,037	634	8,437	31,003	27,953
Mississippi	54,486	3,912	46,148	352	3,611	6,560	4,726
Missouri	147,900	7,576	95,880	1,705	25,986	32,482	26,034
Montana	41,769	1,689	23,380	868	14,275	3,654	4,114
Nebraska	74,849	3,959	52,401	926	14,962	7,074	7,486
Nevada	48,513	2,553	40,146	481	6,941	1,033	1,426
New Hampshire	14,123	1,071	12,162	------	------	1,964	1,960
New Jersey	241,733	12,125	163,403	3,639	50,430	15,984	21,900
New Mexico	41,554	2,971	37,758	------	------	3,469	3,796
New York	605,876	17,976	247,007	13,615	236,326	90,065	122,543
North Carolina	64,239	4,262	49,845	144	750	17,269	13,643
North Dakota	16,296	510	6,704	392	6,107	3,237	3,485
Ohio	303,420	17,576	241,108	477	4,848	65,299	57,461
Oklahoma	117,044	8,890	103,367	(2)	103	13,298	13,574
Oregon	63,223	4,282	50,816	271	3,573	8,440	8,834
Pennsylvania	234,499	15,730	176,153	1,289	25,760	31,522	32,586
Rhode Island	30,032	1,783	20,249	500	8,136	1,492	1,647
South Carolina	47,359	3,207	37,373	500	7,288	3,116	2,699
South Dakota	26,962	1,234	15,240	548	8,588	2,997	3,134
Tennessee	115,881	7,812	91,772	650	7,506	22,759	16,603
Texas	392,306	27,751	323,235	744	9,465	65,507	59,607
Utah	49,649	2,789	39,975	607	3,444	6,273	6,230
Vermont	7,509	674	6,889	------	------	654	620
Virginia	145,866	8,481	118,382	1,145	17,184	12,252	10,300
Washington	211,744	13,769	176,500	593	6,860	26,618	28,324
West Virginia	22,845	1,189	16,142	------	------	6,621	6,704
Wisconsin	54,706	3,068	40,315	580	8,604	5,691	5,788
Wyoming	19,751	1,237	17,540	100	1,622	544	588
Guam	170	8	124	------	------	57	46
Puerto Rico	84,299	6,232	67,630	601	9,767	4,046	6,903
Virgin Islands	437	35	421	------	------	24	17
Total [3]	6,544,958	368,372	4,762,029	59,367	928,069	855,582	854,859

[1] For volume by sections see Tables 10 and 11.
[2] Units under Sec. 232 are in terms of beds and are excluded from totals.
[3] Based on cases tabulated in 1961, including adjustments not distributed by States.

form of Federal or Federally assisted govenmental action such as setting up urban renewal areas (Section 220), relocation projects (Section 221), or housing for civilians on military bases (Section 809).

Project Mortgage Programs.—In 1961, a total of 59,400 multifamily project dwelling units were insured by FHA in the United States. New York accounted for the greatest number (13,615 units, or 23 percent of the total), with California next (6,125 units, or 10 percent). Florida, despite its relatively smaller population, accounted for 5,722 units, or almost 10 percent. Altogether, multifamily project mortgages were insured in 41 States and Puerto Rico during 1961. Section 207 was the most active program, accounting for nearly 24,150 units, or 41 percent of the total, with nearly half of these in New York and the remainder scattered throughout 23 States. Insurance written under Section 803 ranked second in number of units (14,060, or 24 percent of the total). Activity under this program occurred in 27 States and Puerto Rico, with California, which reported 2,280 units, the leader. Section 213 sales and management projects combined constituted the next most active program, but the bulk of the activity was confined to a relatively few States. Insurance of mortgages on nursing homes, written under the new Section 232, showed the greatest change from 1960, with activity spreading from 2 to 13 States. Table III-11 shows the State distributions of all project mortgage insurance in 1961 for all programs combined as well as for the individual sections.

TABLE III-10.—*Volume of FHA-insured new- and existing-home mortgages, by State location of property, by sections, 1961*

State	Total new construction Number	Total new construction Units	Total new construction Amount (000)	Section 203(i) Units	Section 203 other Units	Section 220 Units	Section 221 Units	Section 222 Units	Section 809 Units	Total existing construction Number	Total existing construction Units	Total existing construction Amount (000)	Section 203 Units	Section 213 Units	Section 220 Units	Section 221 Units	Section 222 Units	Section 809 Units
Alabama	2,445	2,455	$29,340	52	1,600	18	627	80	78	4,539	4,583	$56,814	3,946	------	2	40	134	461
Alaska	367	379	9,724	------	317	32	------	30	------	349	365	8,074	341	------	3	------	21	------
Arizona	5,994	6,006	78,196	135	5,562	------	55	208	46	3,970	4,022	47,137	2,869	1,081	------	3	67	2
Arkansas	1,292	1,301	16,569	18	1,086	18	159	20	------	1,716	1,736	19,025	1,675	1	5	20	35	------
California	11,365	11,419	186,083	87	10,590	18	6	700	18	34,645	35,128	482,174	33,592	325	1	48	1,150	3
Colorado	2,038	2,043	30,018	70	1,854	------	13	106	------	3,293	3,309	43,467	3,055	------	------	2	252	------
Connecticut	930	959	13,501	------	853	------	28	78	------	4,721	5,213	65,877	4,923	------	7	46	237	------
Delaware	808	877	12,884	------	861	------	------	16	------	1,336	1,360	15,882	1,326	------	------	8	26	------
Dist. of Col	1	1	12	------	1	------	------	------	------	233	233	3,139	188	------	------	21	24	------
Florida	13,815	13,868	162,464	1,909	9,540	------	1,478	820	121	10,284	10,366	129,566	8,639	1,157	------	100	418	52
Georgia	3,368	3,368	43,097	134	2,133	------	800	301	------	5,598	5,630	72,312	5,083	------	------	61	486	------
Hawaii	628	611	10,846	------	559	------	1	51	------	356	359	6,240	333	------	------	1	25	------
Idaho	520	530	7,722	17	508	------	2	12	------	1,489	1,538	19,057	1,510	------	------	1	27	------
Illinois	1,970	1,980	29,056	86	1,679	5	180	30	------	4,093	4,165	55,240	4,006	------	3	37	119	------
Indiana	3,432	3,440	46,847	60	3,193	9	131	47	------	4,928	4,993	58,879	4,923	------	------	30	40	------
Iowa	1,227	1,227	16,991	7	1,187	------	23	10	------	2,305	2,314	28,321	2,300	------	------	8	6	------
Kansas	729	730	10,499	------	648	------	2	80	------	2,726	2,732	31,767	2,630	------	------	17	85	------
Kentucky	826	829	10,426	127	664	7	17	14	------	1,952	1,959	23,228	1,793	------	1	124	41	------
Louisiana	3,110	3,125	43,506	145	2,669	------	76	235	------	3,016	3,000	37,986	2,905	40	------	20	125	------
Maine	176	180	2,240	------	163	------	------	17	------	1,779	2,008	18,370	1,870	------	14	5	119	------
Maryland	1,804	1,811	25,223	25	1,632	------	------	154	------	4,496	4,557	57,549	4,163	10	------	6	378	------
Massachusetts	508	514	7,162	------	479	------	------	35	------	5,995	7,315	77,378	6,891	------	------	------	424	------
Michigan	7,238	7,249	97,625	227	6,691	1	254	76	------	10,380	10,982	123,356	10,741	3	13	177	48	------
Minnesota	1,109	1,110	16,631	------	1,105	------	------	5	------	4,023	4,089	56,407	3,772	282	------	------	35	------
Mississippi	1,931	1,938	24,925	34	1,759	------	25	120	------	1,981	1,998	21,223	1,856	------	------	15	127	------
Missouri	2,305	2,308	32,131	29	2,231	------	19	29	------	5,271	5,381	63,748	5,180	------	1	131	69	------
Montana	542	559	7,961	------	502	------	1	56	------	1,147	1,223	15,419	1,178	------	------	------	45	------
Nebraska	1,998	2,010	27,688	30	1,711	------	------	269	------	1,961	1,970	24,713	1,730	------	------	3	237	------
Nevada	1,345	1,355	21,218	------	1,211	------	96	48	------	1,208	1,232	18,928	1,117	76	------	1	38	------
New Hampshire	90	91	1,203	2	76	------	------	13	------	981	1,097	10,960	1,011	------	------	------	85	1
New Jersey	4,135	4,141	55,323	502	3,452	------	39	58	------	7,990	8,388	106,080	8,087	------	------	4	297	------
New Mexico	1,016	1,029	13,950	42	887	------	1	99	------	1,955	1,966	23,808	1,840	------	------	------	126	------
New York	3,453	3,562	49,443	75	3,460	------	1	26	------	14,523	16,432	197,564	16,239	------	------	22	171	------
North Carolina	1,923	1,923	22,696	211	1,441	------	184	87	------	2,330	2,343	27,149	2,275	------	------	------	68	------
North Dakota	127	130	1,832	9	118	------	------	3	------	392	400	4,872	390	------	------	------	10	------
Ohio	6,598	6,597	93,345	147	5,976	------	247	227	------	10,978	11,205	147,763	10,262	1	2	747	193	------
Oklahoma	3,152	3,154	41,004	80	2,700	------	------	365	------	5,738	5,767	62,363	5,454	------	------	------	313	------
Oregon	953	958	11,896	43	877	------	1	37	------	3,320	3,362	38,920	3,298	------	1	4	59	------
Pennsylvania	3,284	3,291	43,193	107	3,067	36	48	33	------	12,446	12,746	132,960	12,375	------	11	221	139	------
Rhode Island	207	209	2,624	------	178	------	------	31	------	1,576	1,905	17,625	1,662	------	------	------	243	------
South Carolina	1,117	1,117	14,039	87	741	------	11	278	------	2,000	2,113	23,333	1,784	------	------	3	326	------
South Dakota	613	618	8,224	12	524	------	------	82	------	621	630	7,016	598	------	------	1	31	------
Tennessee	3,396	3,407	42,398	163	2,719	25	341	135	24	4,416	4,480	49,375	4,322	------	12	51	76	19
Texas	13,688	13,698	170,853	897	11,457	11	255	1,078	------	14,063	14,188	152,382	13,175	------	------	209	804	------
Utah	1,386	1,393	20,663	1	1,331	------	------	61	------	1,403	1,415	19,312	1,378	------	------	------	37	------
Vermont	30	30	426	------	30	------	------	------	------	644	737	6,462	729	------	------	------	8	------
Virginia	2,448	2,454	36,842	75	1,758	------	44	577	------	6,033	6,067	81,540	4,912	------	------	3	1,152	------
Washington	2,693	2,696	38,970	52	2,386	------	13	245	------	11,076	11,086	137,589	10,554	------	------	8	524	------
West Virginia	207	207	3,106	7	182	------	17	1	------	982	995	13,036	991	------	------	------	4	------
Wisconsin	824	833	11,701	------	807	------	21	5	------	2,244	2,416	28,614	2,267	------	------	126	23	------
Wyoming	507	510	7,625	------	484	------	------	26	------	730	741	9,916	706	------	------	------	35	------
Guam	------	------	------	------	------	------	------	------	------	8	8	124	8	------	------	------	------	------
Puerto Rico	5,688	5,702	62,027	764	4,632	131	60	115	------	544	570	5,603	570	------	------	------	------	------
Virgin Islands	34	34	396	------	33	------	------	1	------	1	2	25	2	------	------	------	------	------
Total [1]	131,480	131,975	1,774,363	6,558	112,313	311	5,276	7,230	287	236,892	244,909	2,987,666	220,424	2,976	76	2,324	9,571	538

[1] Cases tabulated in 1961.

Title I Property Improvement Program.—Distribution of Title I improvement loans insured during 1961 by State location of property is shown in Table III-9. New York, with $123 million in net proceeds, continued to lead all other States in the total volume of these insured loans. Including Michigan ($70 million) and Texas ($60 million), improvements to properties in these three States accounted for $253 million, or nearly $3 out of every $10 of the total of $855 million net proceeds insured during 1961. Variation in the average amount for net proceeds of loans reported for individual States ranged from $2,500 in Hawaii to $694 in Kentucky, compared with the $999 average for all States. It should be noted that all State data pertain to the location of the property and do not necessarily reflect the location of the lending institution.

Cumulative Insurance Written, 1934–61

All Programs.—The State distributions of the cumulative volume of mortgage and loan insurance written by FHA from the beginning of its operations in 1934 through 1961 are presented in Table III-12. The leading State in total cumulative volume of insurance written through the end of 1961 was California with $9.6 billion. The next largest volumes were reported by New York ($6.7 billion), Michigan ($4.5 billion), and Texas ($4.4 billion). These four States have accounted for over one-third of all FHA insurance activity, reflecting the fact that these States are either the leaders or among the leaders in size and growth of population and also that large percentages of their populations live in urban areas which account for most of the FHA insurance volume.

TABLE III-11.—*Volume of FHA-insured multifamily housing mortgages, by State location of projects, by sections, 1961*

State	All sections			Sec. 207		Sec. 213				Sec. 220		Sec. 221				Sec. 231		Sec. 232		Sec. 803	
						Sales		Management				Market rate		Below market rate							
	Number	Units	Amount (000)	Number	Units	Number	Units	Number	Units	Number	Units	Number	Units	Number	Units	Number	Units	Number	Beds [1]	Number	Units
Alabama	4	498	$7,749																	4	498
Alaska																					
Arizona	45	3,018	31,109	4	600	20	1,031	2	84			1	16			6	970			3	300
Arkansas																					
California	81	6,125	89,122	14	966	19	380	13	780	5	51	2	170			7	1,408	1	(76)	20	2,280
Colorado	2	146	1,370													2	146				
Connecticut	14	1,739	24,075	6	694			1	38	1	284	2	173			1	50			3	500
Delaware																					
District of Columbia	5	1,417	20,473	1	30			2	684	1	607	1	96								
Florida	135	5,722	98,323	3	861	109	1,483	12	1,883							2	455	1	(50)	8	1,040
Georgia	4	430	6,719																	4	430
Hawaii	1	198	2,525	1	198																
Idaho	3	300	4,919																	3	300
Illinois	14	3,101	54,580	5	2,438			1	34	3	429					1	92	3	(206)	1	108
Indiana																					
Iowa																					
Kansas	8	888	13,815													1	21			7	867
Kentucky	7	1,031	16,615	1	247											2	434	1	(50)	3	350
Louisiana	4	41	509			4	41														
Maine																					
Maryland	11	1,363	14,821	2	506	1	11			2	19			1	320					5	507
Massachusetts	14	1,223	20,428	8	713					1	270							1	(75)	4	234
Michigan	12	1,350	22,761	1	104			3	168	1	600					2	188	2	(129)	3	290
Minnesota	14	634	8,437	1	141	7	73	1	184	2	156					2	80	1	(92)		
Mississippi	2	352	3,611	2	352																
Missouri	13	1,705	25,986	2	128			1	214	4	563									6	800
Montana	7	868	14,275													1	108			6	760
Nebraska	8	926	14,962													1	26			7	900
Nevada	6	481	6,941	2	304	2	71													2	106
New Hampshire																					
New Jersey	29	3,639	56,430	18	1,933			4	514	3	992							3	(259)	1	200
New Mexico																					
New York	90	13,615	236,326	78	11,885			8	1,171	1	550							3	(366)		
North Carolina	1	144	750													1	144				
North Dakota	5	392	6,107			1	8									1	52			3	332
Ohio	6	477	4,848	5	477													1	(62)		
Oklahoma	1	(1)	103															1	(32)		
Oregon	4	271	3,573					1	43							2	228	1	(55)		
Pennsylvania	2	1,289	25,760	1	774					1	515										
Rhode Island	6	500	8,136																	6	500
South Carolina	4	500	7,288																	4	500
South Dakota	5	548	8,588													1	48			4	500
Tennessee	5	650	7,506	1	168							1	232							3	250
Texas	7	744	9,465													4	454			3	290
Utah	3	607	3,444	2	433											1	174				
Vermont																					
Virginia	7	1,145	17,184	2	472															5	673
Washington	6	593	6,800	2	16					1	14					3	563				
West Virginia																					
Wisconsin	9	580	8,604	4	173			1	83							1	44	1	(41)	2	280
Wyoming	1	100	1,622																	1	100
Puerto Rico	4	601	9,767					1	40	1	311									2	250
Total	607	59,367	928,069	164	24,146	172	3,097	51	5,924	27	5,373	7	686	1	320	42	5,760	20	(1,630)	123	14,061

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

Home Mortgage Programs.—The State distribution of the number and amount of FHA home mortgages insured from 1935 through 1961 is shown in Table III-13, together with the number of units reported under the individual home mortgage programs. At the end of 1961, California continued to lead all other States in the cumulative amount of home insurance written, with $7.7 billion. Texas and Michigan were second and third with $3,165 million and $3,151 million, respectively. Seven States have each insured over $2.0 billion in home mortgages, and together have accounted for nearly one-half of the U.S. total. New Hampshire, Vermont, and North Dakota are the only States which have insured less than $100 million in home mortgages.

As can also be seen in Table III-13, the ranking of the States by total insurance written depends almost entirely on the volume of Section 203 mortgages insured in each State, this program having accounted for the preponderance of activity in all areas. California also leads in the volume of insurance written under Sections 213, 222, and the now expired 603 and 903. The special-purpose programs, however, such as Sections 220, 221, and 809, which depend to a great extent on Federal Government action in order to be implemented, show almost no correlation between the number of mortgages insured and the population of the State. Utah, for example, leads in the number of Section 220 mortgages insured and Florida leads in Section 221, while almost all

TABLE III-12.—*Volume of FHA-insured mortgages and loans by State location of property, 1934–61*

[Dollar amounts in thousands]

State	Total amount	Home mortgages [1]		Project mortgages [1]		Property improvement loans	
		Number	Amount	Units	Amount	Number	Net proceeds
Alabama	$985,449	80,088	$698,399	14,604	$112,573	362,539	$174,477
Alaska	157,115	5,738	105,761	3,853	45,765	4,101	5,589
Arizona	1,218,005	104,389	930,060	13,750	133,340	230,755	145,665
Arkansas	504,168	56,096	425,195	4,315	49,653	172,586	89,320
California	9,575,663	912,436	7,720,881	77,720	768,106	2,368,346	1,086,586
Colorado	862,242	73,337	661,849	5,858	59,537	245,300	140,856
Connecticut	964,497	75,169	733,462	12,167	124,649	200,009	106,386
Delaware	249,634	18,535	187,554	5,719	54,674	15,611	7,406
District of Columbia	350,734	8,272	69,206	25,558	203,581	133,761	77,858
Florida	2,874,533	232,045	2,125,247	28,833	310,102	653,913	430,183
Georgia	1,401,400	115,370	1,014,144	27,069	219,500	325,976	167,756
Hawaii	353,489	19,975	224,087	9,499	126,256	4,119	3,146
Idaho	388,320	32,759	272,364	1,716	18,908	149,155	97,047
Illinois	2,010,940	212,669	1,707,611	30,120	291,345	1,535,821	911,984
Indiana	1,910,640	178,331	1,386,005	10,534	87,586	857,010	437,049
Iowa	727,945	59,874	504,406	2,676	24,064	359,824	199,474
Kansas	1,068,415	102,281	823,989	8,885	95,830	270,269	148,596
Kentucky	710,747	55,073	448,295	10,155	101,789	323,127	160,663
Louisiana	1,258,068	106,917	987,660	12,975	119,187	263,598	152,121
Maine	287,802	24,198	183,879	4,307	48,889	105,771	55,043
Maryland	1,382,906	91,087	772,434	46,415	333,822	546,974	276,649
Massachusetts	1,051,924	69,545	592,680	9,705	110,518	639,134	351,726
Michigan	4,532,733	378,185	3,151,314	22,143	231,199	2,116,065	1,150,219
Minnesota	1,043,936	65,393	620,403	8,072	69,266	648,781	354,177
Mississippi	501,914	46,691	371,337	4,853	48,805	163,619	81,773
Missouri	1,808,752	150,598	1,277,109	17,421	175,428	721,611	356,215
Montana	292,960	22,918	205,093	2,653	35,873	74,232	51,993
Nebraska	638,031	58,336	488,862	5,346	61,393	151,160	87,776
Nevada	309,665	22,093	238,021	3,827	47,811	32,517	23,833
New Hampshire	137,242	10,622	86,390	1,344	18,326	62,951	32,526
New Jersey	2,856,359	211,289	1,725,332	71,537	620,442	773,092	510,586
New Mexico	507,659	42,790	398,668	5,063	50,901	66,314	49,090
New York	6,701,505	311,320	2,802,350	184,540	1,922,892	2,714,343	1,976,262
North Carolina	947,102	73,682	591,428	23,647	190,758	291,840	164,917
North Dakota	146,836	6,869	61,928	3,273	51,623	53,402	33,285
Ohio	3,648,849	286,340	2,584,943	29,697	245,895	1,561,962	818,011
Oklahoma	1,317,513	135,764	1,044,633	7,211	75,026	363,036	197,854
Oregon	857,625	80,552	641,668	7,048	60,675	283,014	155,281
Pennsylvania	3,068,400	282,144	2,148,196	30,321	269,264	1,253,337	650,940
Rhode Island	239,307	20,463	182,553	1,528	17,315	77,157	39,439
South Carolina	557,980	52,843	398,711	11,052	101,817	116,265	57,453
South Dakota	221,828	20,550	161,147	2,263	25,927	54,996	34,754
Tennessee	1,324,049	121,494	982,063	13,265	90,814	528,195	251,171
Texas	4,391,043	307,925	3,164,591	42,335	351,157	1,549,907	875,294
Utah	638,669	55,466	484,151	2,510	20,404	245,205	134,114
Vermont	71,796	7,973	56,358	193	1,512	26,715	13,925
Virginia	1,753,098	135,695	1,202,097	49,781	361,850	359,525	190,050
Washington	2,380,620	228,717	1,847,148	15,301	153,748	645,745	379,724
West Virginia	334,096	32,484	246,781	900	5,383	136,703	81,932
Wisconsin	658,558	50,773	448,666	5,897	53,574	299,108	156,318
Wyoming	176,277	18,821	154,812	711	6,598	22,207	14,867
Canal Zone	5,309			330	5,399		
Guam	20,741	316	4,445	1,270	24,801	444	495
Puerto Rico	499,036	45,702	372,299	8,191	66,710	53,010	60,027
Virgin Islands	1,364	112	1,305			72	59
Total [2]	73,856,974	5,990,891	50,728,707	949,956	8,020,342	25,224,015	14,207,926

[1] For volume by sections see Tables 13 and 14.
[2] Based on cases tabulated through 1961, including adjustments not distributed by States, and excluding Sec. 609.

TABLE III—13.—*Volume of FHA-insured home mortgages by State location of property, by section, 1935–61*

[Dollar amounts in thousands]

State	All sections		Number of mortgages									
	Number	Amount	Sec. 2 and Sec. 8	Sec. 203	Sec. 213	Sec. 220	Sec. 221	Sec. 222	Sec. 603[1]	Sec. 611	Sec. 809	Sec. 903
Alabama	80,088	$698,399	916	61,749	45	77	3,017	1,292	9,836		2,433	723
Alaska	5,738	105,761	21	5,588		36		92	1			
Arizona	104,389	939,000	2,672	84,761	6,331		192	792	7,132	50	126	2,333
Arkansas	56,096	425,195	273	47,676	553	124	394	1,116	5,377			583
California	912,436	7,720,881	15,283	736,653	10,524	78	449	14,143	126,012	25	186	9,083
Colorado	73,337	661,849	1,095	63,894	355		19	1,792	5,069			213
Connecticut	75,169	733,462	264	65,181		4	21	1,690	7,537			472
Delaware	18,535	187,554	41	15,184			71	119	2,631			180
District of Columbia	8,272	69,296	1	5,236			169	86	2,780			
Florida	232,045	2,125,247	4,380	181,110	3,639		4,282	7,118	26,895		3,040	1,581
Georgia	115,370	1,014,144	1,568	88,584	57		3,882	4,731	13,350			3,198
Hawaii	19,975	224,087	6	17,711	306	17	208	911	544			272
Idaho	32,759	272,364	107	31,488	20		3	247	527			367
Illinois	212,660	1,707,611	3,065	183,700		8	238	794	21,975			2,880
Indiana	178,331	1,386,005	1,733	157,298	198	9	236	522	15,823			2,512
Iowa	59,874	504,406	905	55,127	351		33	191	2,551			716
Kansas	102,281	823,989	1,854	84,412			162	1,703	10,368			3,782
Kentucky	55,073	448,295	292	47,693	70	9	1,328	330	4,737			605
Louisiana	106,917	987,660	1,056	87,094	1,050		1,121	3,474	12,381			741
Maine	24,198	183,879	46	21,469		13	4	811	1,290			565
Maryland	91,087	772,434	1,728	70,901	124		7	2,962	14,400			956
Massachusetts	60,545	592,080	650	53,327				3,198	3,076			294
Michigan	378,185	3,151,314	7,273	325,011	1,791	25	1,566	635	41,334			550
Minnesota	65,393	620,493	401	58,794	771		2	374	4,810			241
Mississippi	46,601	371,337	752	39,536			154	1,271	4,168			720
Missouri	150,598	1,277,109	338	141,010	10	1	191	906	7,118			1,024
Montana	22,918	205,093	41	21,954			91	340	334			158
Nebraska	58,336	488,862	681	48,743	365		8	2,477	5,868			194
Nevada	22,093	238,021	69	17,810	1,261		97	180	1,925			751
New Hampshire	10,622	86,390	165	9,303				766	337		1	50
New Jersey	211,289	1,725,332	2,632	188,023		37	103	2,702	17,014			778
New Mexico	42,700	398,668	86	36,760	809		11	1,570	2,624			930
New York	311,320	2,802,350	9,111	275,257			90	2,136	23,699			1,027
North Carolina	73,682	591,428	657	60,709			878	1,060	8,829			1,549
North Dakota	6,869	61,928	10	6,448	58		6	68	162			117
Ohio	286,340	2,584,943	1,620	250,676	305	4	3,182	2,004	24,786			2,863
Oklahoma	135,764	1,044,633	1,866	110,667	666			3,423	17,741			1,401
Oregon	80,552	611,668	789	72,207	52	1	20	378	6,847			258
Pennsylvania	282,144	2,148,196	1,211	246,615		43	451	1,250	31,454			1,120
Rhode Island	20,463	182,553	51	17,306			1	1,767	1,263			75
South Carolina	52,843	398,711	664	39,517	25		35	3,808	6,378			2,326
South Dakota	20,550	161,147	206	18,803			1	842	520			178
Tennessee	121,494	982,063	1,131	97,835	398	42	3,413	1,213	16,056		200	1,206
Texas	397,925	3,164,591	9,553	322,330	173	12	1,064	9,276	52,145			3,372
Utah	55,466	484,151	177	45,743	225	999	1	367	7,920			34
Vermont	7,973	56,358	17	7,558				115	283			
Virginia	135,695	1,202,097	3,289	99,237	25		1,171	10,549	18,898			2,526
Washington	228,717	1,847,148	1,673	201,768	19		116	4,015	20,143			783
West Virginia	32,484	246,781	141	30,904	9		85	20	1,325			
Wisconsin	50,773	448,666	327	44,605			319	222	4,444			856
Wyoming	18,821	154,812	122	17,389	40			145	1,125			
Guam	316	4,445		311				5				
Puerto Rico	45,702	372,299	465	39,954		176	378	562	4,162			5
Virgin Islands	112	1,305		108				2	2			
Total[2]	5,999,891	50,728,707	84,460	5,059,057	30,625	1,715	29,270	103,531	628,016	75	5,986	57,156

[1] Includes Sec. 603-610.
[2] Cases tabulated through 1961, including adjustments not distributed by States.

of Section 809 insurance has involved properties located in Florida and Alabama.

Project Mortgage Programs.—FHA had insured mortgages for multifamily housing by the end of 1961 in all States, Puerto Rico, Guam, and the Canal Zone for a total of nearly 950,000 units, exclusive of 1,800 bed accommodations in nursing homes. The largest number of units insured (184,500), or nearly one-fifth, were located in New York, with California ranking second (77,700 units), and New Jersey third (71,500 units).

By programs, the Section 608 war and veterans' emergency housing programs—even though active only from 1942 to 1952—had accounted for nearly half of all units insured in the United States and the bulk of the units insured in most States. For instance, 47 percent of New York's leading total represented 608 project insurance. About 28 percent of California's second-place total, and 72 percent of New Jersey's third-place total, were also insured under this program. At least one project was insured under the Section 608 program in every State and Puerto Rico.

Military housing mortgage insurance, authorized in 1949 under Section 803, and armed services housing, which superseded it in 1955, together accounted for the second largest number of project units insured, with 200,100 units, or 21 percent of the total. Projects were developed under these programs in all but 3 States and the District of Columbia. California was the leader with 26,700 units, followed by Texas with almost 16,000 units, accounting for 13 percent and 8 percent of the total, respectively. The Section 207 regular rental

TABLE III–14.—*Volume of FHA-insured multifamily housing mortgages by State location of projects, by section, 1935–61*

State	All sections			Number of units												
				Sec. 207	Sec. 213		Sec. 220	Sec. 221		Sec. 231	Sec. 232[1]	Sec. 608[2]	Sec. 611	Sec. 803		Sec. 908
	Number	Units	Amount (000)		Sales	Management		Market rate	Below market rate					Military	Armed services	
Alabama	263	14,604	$112,573	674	48	8	72			80		10,205		1,005	2,384	38
Alaska	34	3,853	45,765	1,406								2,357				
Arizona	304	13,750	133,340	1,668	6,400	84		15		979		947	160	1,610	1,869	
Arkansas	68	4,315	49,653	332	578					74		932			2,399	
California	1,445	77,720	768,195	9,190	10,635	3,476	1,372	250		2,400	(76)	21,633	973	13,693	13,035	994
Colorado	118	5,858	59,537	609	365	148				146		1,896	50	680	1,700	264
Connecticut	129	12,167	124,649	4,296		235	539	261		50		3,013		450	1,240	2,083
Delaware	28	5,719	54,674	678								3,791			1,250	
Dist. of Col.	197	25,558	203,581	3,248		684	1,600	680		300		19,037				
Florida	695	28,833	319,102	1,824	4,231	2,375				455	(50)	10,669		4,168	5,111	
Georgia	209	27,069	219,500	2,190	57	208				48		19,032	105	2,150	2,899	200
Hawaii	132	9,499	126,256	400	311							850		2,077	5,762	
Idaho	17	1,716	18,908		20							571		500	570	55
Illinois	335	30,120	291,345	6,218		60	2,314			92	(200)	17,012		3,416	983	16
Indiana	164	10,534	87,526	1,860	109							6,065		510	930	961
Iowa	52	2,676	24,064	499	351							1,501			235	
Kansas	115	8,885	95,830	346				11		21		3,593		823	4,079	12
Kentucky	124	10,155	101,789	920	70		52			434	(50)	2,247		3,465	2,754	204
Louisiana	204	12,975	119,187	1,304	1,053							7,221	25	782	2,500	
Maine	38	4,307	48,880									688		1,921	1,695	
Maryland	351	46,415	333,822	4,526	135	138	19		320			34,707		4,794	1,668	108
Massachusetts	85	9,705	110,518	1,937			753			25	(75)	3,186		1,502	2,258	44
Michigan	484	22,143	231,199	5,779	1,950	616	1,126	106		188	(120)	7,714		661	3,913	
Minnesota	227	8,072	69,266	1,448	773	181	150			235	(92)	5,036			240	
Mississippi	60	4,853	48,805	473								1,852		858	1,670	
Missouri	202	17,421	175,428	1,910	10	214	1,785					9,439		120	3,913	
Montana	23	2,653	35,873							146		135		592	1,670	110
Nebraska	92	5,346	61,303	370	366	71				20		1,786		611	2,116	
Nevada	80	3,827	47,811	404	1,263	168						240		801	951	
New Hampshire	12	1,344	18,326									244			1,100	
New Jersey	672	71,537	620,442	10,033		1,653	2,001				(259)	51,451		1,983	3,054	462
New Mexico	75	5,063	59,901		828							277		2,395	1,563	
New York	1,301	184,540	1,922,892	53,174		28,848	9,936				(306)	86,373	556	1,642	4,011	
North Carolina	150	23,647	190,758	3,086						144		9,102		5,571	5,478	176
North Dakota	39	3,273	51,623	10	60					52		43			2,998	95
Ohio	394	29,697	245,895	4,630	307	680	911	3,072			(82)	16,217		2,528	400	922
Oklahoma	170	7,211	75,020	310	667					24	(32)	2,974		500	2,347	389
Oregon	104	7,048	60,675	205	52	80				920	(102)	5,155			464	82
Pennsylvania	422	30,321	260,294	5,456		1,300	2,060	209		206		19,924		400	231	169
Rhode Island	19	1,528	17,315	30								210		706	570	
South Carolina	117	11,052	101,817	200	26							6,320	25	585	3,798	
South Dakota	26	2,263	25,927	125						76		258		891	910	
Tennessee	177	13,265	90,814	2,458	308	48	372	272				7,165		1,740	812	
Texas	517	42,335	351,157	6,095	173					641	(96)	19,432		9,072	6,922	
Utah	45	2,510	20,404	460	226					174		737		854	50	
Vermont	7	193	1,512	50								137				
Virginia	405	40,781	301,850	11,017	25			100				30,112		4,329	3,697	501
Washington	172	15,301	153,748	1,045	20		14			812		6,369		3,100	3,611	300
West Virginia	18	900	5,383	188	9	94					(75)	600				
Wisconsin	207	5,897	53,574	1,008	41	104		448		188	(41)	3,828			280	
Wyoming	11	711	6,508		40							71		500	100	
Canal Zone	3	330	5,390												330	
Guam	14	1,270	24,801												1,270	
Puerto Rico	40	8,101	66,710	208		100	311	305				4,947		886	1,344	
Total	11,456	919,956	8,920,342	154,801	31,704	41,735	26,329	5,918	320	9,008	(1,801)	409,589	1,984	81,883	115,200	8,485

[1] Units under Sec. 232 are in terms of beds and are excluded from totals.
[2] Includes Secs. 608-610.

housing program, authorized by the original National Housing Act in 1934, ranked third in the number of units insured, 154,800 units by the end of 1961, or 16 percent of the total. New York utilized the insurance provisions of Section 207 to a far greater extent than any other State, endorsing some 53,200 units or over 34 percent of the total. The cumulative volume of insurance written in each State for all multi-family housing programs is shown in Table III–14.

Title I Property Improvement Loans

Through 1961, borrowers in New York, Michigan, and California each had obtained over 2 million Title I improvement loans with corresponding net proceeds in excess of $1 billion. Table III–12 shows that 4 additional States—Illinois, Texas, Ohio, and Pennsylvania—reported over 1 million loans with total proceeds that ranged from $912 million to $651 million. Of the aggregate 25 million loans and $14.2 billion net proceeds insured by the end of 1961, these 7 states had accounted for more than one-half.

LENDING INSTITUTION ACTIVITY

All financial institutions originating or holding FHA-insured mortgages and loans must be approved by FHA. Governmental institutions such as National Mortgage Associations, Federal Reserve Banks, Federal Home Loan Banks, and certain other Federal, State, or municipal agencies are automatically approved as mortgagees under the provisions of the National Housing Act. Members of the Federal Reserve System and institutions whose accounts or deposits are insured by the Federal Savings and Loan Insurance Corp. or the Federal Deposit Insurance Corp. may be approved as mortgagees upon application. Other types of institutions may be approved if they meet certain qualifications and comply with regulations prescribed for such approval. As of December 31, 1961 there were some 14,500 financial institutions on FHA's approved roster.

The tables in this section covering lending institution activity are based on tabulated data and, due to time lags, the totals shown may not always agree with the corresponding reported totals in other sections of this report.

Mortgage and Loan Financing During 1961

FHA-insured mortgages and property improvement loans totaling $6.6 billion were financed by an estimated 5,600 lending institutions in 1961. As shown in Table III–15, mortgage companies financed the largest share, accounting for 45 percent. National banks were next with 17 percent, followed by State banks with 11 percent.

The extent of participation in the various programs by the different types of lending institutions is shown in the following table:

Type of institution	Percentage distribution			
	Home mortgages	Multi-family project mortgages	Property improvement loans	Total
National bank	42.4	19.8	37.8	100.0
State bank	38.5	29.8	31.7	100.0
Mortgage company	94.2	4.7	1.1	100.0
Insurance company	87.2	12.7	.1	100.0
Savings and loan association	72.9	10.8	16.3	100.0
Savings bank	57.7	37.8	4.5	100.0
All other	55.9	35.5	8.6	100.0

Home mortgages accounted for the largest proportion of the FHA mortgages and loans originated by each type of financial institution in 1961, ranging from 38 percent for State banks to 94 percent for mortgage companies.

Home Mortgage Financing

Home mortgages insured by FHA in 1961 totaled $4.8 billion—3 percent above 1960. Except for State banks, insurance companies, and savings and loan associations, each of the major types of financial institutions showed increases over 1960 in the volume of FHA-insured home mortgages financed. Mortgage companies, which primarily engage in the origination of home mortgages, financed $2.8 billion or 59 percent of the FHA home total. This represented an increase of 5 percent over 1960 in amount and a one percentage point increase in the relative proportion of total homes financed by mortgage companies—the highest participation on record for these institutions. National banks experienced the greatest increase in originations, rising by 17 percent to $477 million in 1961. This raised their share of

CHART III–6

INSTITUTIONS FINANCING
FHA INSURED MORTGAGES, 1961

By type of institution originating mortgages

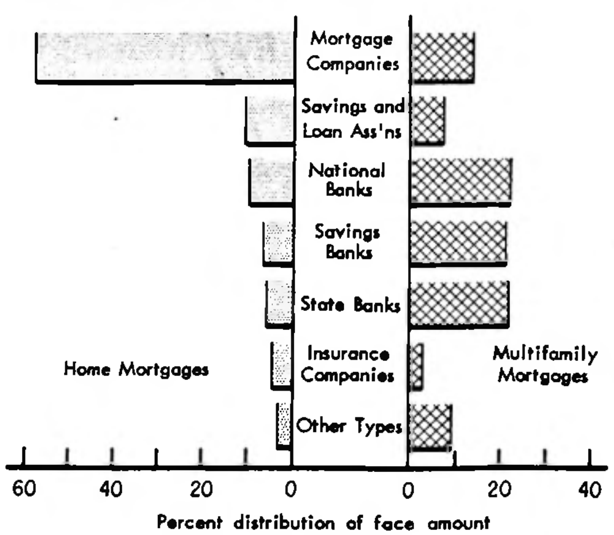


TABLE III–15.—*Financing of FHA-Insured mortgages and loans by type of institution, 1961*

[Dollar amounts in thousands]

Section	Type of institution								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other [1]	Total [2]
Number of mortgages and loans:									
Home programs:									
Sec. 203 (i)	240	260	5,573	73	814	21		318	7,299
Sec. 203 (other)	33,665	19,460	101,623	13,611	40,400	23,554	7	10,428	332,748
Sec. 213	77	140	2,531	25	4			199	2,976
Sec. 220	15	47	237	16	13	6		9	343
Sec. 221	211	343	6,247	37	174	38		372	7,422
Sec. 222	1,069	607	10,800	902	1,601	1,164		527	16,760
Sec. 809	43	45	717	10		1		8	824
Total	35,320	20,902	217,728	14,704	43,006	24,784	7	11,861	368,372
Project programs:									
Sec. 207	28	46	17	5	2	59	2	11	170
Sec. 213 sales	2	6	153	2	1			22	186
Sec. 213 management	6	13	15	1	1	10			46
Sec. 220	7	8	11	1		1			28
Sec. 221 market rate	1	2	4						7
Sec. 231	14	7	18		3				42
Sec. 232	3	2	5	1	2	3			16
Sec. 803 armed services	36	14	2	4	38	12		41	147
Total	97	98	225	14	47	85	2	74	642
Property improvement loans: [3]									
Sec. 2	450,036	218,001	35,079	173	107,803	22,245		22,245	855,582
Total all programs	485,453	239,001	253,032	14,951	150,856	47,114	9	34,180	1,224,596
Face amount of mortgages and loans:									
Home programs:									
Sec. 203 (i)	$2,025	$2,035	$47,469	$636	$6,835	$173		$2,779	$61,951
Sec. 203 (other)	455,344	267,344	2,502,691	193,202	476,175	309,621	$96	134,275	4,338,747
Sec. 213	1,179	2,557	34,345	347	50			2,558	41,636
Sec. 220	432	501	2,083	226	134	58		91	4,425
Sec. 221	2,022	3,847	60,416	323	1,590	530		3,567	72,295
Sec. 222	14,963	8,899	147,851	15,025	21,300	16,410		6,775	231,222
Sec. 809	505	642	10,834	153		15		114	12,352
Total	476,559	285,824	2,806,589	209,912	506,084	326,807	96	150,158	4,762,029
Project programs:									
Sec. 207	75,571	111,275	32,383	4,932	1,903	162,479	72	10,862	399,477
Sec. 213 sales	1,094	2,341	41,189	347	118			2,637	47,727
Sec. 213 management	12,983	36,383	21,609	7,259	1,561	26,883			106,678
Sec. 220	32,688	33,527	16,777	9,702		4,487			97,181
Sec. 221 market rate	3,040	1,435	3,793						8,267
Sec. 231	24,839	10,452	18,037		5,469				58,797
Sec. 232	1,445	727	2,460	225	315	1,137			6,310
Sec. 803 armed services	70,304	25,204	2,473	8,189	65,411	18,898		81,833	272,402
Total	222,054	221,344	138,721	30,654	74,777	213,884	72	95,332	996,839
Property improvement loans: [3]									
Sec. 2	424,010	234,940	34,194	146	112,841	25,646		23,081	854,859
Total all programs	1,122,624	742,109	2,979,504	240,712	693,703	566,337	168	268,571	6,613,727
Percentage distribution of amount:									
Home programs:									
Sec. 203 (i)	3.3	3.3	76.6	1.0	11.0	0.3		4.5	100.0
Sec. 203 (other)	10.5	6.2	57.7	4.4	11.0	7.1	(4)	3.1	100.0
Sec. 213	2.9	6.2	83.7	.9	.1			6.2	100.0
Sec. 220	9.8	11.3	67.4	5.1	3.0	1.3		2.1	100.0
Sec. 221	2.8	5.3	83.6	.5	2.2	.7		4.9	100.0
Sec. 222	6.5	3.9	63.9	6.5	9.2	7.1		2.9	100.0
Sec. 809	4.8	5.2	87.7	1.3		.1		.9	100.0
Total	10.3	6.0	58.6	4.4	10.9	6.7	(4)	3.1	100.0
Project programs:									
Sec. 207	18.9	27.9	8.1	1.2	0.5	40.7	(4)	2.7	100.0
Sec. 213 sales	2.3	4.9	86.3	.7	.3			5.5	100.0
Sec. 213 management	12.2	34.1	20.2	6.8	1.5	25.2			100.0
Sec. 220	33.6	34.5	17.3	10.0		4.6			100.0
Sec. 221 market rate	36.8	17.3	45.9						100.0
Sec. 231	42.2	17.8	30.7		9.3				100.0
Sec. 232	22.9	11.5	39.0	3.6	5.0	18.0			100.0
Sec. 803 armed services	25.9	9.3	.9	3.0	24.0	6.9		30.0	100.0
Total	22.3	22.2	13.9	3.1	7.5	21.4	(4)	9.6	100.0
Property improvement loans:									
Sec. 2	49.6	27.5	4.0	(4)	13.2	3.0		2.7	100.0
Total all programs	17.0	11.2	45.0	3.6	10.5	8.6	(4)	4.1	100.0

See footnotes at end of table.

Table III-15.—*Financing of FHA-Insured mortgages and loans by type of institution, 1961*—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)	42	28	237	16	151	11	----------	23	508
Sec. 203 (other)	1,093	1,267	1,067	193	1,432	333	2	128	5,515
Sec. 213	2	1	19	1	1	----------	----------	3	27
Sec. 220	6	5	29	2	6	3	----------	4	55
Sec. 221	31	29	243	6	54	9	----------	28	400
Sec. 222	122	122	570	39	278	110	----------	49	1,209
Sec. 809	2	4	38	1	----------	1	----------	3	49
Project programs:									
Sec. 207	14	18	11	5	2	13	1	6	70
Sec. 213 sales	1	1	15	1	1	----------	----------	2	21
Sec. 213 management	6	11	8	1	1	4	----------	----------	31
Sec. 220	6	6	6	1	----------	1	----------	----------	20
Sec. 221 market rate	1	1	3	----------	----------	----------	----------	----------	5
Sec. 231	11	5	13	----------	3	----------	----------	----------	32
Sec. 232	2	2	4	1	2	3	----------	----------	14
Sec. 803 armed services	10	4	2	1	4	3	----------	9	33

[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] Based on net proceeds of coinsurance only.

[4] Less than 0.05 percent.

total financings to 10 percent, still only high enough to rank them as the third largest supplier of FHA funds. Savings and loan associations, on the other hand, reported a 10 percent decline to $506 million in total originations. Their share of total financing declined from 12 to 11 percent but enabled them to retain their second place ranking. Savings banks ranked fourth with 7 percent, followed closely by State banks with 6 percent. Table III–16 shows the relative proportions of home mortgages financed by all types of institutions for 1961 and selected earlier years.

The relative participation of the various types of financial institutions in the origination of home mortgages for 1961 only, with a further distribution by sections of the Housing Act, is shown in Table III–15. Mortgage companies, as usual, were the leading originators under all FHA home mortgage programs, ranging from 58 percent under the regular Section 203 program to nearly 88 percent of the mortgages insured under Section 809.

Multifamily Housing Mortgage Financing

Lending institutions financed a total of 642 multifamily projects involving $997 million for which FHA insured mortgages during 1961. National banks were the leading originators of project mortgages for the first time since 1956 with $222 million or 22.3 percent of the total, compared with $221 million or 22.2 percent for State banks, the usual leaders. Savings banks ranked third with $214 million or 21 percent—an all-time high for these institutions, which have been increasing their share of FHA project mortgage originations in recent years, while the participation of both national and State banks has been declining. Since mortgage companies tend to specialize in the financing of FHA special-purpose programs, their percentage participation varies considerably from year to year. Table III–16 shows the proportions financed by all types of institutions for 1961 and selected earlier years.

By programs, savings banks financed the greatest amount ($162 million) of Section 207 regular rental projects, and national banks financed the largest amount ($25 million) of Section 231 elderly housing projects. State banks led in Section 213 management-type projects ($36 million) and also Section 220 urban renewal projects ($34 million). The ranking of national banks as the leading suppliers of FHA project mortgage funds in 1961 reflected to a great extent the $76 million of Section 207 and the $70 million of armed services housing projects financed by these institutions. The State banks' and savings banks' second and third place rankings, on the other hand, can be attributed mainly to their origination of $111 million and $162 million, respectively, of Section 207 project mortgages. The financial institutions in the all-other category led in the financing of Section 803 armed services housing mortgages with $82 million, which program represented nearly 86 percent of mortgages financed by these institutions. Funds for these mortgages came almost exclusively from public and private employee retirement systems. Seven-eighths or $65 million of savings and loan association originations were Section 803 armed services housing mortgages. (See Table III–15.)

Title I Property Improvement Loan Financing

Of the 856,000 loans and $855 million net proceeds insured during 1961, over 90 percent of both number and net proceeds were financed by 3 types of institutions. As shown in Table III–15, national banks originated 450,000 Title I improvement loans with $424 million in net proceeds; State banks, 218,000 loans, $235 million proceeds; and savings and loan associations, 108,000 loans involving $113 million proceeds.

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

Program	Percentage distribution of face amount or net proceeds								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
Home mortgages:									
1946	24.3	17.7	26.7	15.4	9.8	3.2	------	2.0	100.0
1950	15.8	13.8	27.7	20.8	10.8	7.6	------	3.5	100.0
1954	22.0	12.5	35.2	11.8	10.8	5.8	------	1.9	100.0
1955	22.4	12.7	33.3	11.1	12.3	7.2	------	1.0	100.0
1956	25.8	13.2	33.2	8.4	9.5	9.0	(1)	.9	100.0
1957	15.9	10.3	42.2	9.1	10.7	10.4	0.3	1.1	100.0
1958	12.1	7.4	51.4	5.5	12.2	7.9	.3	3.2	100.0
1959	16.5	7.3	48.1	4.8	13.9	6.0	.1	3.3	100.0
1960	8.8	6.3	57.6	5.6	12.2	6.5	(1)	3.0	100.0
1961	10.3	6.0	58.6	4.4	10.9	6.7	(1)	3.1	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	10.1	------	.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	0.6	1.3	9.0	------	2.5	100.0
1959	33.2	38.6	10.7	.2	2.9	11.6	------	2.8	100.0
1960	22.3	27.2	10.4	1.8	4.0	12.3	.3	12.7	100.0
1961	22.3	22.2	13.9	3.1	7.5	21.4	(1)	9.6	100.0
Property improvement loans:									
1950	52.8	29.2	0.6	------	4.6	1.3	------	11.5	100.0
1954	51.4	30.2	------	(1)	9.0	2.3	------	7.1	100.0
1955	38.2	40.5	1.0	(1)	8.7	2.2	------	9.4	100.0
1956	47.0	32.6	.3	------	8.5	2.5	------	9.1	100.0
1957	50.2	31.0	1.0	(1)	10.5	2.3	------	5.0	100.0
1958	47.5	31.9	.6	(1)	13.5	3.0	------	3.5	100.0
1959	48.3	30.4	.4	(1)	13.4	2.4	------	5.1	100.0
1960	48.2	31.2	2.5	(1)	13.0	2.6	------	2.5	100.0
1961	49.0	27.5	4.0	(1)	13.2	3.0	------	2.7	100.0

[1] Less than 0.05 percent.

Percentage distributions of net proceeds by type of institution in 1961 and for selected earlier years appear in Table III–16. In 1961, national banks loaned one-half of the total proceeds insured and State banks accounted for an additional 28 percent—somewhat less, proportionately, than their past participation. Savings and loans associations, as in the last several years, accounted for 13 percent of the proceeds. Mortgage companies financed 4 percent, and the remaining types of institutions were responsible for 6 percent of all proceeds insured.

Mortgages and Loans Held in Portfolio

At the end of 1961, financial institutions held $40.7 billion of FHA-insured mortgages in their portfolios. The distribution of these holdings by type of institution is shown in Table III–17 for each of the home and project mortgage programs. Over 11,000 institutions were estimated to be holding FHA-insured home mortgages, and over 400 were estimated to be holding FHA-multifamily project mortgages at the year end.

These holdings include Section 203 mortgages bought by individuals, organizations, and pension or endowment funds under regulations of July 14, 1960, permitting such sales to investors who are not approved mortgagees themselves. The mortgages remain in the custody of the sellers, who act as servicing agents. Year-end figures are unavailable, but by Sept. 30, 1961 some 3,125 mortgages involving $38.3 million in face amount were purchased by these investors.

The largest investors in FHA-insured mortgages at the end of 1961 were insurance companies with $11.9 billion or 29 percent of the total. Savings banks were second with $8.9 billion or 22 percent, followed by national banks with $5.1 billion or 12 percent.

Home Mortgage Holdings

Financial institutions held more than 3.2 million home mortgages amounting to $33.5 billion at the 1961 year end. This represented an increase of 6 percent in number and 10 percent in amount over the volume reported Dec. 31, 1960. Insurance companies traditionally are the largest holders of FHA-insured home mortgages, and were again in 1961—holding 31 percent of the total amount. Savings banks were next with 21 percent, and national banks ranked third with 14 percent (Table III–17). The relative percentages of home mortgages held by the various types of financial institutions have remained generally stable for the last few years, although savings banks and savings and loan associations have been gradually increasing their share of home mortgage holdings since 1950, mainly at the expense of the other larger holders.

Chart III–7

INSTITUTIONS HOLDING FHA-INSURED MORTGAGES, DECEMBER 31, 1961

By type of institution holding mortgages

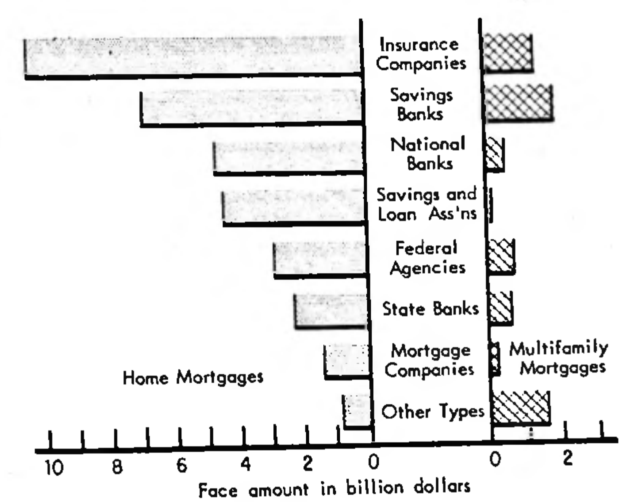


TABLE III-17.—*Holdings of FHA-insured mortgages by type of institution as of Dec. 31, 1961*

[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	1,641	1,152	219	3,490	6,902	7,309	7,805	683	29,201
Sec. 203	423,247	206,347	90,410	898,708	405,696	586,717	156,898	67,247	2,835,360
Sec. 213	292	166	1,365	3,479	337	4,022	15,240	2,339	27,240
Sec. 220	5	38	87	36	16	27	1,382	9	1,600
Sec. 221	83	229	2,198	45	362	153	22,745	200	26,015
Sec. 222	8,556	3,107	6,153	27,920	11,009	22,156	13,001	1,618	93,523
Sec. 603	22,772	14,653	645	85,115	9,951	23,664	9,091	5,802	171,693
Sec. 809	58	76	485	824	117	906	3,202	64	5,732
Sec. 903	636	237	453	832	364	1,538	36,527	57	40,644
Total	457,290	226,005	102,015	1,020,539	434,754	646,492	265,894	78,019	3,231,067
Project programs:									
Sec. 207	56	147	29	96	9	339	56	113	845
Sec. 213 sales	1		76		1	1		18	97
Sec. 213 management	14	35	18	5	1	111	42	31	257
Sec. 220	11	26	18	4		5	51	5	120
Sec. 221 market rate	2	6	7		1	1	12	1	30
Sec. 231	18	9	21		4		10		62
Sec. 232	3	3	6	1	2	3			18
Sec. 608	230	299	34	2,796	38	1,399	8	483	5,287
Sec. 803 military	1	10		73		79	43	37	243
Sec. 803 armed services	100	60	4	39	53	38	154	376	815
Sec. 908		7		9		16	25	2	50
Total	436	602	213	3,023	109	1,992	401	1,057	7,833
Total homes and projects	457,726	226,607	102,228	1,023,562	434,863	648,484	266,295	79,076	3,238,900
Face amount of mortgage:									
Home programs:									
Sec. 8	$8,087	$5,840	$1,197	$18,536	$37,074	$39,194	$43,511	$3,600	$157,039
Sec. 203 [2]	4,312,373	2,059,880	1,117,341	9,461,678	4,146,346	6,348,247	1,750,021	701,018	29,905,905
Sec. 213	3,725	2,581	18,516	40,501	4,773	49,500	183,925	24,795	328,405
Sec. 220	109	424	1,093	467	146	301	16,034	106	18,680
Sec. 221	764	2,286	20,651	376	3,007	1,475	210,056	1,877	240,492
Sec. 222	113,244	42,643	83,246	397,910	139,673	303,917	159,700	22,284	1,262,617
Sec. 603 [3]	150,821	93,503	4,826	578,753	63,790	171,173	56,391	37,402	1,156,750
Sec. 809	780	1,087	6,965	12,035	1,700	13,049	40,210	885	76,711
Sec. 903	5,711	2,217	3,864	7,104	3,004	14,006	334,291	506	370,702
Total [4]	4,595,614	2,210,460	1,257,698	10,517,362	4,399,514	6,940,952	2,803,138	792,502	33,517,738
Project programs:									
Sec. 207	122,153	251,375	44,345	73,374	5,076	534,309	39,481	137,698	1,207,812
Sec. 213 sales	539		17,888		118	1,311		2,142	21,998
Sec. 213 management	28,514	81,597	27,844	14,946	1,561	216,062	47,725	70,287	488,536
Sec. 220	53,741	121,097	29,380	18,889		15,480	120,388	7,523	366,507
Sec. 221 market rate	4,035	11,252	9,956		550	412	15,503	688	42,393
Sec. 231	30,813	11,348	28,451		5,694		13,057		89,365
Sec. 232	1,445	977	2,085	421	315	1,137			6,081
Sec. 608 [3]	31,975	138,751	4,217	1,012,467	7,327	903,441	15,301	405,951	2,519,431
Sec. 803 military	224	25,175		220,579		172,262	104,908	110,166	633,315
Sec. 803 armed services	193,114	106,057	9,200	68,455	91,898	60,127	403,506	818,574	1,750,931
Sec. 908		5,702		7,183		14,926	15,742	1,349	44,902
Total	466,553	753,330	173,974	1,416,316	112,530	1,919,468	775,011	1,554,378	7,172,170
Total homes and projects	5,062,168	2,963,791	1,431,672	11,933,678	4,512,053	8,860,421	3,578,750	2,346,940	40,689,908
Percentage distribution of amount:									
Home programs:									
Sec. 8	5.1	3.7	0.8	11.8	23.6	25.0	27.7	2.3	100.0
Sec. 203	14.4	6.9	3.7	31.6	13.9	21.2	5.9	2.4	100.0
Sec. 213	1.1	.8	5.6	12.3	1.5	15.1	56.0	7.6	100.0
Sec. 220	.6	2.3	5.8	2.5	.8	1.6	85.8	.6	100.0
Sec. 221	.3	1.0	8.6	.2	1.2	.6	87.3	.8	100.0
Sec. 222	9.0	3.4	6.6	31.5	11.0	24.1	12.6	1.8	100.0
Sec. 603	13.0	8.1	.4	50.0	5.5	14.8	4.9	3.3	100.0
Sec. 809	1.0	1.4	9.1	15.7	2.2	17.0	52.4	1.2	100.0
Sec. 903	1.5	.6	1.1	1.9	.8	3.8	90.2	.1	100.0
Total	13.7	6.6	3.7	31.4	13.1	20.7	8.4	2.4	100.0
Project programs:									
Sec. 207	10.1	20.8	3.7	6.1	0.4	44.2	3.3	11.4	100.0
Sec. 213 sales	2.5		81.3		.5	6.0		9.7	100.0
Sec. 213 management	5.8	16.7	5.7	3.1	.3	44.2	9.8	14.4	100.0
Sec. 220	14.7	33.0	8.0	5.2		4.2	32.8	2.1	100.0
Sec. 221 market rate	9.5	20.5	23.5		1.3	1.0	36.6	1.6	100.0
Sec. 231	34.5	12.7	31.8		6.4		14.6		100.0
Sec. 232	20.7	14.0	38.5	6.0	4.5	16.3			100.0
Sec. 608	1.3	5.5	.2	40.2	.3	35.8	.6	16.1	100.0
Sec. 803 military	(5)	4.0		34.8		27.2	16.6	17.4	100.0
Sec. 803 armed services	11.0	6.1	.5	3.9	5.3	3.4	23.0	46.8	100.0
Sec. 908		12.7		16.0		33.2	35.1	3.0	100.0
Total	6.5	10.5	2.4	19.7	1.6	26.8	10.8	21.7	100.0
Total homes and projects	12.4	7.3	3.5	29.3	11.1	21.8	8.8	5.8	100.0

See footnotes at end of table.

TABLE III-17.—*Holdings of FHA-insured mortgages by type of institution as of Dec. 31, 1961*—Continued

[Dollar amounts in thousands]

Section	Type of institution								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total [1]
Number of holding institutions:									
Home programs:									
Sec. 8	122	158	63	70	273	82	2	23	802
Sec. 203	2,615	3,486	1,235	560	2,505	454	18	396	11,278
Sec. 213	12	6	30	13	13	35	3	8	120
Sec. 220	6	11	27	4	7	5	1	6	67
Sec. 221	36	31	230	17	82	26	9	29	460
Sec. 222	432	367	630	234	800	310	8	119	2,900
Sec. 603	670	869	120	217	538	172	2	60	2,654
Sec. 809	7	11	45	36	22	65	1	10	197
Sec. 903	26	17	37	17	24	35	1	8	165
Project programs:									
Sec. 207	26	32	19	32	7	36	7	18	[illegible]
Sec. 213 sales	1		8		1	1		2	13
Sec. 213 management	10	16	10	5	1	17	5	6	70
Sec. 220	8	14	8	2		3	5	1	41
Sec. 221 market rate	2	3	5		1	1	3	1	16
Sec. 231	15	7	14		4		4		44
Sec. 232	2	3	5	1	2	3			16
Sec. 608	42	45	16	135	26	94	3	30	391
Sec. 803 military	1	3		6		19	5	9	43
Sec. 803 armed services	12	9	3	6	6	10	4	32	82
Sec. 908		3		4		8	4	2	21

[1] Based on tabulations of audited cases.
[2] Includes Sec. 203(i).
[3] Includes Sec. 610.
[4] Includes Sec. 611 not distributed by type of lending institution, 59 cases for $137,300.
[5] Less than 0.05 percent.

The distributions by program of the number and amounts of FHA-insured home mortgages held by financial institutions are also shown in Table III-17. Except for Federal agencies, the great majority of the FHA home mortgage holdings of financial institutions are regular Section 203 mortgages, ranging from 88 percent for the "all other" category to 94 percent for both national banks and savings and loan associations. Only 63 percent of the Federal agencies' holdings were Section 203 cases, because FNMA in its special assistance functions has accumulated substantial amounts of FHA special-purpose-program mortgages, such as those insured under Sections 213, 220, 221, 809, and 903.

Multifamily Housing Mortgage Holdings

Multifamily project mortgage holdings of all financial institutions together amounted to $7.2 billion (face amount) of the total project insurance in force at the 1961 year end. This total accounted for 18 percent—the same as 1960—of the total volume of all FHA-insured mortgages held in the portfolios of approved institutions.

At the end of 1961, savings banks continued as the leading holders of FHA-insured multifamily housing mortgages with $1.9 billion or 27 percent of the total insurance in force. This type of mortgagee has been the leading holder of project mortgages since 1954, but, despite increased dollar holdings, declined proportionally from 37 percent of all project mortgage holdings in 1955 (peak year) to 27 percent in 1961. Institutions in the "all other" or miscellaneous mortgagee category became the second leading holders of FHA-insured project mortgages in 1961 with nearly $1.6 billion or 22 percent, and surpassed insurance companies for the first time. This resulted mainly from large increases in holdings of Section 207 and Section 803 (armed services housing) mortgages by State and municipal funds and public employee retirement systems. Insurance companies dropped to third among holders of project mortgages with 20 percent, continuing a downward trend from 35 percent in 1954. This was in contrast to the "all other" type of mortgagees, whose project holdings have risen from 8 percent in 1954 to the present 22 percent.

The leading total of savings banks resulted from larger investments by these institutions in Sections 207, 213, and 608 project mortgages, which together accounted for 86 percent of their holdings. The insurance companies' third-place total resulted mainly from the fact that 70 percent of their mortgage holdings were Section 608 projects.

Title I Property Improvement Loan Holdings

Periodic "call reports" from lending institutions that are active in the Title I program provide the basis for estimates of the number and face amount of outstanding loans insured under Title I and held by individual institutions. As of December 31, 1961, on response from 97 percent of the active participating institutions, it is estimated that 2,399,000 loans with face amounts totaling $1,912 million were outstanding. Of these totals, national banks held 1,232,000 loans with $932 million in face amount; State chartered banks, 758,000 loans with $620 million; finance companies, 17,000 loans with $14 million; savings and loan associations, 312,000 loans with $267 million; and institutions classified as "Other," 80,000 loans with face amount of $79 million.

Mortgages and Loans Purchased or Sold in 1961

Over 413,000 FHA-insured mortgages and property improvement loans totaling $4.1 billion in face amount were traded among more than 2,500 FHA-approved lending institutions during 1961. Almost 87 percent of the dollar amount of these transfers consisted of home mortgages, 11 percent were project mortgages, and less than 2 percent were property improvement loans.

Insurance companies and savings banks, interested in long-term investments, were the leading purchasers of insured mortgages, while mortgage companies, which generally originate with a view to early sale, were the leading sellers. Purchases and sales of FHA-insured obligations during 1961 by type of financial institution are shown in Tables III-18 and III-19.

Compared with 1960, transfers decreased 20 percent in dollar amount. This resulted from a 21 percent decrease in the amount of home mortgage transfers and a 14 percent decrease in project mortgage transfers. Property improvement loan transfers, on the other hand, were double the 1961 total, rising from 0.8 percent of the total to 2 percent. Data on transfers do not include Section 203 mortgages sold to investor mortgagees and held for servicing by the selling institutions, as discussed under Mortgages Held in Portfolio.

Home Mortgages

Nearly 286,000 FHA-insured home mortgages with an aggregate face amount of $3.6 billion were transferred during 1961. This represented a decrease from 1960 of 23 percent in the number and 21 percent in the amount transferred. As usual, Section 203 home mortgages accounted for the great bulk of transfers—91 percent of both the number and the amount.

As shown in Table III-18, insurance companies led all other types of institutions in the purchase of FHA-insured home mortgages in 1961 with $1.1 billion or 32 percent of the total, followed by savings banks with $980 million or 27 percent, and Federal agencies with $439 million or 12 percent. Purchases of home mortgages by insurance companies and Federal agencies, however, fell off sharply from 1960. Together they accounted for the nearly 1 billion dollar decline in 1961, since all the other types of institutions purchasing home mortgages showed increases (except those in the "all other" category, for which a slight decrease was reported). The drop in the amount of mortgages purchased by insurance companies amounted to $464 million, and was reflected in a drop from 35 percent to 32 percent in the proportion of total home mortgages purchased by these institutions. The decrease of $744 million in Federal agency purchases represented a decrease from 26 percent to 12 percent of the total. The Federal National Mortgage Association (FNMA), which accounts for virtually all Federal agency purchases, was created to act as a stabilizing influence in the secondary mortgage market as well as to aid special-purpose Government housing programs, but the decrease in its purchases in 1961 can be mainly attributed to a reduction in its secondary market operations. Withal, insurance companies purchased the greatest percentage of Section 203 regular mortgages and Section 222 servicemen's mortgages, and Federal agencies (FNMA) bought the greatest percentage of all the active special-purpose mortgages.

In the transfer of FHA mortgages by sales, mortgage companies predominated as usual, accounting for $2.6 billion or 71 percent of the total. Federal agencies were second with $320 million or 9 percent, followed by State banks with $245 million or 7 percent. All types of institutions showed decreases in home mortgage sales in 1961 except insurance companies, which reported slightly increased sales, and Federal agencies, which increased sales from $9.1 to $320.1 million. This large increase in home mortgage sales by Federal agencies (i.e., FNMA) in 1961 was made possible by the more competitive position of FHA home mortgages in the mortgage market, and, in conjunction with decreased purchases, enabled FNMA to reduce its FHA portfolio substantially. Also, the fact that most of the various types of lending institutions showed declines in sales of FHA home mortgages further indicated a preference on the part of these lending institutions to hold this type of obligation during 1961, since FHA home mortgages financed by them actually increased.

Multifamily Housing Mortgages

The volume of FHA-insured project mortgages transferred in 1961 in the secondary market declined by 14 percent to $467 million. This decline can be mainly attributed to the $152 million drop in Section 803 armed services housing transfers, and would have been greater had there not been a partially offsetting increase of $57 million in Section 207 transfers which increased from 21 percent to 37 percent of the total. Sales of mortgages insured under these and other multifamily housing programs, by type of financial institution, are shown in Table III-19.

Financial institutions of the "all other" or miscellaneous type led all types of mortgages in the purchase of FHA project mortgages in 1961, accounting for over half of the total or $246 million. About two-thirds of this volume represented Section 803 armed services housing and most of the remainder involved Section 207 mortgages. All of the project mortgage purchases shown in the "all other" category reflected investment of State or municipal funds and public employee retirement systems only. Federal agencies were a relatively low second in the amount of project mort-

TABLE III-18.—*Purchases of FHA-insured mortgages and loans, by type of institution, 1961*

[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	15	15	30	12	54	20		4	150
Sec. 203	10,872	16,862	10,085	80,524	31,144	71,275	24,561	11,613	257,836
Sec. 213			24	339	136	814	1,417		2,730
Sec. 220		3	1	14		2	188	5	213
Sec. 221	11	70	9	10	41	50	6,882	17	7,099
Sec. 222	446	608	634	4,607	1,276	4,674	2,235	386	14,866
Sec. 603	150	1,168	2	233	93	15		10	1,680
Sec. 809	11	10	125	106	38	414	556		1,350
Sec. 903	1				14				15
Total	11,506	18,754	11,810	85,035	32,706	77,264	35,839	12,044	285,948
Project programs:									
Sec. 207	3	4	7	7	1	21	8	30	81
Sec. 213 sales		1				1	11	4	17
Sec. 220	1						14		15
Sec. 221 market rate							5		5
Sec. 231		1					8		9
Sec. 232				1					1
Sec. 608	1	2	1			2			6
Sec. 803 military			1			2		3	6
Sec. 803 armed services	1	2		4	4	2		83	96
Total	6	10	9	12	5	28	46	120	236
Property improvement loans:									
Sec. 2	56,121	63,481	1,553		3,886	1		1,826	126,868
Total all programs	67,633	82,245	13,372	85,947	36,087	77,293	35,885	13,990	413,052
Face amount of mortgages and loans:									
Home programs:									
Sec. 8	$67	$85	$169	$86	$321	$113		$23	$843
Sec. 203	134,832	180,539	137,858	1,072,618	351,503	899,389	$314,653	149,200	3,249,591
Sec. 213			300	4,342	1,633	10,930	19,990		37,284
Sec. 220		42	11	175		19	2,348	55	2,650
Sec. 221	83	718	78	85	351	416	65,541	147	67,419
Sec. 222	6,181	7,867	8,632	67,264	15,792	63,185	28,634	5,336	202,890
Sec. 603	1,031	7,814	14	1,511	625	162		61	11,218
Sec. 809	168	284	1,676	2,052	576	6,064	7,751		19,471
Sec. 903	7				120				126
Total	142,360	206,347	148,828	1,149,013	370,920	980,279	438,918	154,821	3,591,494
Project programs:									
Sec. 207	10,185	5,815	14,640	7,240	1,544	60,037	5,212	68,429	173,101
Sec. 213 sales		2,012				1,503	15,456	8,731	27,703
Sec. 220	1,395						36,210		37,605
Sec. 221 market rate							9,893		9,893
Sec. 231		666					10,427		11,093
Sec. 232				421					421
Sec. 608	5,000	278	1,808			3,758			10,934
Sec. 803 military			1,620			6,109		4,193	11,921
Sec. 803 armed services	1,664	1,219		4,946	7,461	3,978		164,833	184,101
Total	18,244	9,990	18,158	12,607	9,005	75,385	77,199	246,185	466,773
Property improvement loans:									
Sec. 2	35,961	37,904	923		4,611	1		1,420	80,820
Total all programs	106,574	254,241	167,908	1,161,620	384,536	1,055,665	516,117	402,426	4,139,087
Percentage distribution of amount:									
Home programs:									
Sec. 8	7.9	10.0	20.1	7.8	38.1	13.4		2.7	100.0
Sec. 203	4.2	5.8	4.2	33.0	10.8	27.7	9.7	4.6	100.0
Sec. 213			1.1	11.6	4.4	29.3	53.6		100.0
Sec. 220		1.6	0.4	6.6		0.7	88.6	2.1	100.0
Sec. 221	0.1	1.1	.1	0.2	0.5	.6	97.2	0.2	100.0
Sec. 222	3.0	3.9	4.3	33.2	7.8	31.1	14.1	2.6	100.0
Sec. 603	9.2	69.7	.1	13.5	5.6	1.4		.5	100.0
Sec. 809	.9	1.5	8.6	15.2	2.9	31.1	39.8		100.0
Sec. 903	5.2				94.8				100.0
Total	4.0	5.8	4.1	32.0	10.3	27.3	12.2	4.3	100.0
Project Programs:									
Sec. 207	5.9	3.4	8.4	4.2	.9	34.7	3.0	39.5	100.0
Sec. 213 sales		7.3				5.4	55.8	31.5	100.0
Sec. 220	3.7						96.3		100.0
Sec. 221 market rate							100.0		100.0
Sec. 231		6.0					94.0		100.0
Sec. 232				100.0					100.0
Sec. 608	45.7	2.5	17.4			34.4			100.0
Sec. 803 military			13.6			51.2		35.2	100.0
Sec. 803 armed services	.9	0.7		2.7	4.0	2.2		89.5	100.0
Total	3.9	2.1	3.9	2.7	1.9	16.2	16.5	52.8	100.0

TABLE III-18.—*Purchase of FHA-insured mortgages and loans, by type of institution, 1961*—Continued

[Dollar amounts in thousands]

Section	Type of institution: National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
Property improvement loans:									
Sec. 2	44.5	46.9	1.1		5.7	(1)		1.8	100.0
Total all programs	4.7	6.1	4.1	28.1	9.3	25.5	12.5	9.7	100.0
Number of purchasing institutions:									
Home programs:									
Sec. 8	1	2	8	1	13	6		1	32
Sec. 203	394	410	329	265	621	297	8	141	2,485
Sec. 213			2	4	6	16	1		29
Sec. 220		1	1	1		1	1	2	7
Sec. 221	3	2	8	6	19	10	2	5	55
Sec. 222	73	64	79	134	194	190	3	49	786
Sec. 603	20	12	2	3	6	2		2	47
Sec. 809	3	5	4	22	9	34	1		78
Sec. 903	1				1				2
Project programs:									
Sec. 207	3	3	5	5	1	13	3	8	41
Sec. 213 sales		1				1	3	1	6
Sec. 220	1						5		6
Sec. 221 market rate							3		3
Sec. 231		1					3		4
Sec. 232				1					1
Sec. 608	1	1	1			1			4
Sec. 803 military			1			1		2	4
Sec. 803 armed services	1	2		2	2	1		18	26
Property improvement loans:									
Sec. 2	35	39	4		14	1		3	96

1 Less than 0.05 percent.

gages purchased, with $77 million or 17 percent, followed closely by savings banks with $75 million or 16 percent. However, Federal agencies, reflecting the special-assistance functions of FNMA, purchased most of the special-purpose program mortgages such as those insured under Sections 213, 220, 221, and 231. The savings banks total, on the other hand, was made up primarily of Section 207 mortgages.

The largest amount of 1961 sales of project mortgages was reported by national banks with $135 million or 29 percent of the aggregate face amount. State banks were second with $134 million—also nearly 29 percent. The ranking of these two types of institutions for project sales was reversed from 1960. Since both national and State banks have been the chief originators of project mortgages in recent years, as well as the leaders in sales, it appears that they prefer financing short-term constructions loans rather than holding long-term low-interest obligations. Mortgage companies ranked third in sales with $103 million or 22 percent of the total, and have been increasing their share of sales of late.

Title I Property Improvement Loans

Distributed by types of institutions in Tables III–18 and III–19 are the purchases and sales of Title I improvement loans and the amount of net proceeds involved. Compared to 1960, these secondary market activities doubled in 1961, with financial institutions purchasing and selling 127,000 insured loans with $81 million in net proceeds. State banks were the most active by purchasing 50 percent of the loans involving 47 percent of the proceeds. Their sales amounted to 74 percent of the loans with 67 percent of the proceeds. National banks purchased an additional 44 percent of the loans with 45 percent of the net proceeds, and their sales accounted for 15 percent of the loans and 18 percent of the proceeds. Including mortgage company sales, these three types of institutions were responsible for over 92 percent of the total activity.

TERMINATIONS, DEFAULTS, AND CLAIMS PAID

This section presents data on terminations of mortgage insurance contracts, default status of insured home and project mortgages, and claims paid on defaulted Title I improvement loans. Insurance terminated by the end of 1961 amounted to $29.1 billion, or 39 percent of the $73.9 billion in total insurance written (Table III–3). Terminations of insurance on home mortgages accounted for $16.3 billion of this amount; project mortgages for $1.7 billion; and Title I improvement loans for $11.2 billion. During the year 1961, total terminations aggregated more than $2,330 million—$1,430 million in home mortgages, $291 million in project mortgages, and $609 million in property improvement loans.

TABLE III-19.—*Sales of FHA-insured mortgages and loans by type of institution, 1961*

[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	30	8	2	11	21	76	1	150
Sec. 203	14,355	18,464	180,497	3,681	4,693	1,487	24,342	10,317	257,836
Sec. 213	68	113	2,242			3	210	94	2,730
Sec. 220	10	23	164					16	213
Sec. 221	143	222	6,104	56	67		81	366	7,099
Sec. 222	537	627	10,779	216	340	41	1,877	443	14,866
Sec. 603	75	1,233	7	259	85	18	2	1	1,680
Sec. 809	50	76	805	6			305	27	1,359
Sec. 903		1			14				15
Total	15,239	20,789	200,756	4,220	5,216	1,570	26,893	11,265	285,948
Project programs:									
Sec. 207	21	25	29		1	2		3	81
Sec. 213 sales	4	10	3						17
Sec. 220	3	5	7						15
Sec. 221 market rate	2		3						5
Sec. 231	3	2	4						9
Sec. 232	1								1
Sec. 608		2				1	1	2	6
Sec. 803 military			1			2	1	2	6
Sec. 803 armed services	33	24	15		17		5	2	96
Total	67	68	62		18	5	7	9	236
Property improvement loans:									
Sec. 2	19,127	94,160	6,413		2,881	57		4,230	126,868
Total all programs	34,433	115,017	207,231	4,220	8,115	1,632	26,900	15,504	413,052
Face amount of mortgages and loans:									
Home programs:									
Sec. 8	$5	$151	$46	$10	$77	$119	$430	$6	$843
Sec. 203	188,322	221,484	2,310,617	36,872	58,890	16,263	288,000	129,144	3,249,591
Sec. 213	1,064	1,965	30,522			35	2,424	1,275	37,284
Sec. 220	278	290	1,889					193	2,650
Sec. 221	1,364	2,512	58,387	493	592		736	3,337	67,419
Sec. 222	7,472	8,965	148,227	2,626	5,292	545	24,184	5,578	202,890
Sec. 603	486	8,336	56	1,664	599	57	15	5	11,218
Sec. 809	698	1,069	12,955	84			4,252	383	19,471
Sec. 903		7			126				126
Total	190,689	244,777	2,562,700	41,749	65,570	17,019	320,071	139,920	3,591,494
Project programs:									
Sec. 207	34,037	54,952	51,595		898	14,547		17,071	173,101
Sec. 213 sales	7,905	15,341	4,457						27,703
Sec. 220	18,968	8,774	9,863						37,605
Sec. 221 market rate	4,375		5,518						9,893
Sec. 231	6,061	1,432	3,600						11,093
Sec. 232	421								421
Sec. 608		278				1,898	5,000	3,758	10,934
Sec. 803 military			1,620			3,408	784	6,109	11,921
Sec. 803 armed services	63,310	52,936	26,577		25,174		11,606	4,500	184,101
Total	135,078	133,713	103,230		26,072	19,853	17,390	31,438	466,773
Property improvement loans:									
Sec. 2	14,337	53,740	6,410		3,435	127		2,771	80,820
Total all programs	349,105	432,220	2,672,339	41,749	95,077	36,999	337,461	174,129	4,139,087
Percentage distribution of amount:									
Home programs:									
Sec. 8	0.6	18.0	5.4	1.1	9.1	14.1	51.0	0.7	100.0
Sec. 203	5.8	6.8	71.1	1.1	1.8	.5	8.9	4.0	100.0
Sec. 213	2.8	5.3	81.9			.1	6.5	3.4	100.0
Sec. 220	10.5	10.9	71.3					7.3	100.0
Sec. 221	2.0	3.7	86.6	.7	.9		1.1	5.0	100.0
Sec. 222	3.7	4.4	73.1	1.3	2.6	.3	11.9	2.7	100.0
Sec. 603	4.4	74.3	.5	14.8	5.3	.5	.1	.1	100.0
Sec. 809	3.6	5.5	66.5	.4			22.0	2.0	100.0
Sec. 903		5.1			94.9				100.0
Total	5.6	6.8	71.3	1.2	1.8	.5	8.9	3.9	100.0
Project programs:									
Sec. 207	19.7	31.7	29.8		.5	8.4		9.9	100.0
Sec. 213 sales	28.5	55.4	16.1						100.0
Sec. 220	50.5	23.3	26.2						100.0
Sec. 221 market rate	44.2		55.8						100.0
Sec. 231	54.6	12.9	32.5						100.0
Sec. 232	100.0								100.0
Sec. 608		2.5				17.4	45.7	34.4	100.0
Sec. 803 military			13.6			28.6	6.6	51.2	100.0
Sec. 803 armed services	34.4	28.8	14.4		13.7		6.3	2.4	100.0
Total	28.9	28.7	22.1		5.6	4.3	3.7	6.7	100.0

TABLE III-19.—*Sales of FHA-insured mortgages and loans by type of institution, 1961*—Continued

[Dollar amounts in thousands]

Section	Type of institution: National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
Property improvement loans:									
Sec. 2	17.7	66.5	7.9		4.3	.2		3.4	100.0
Total all programs	8.4	10.4	64.6	1.0	2.3	.9	8.2	4.2	100.0
Number of selling institutions:									
Home programs:									
Sec. 8	1	3	5	2	1	1	1	1	15
Sec. 203	290	343	994	85	109	75	8	109	2,103
Sec. 213	1	1	12			1	1	4	20
Sec. 220	4	3	21					4	32
Sec. 221	12	12	191	4	7		1	15	242
Sec. 222	66	81	537	20	47	13	2	40	806
Sec. 603	15	19	2	6	3	1	1	1	48
Sec. 809	3	5	42	2	1		1	3	57
Sec. 903		1			1				2
Project programs:									
Sec. 207	13	15	20		1	2		2	53
Sec. 213 sales	3	7	3						13
Sec. 220	2	4	5						11
Sec. 221 market rate	2		3						5
Sec. 231	2	2	3						7
Sec. 232	1								1
Sec. 608		1				1	1	1	4
Sec. 803 military			1			2	1	1	5
Sec. 803 armed services	10	7	5		5		1	2	30
Property improvement loans:									
Sec. 2	34	43	11		13	2		4	107

Terminations of Home and Project Mortgages by Type of Termination

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

1. The loan is paid off at maturity.
2. The loan is prepaid, either with or without refinancing. When refinanced with proceeds of a new FHA-insured mortgage, prepayment is termed prepayment by supersession.
3. The mortgage is foreclosed and title to the property is acquired by the mortgagee. The mortgagee has the option of (*a*) transfering title to FHA in exchange for debentures and a certificate of claim (for interest losses and foreclosure expenses not covered by the debentures), or (*b*) withdrawing from the insurance contract with a view to marketing the property under terms more favorable than those of the insurance. Also classed as withdrawals are cases in which the mortgage is foreclosed and the property purchased by a party other than the mortgagee.
4. The defaulted mortgage is assigned by the mortgagee to FHA. This alternative was provided for home mortgages by the Housing Act of 1959 and was first used in 1961.
5. The insurance is terminated upon the request of the mortgagor and mortgagee and upon payment of a termination fee.

At the end of 1961, insurance had been terminated on almost 2.7 million home mortgages, or 45 percent of the total number of home mortgages insured. Among the various programs, the ratio of terminations to insured mortgages varied from 73 percent for Section 603, under which the last insurance was written in 1954, to 1 and 2 percent, respectively, for Sections 220 and 809, both relatively new programs. Section 203, which accounted for more than four-fifths of all home mortgage insurance terminations, had a termination ratio of 43 percent at the end of 1961.

Prepayments accounted for all but 4 percent of all FHA home mortgage terminations through 1961, 77 percent by payment in full and 19 percent by supersession. The predominance of prepayment terminations is noted under all programs except urban renewal and relocation under Sections 220 and 221 and defense housing under Section 903, all of which had more foreclosures (Table III-20).

Matured loans occurred only under the older programs (Secs. 8, 203, 603, and 603-610). All but 231 of the 32,992 such terminations were under Section 203.

Foreclosures accounted for 2.6 percent of all FHA home mortgage terminations through 1961, 2.2 percent being transfers of acquired properties to FHA and 0.4 percent titles retained by the mortgagee. Foreclosures were more numerous under the older, more active programs. For example, foreclosures under Sections 203 and 603 represented 56 and 21 percent, respectively, of those under all sections, but they represented less than 2 percent of all terminations under Section 203 and 3 percent of those under Section 603. In contrast, over half of the terminations under Section 220, 97 percent under Section 221, and 69 percent under Section 903 were by foreclosure.

TABLE III-20.—*Terminations of FHA-insured home mortgages, by type, 1935-61*

[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 [2]	5,060,319	$50,669,187	38,345	$204,260	5,065,374	$44,152,011	30,667	$364,877	1,729	$20,339	29,299	$270,989
Mortgage insurance terminated:												
Prepaid in full	2,060,839	12,281,052	5,351	27,128	1,706,206	10,302,656	1,635	16,456	9	102	36	288
Prepaid by supersession	497,432	3,271,726	2,568	13,323	380,385	2,054,906	665	6,433			14	112
Matured loans	32,992	124,470	7	31	32,761	123,581						
Default terminations (total):	(70,431)	(589,311)	(1,214)	(6,719)	(39,730)	(352,877)	(655)	(6,673)	(11)	(115)	(1,652)	(13,810)
Mortgages assigned by mortgagee:												
Mortgages held or sold by FHA	7	78			7	78						
Title acquired by FHA												
Title acquired by mortgagee:												
Property transferred to FHA	59,845	517,199	1,096	6,092	32,042	298,570	651	6,634	11	115	1,647	13,768
Property retained by mortgagee	10,579	72,034	118	627	7,681	54,229	4	39			5	43
Voluntary terminations	386	3,147			356	2,897						
Other terminations	818	4,378	3	14	648	3,580						
Total terminations	2,662,898	16,274,083	9,143	47,215	2,169,086	13,440,497	2,955	29,563	20	216	1,702	14,210
Mortgages in force [2]	3,297,421	34,395,104	29,202	157,045	2,896,288	30,711,515	27,712	335,315	1,709	20,123	27,597	256,779

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	103,656	$1,397,028	624,653	$3,645,218	3,363	$16,109	75	$556	6,002	$80,411	57,156	$517,270
Mortgage insurance terminated:												
Prepaid in full	3,425	45,485	339,902	1,856,987	1,189	4,984	10	74	42	542	3,034	26,333
Prepaid by supersession	2,386	30,237	100,047	547,636	232	970	5	38	34	412	2,096	17,654
Matured loans			199	790	25	68						
Default terminations (total):	(1,192)	(13,670)	(14,529)	(92,209)	(15)	(60)	(1)	(7)	(51)	(598)	(11,381)	(102,573)
Mortgages assigned by mortgagee:												
Mortgages held or sold by FHA												
Title acquired by FHA												
Title acquired by mortgagee:												
Property transferred to FHA	1,170	13,407	11,788	75,437	13	46	1	7	51	598	11,375	102,526
Property retained by mortgagee	22	263	2,741	16,772	2	14					6	47
Voluntary terminations	3	48	25	178					1	13	1	9
Other terminations	7	90	160	694								
Total terminations	7,013	89,530	454,862	2,498,494	1,461	6,082	16	118	128	1,566	16,512	146,569
Mortgages in force	96,643	1,307,498	169,791	1,146,724	1,902	10,026	59	437	5,874	78,845	40,644	370,701

[1] Excludes Sec. 2 home loans and includes Sec. 225 open-end advances of $119,139.
[2] Includes 8 home improvement loans in 1961 for $25,050 involving 8 units under Sec. 203(k).

Of the 70,400 properties acquired by lending institutions upon mortgage foreclosure, 10,600 or 15 percent were retained by lenders. This cumulative percentage compares with 21 percent in 1959 and 19 percent in 1960. These successive declines give evidence of less favorable conditions for profitable disposition of these properties by the mortgagees.

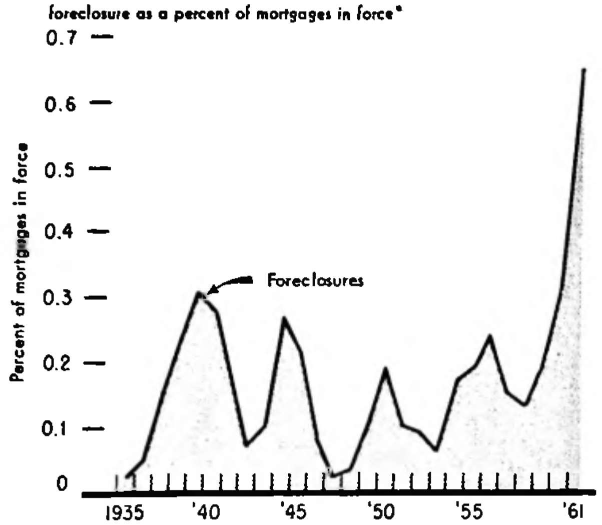
Almost three-fifths of the 59,800 properties acquired by mortgagees and transferred to FHA through 1961 were sold, 5,458 for cash and 29,312 for cash and notes. Section 203, with 54 percent, Section 603, with 20 percent, and Section 903, with 19 percent, accounted for the bulk of acquired properties. At the year end, FHA had sold all but 3 percent of its acquisitions under Section 603. Under Section 203, properties acquired increased from 16,900 at the end of 1960 to 32,000 at the end of 1961. Of these 32,000, more than half remained unsold at the end of 1961. Likewise, for Section 903 more than half of the acquisitions remained on hand. In the case of the Section 903 properties, location was an important factor in the slowness in disposition. Detailed information on FHA's financial experience with acquired properties is contained in Section 5 of this report.

The first assignments of mortgages to FHA, as provided by the Housing Act of 1959, occurred in 1961—seven under Section 203. Voluntary terminations were also provided for under the Housing Act of 1959. This provision permits the cancellation of insurance on home mortgages upon request of the borrower and the lender and upon payment of a termination charge by the borrower.

Chart III–S

FORECLOSURES OF FHA HOME MORTGAGES, 1935–61

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



* Includes cases held in mortgagee inventory.

Through 1961, 386 voluntary terminations had been reported, 356 of which were under Section 203.

Table III–21.—*Disposition of FHA-acquired home properties, Dec. 31, 1961*

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	1,096	898	66	832	205
203	32,036	15,667	1,751	13,916	16,426
213	651	322	38	284	341
220	11	3		3	8
221	1,647	189	6	183	1,458
222	1,172	308	12	296	864
603 [4]	11,801	11,496	2,942	8,554	330
611	1	1		1	
809	51	10	1	9	41
903	11,376	5,876	642	5,234	5,721
Total [5]	59,842	34,770	5,458	29,312	25,394

[1] Excludes FHA repossessions.
[2] Or contracts for deed.
[3] Includes 322 repossessions.
[4] Includes Sec. 603–610.
[5] Minor differences between this and other tables in this report result from tabulation lag.

Project Mortgages.—By the end of 1961, FHA multifamily housing mortgage insurance involving 3,555 project mortgages with a face amount of $1.7 billion had been terminated. This represented approximately 31 percent of the number and 19 percent of the amount insured through that date under all FHA project programs. These terminations left 7,901 project mortgages with face amounts totaling $7.2 billion remaining in force at the year end.

The types of termination that occur for multifamily project mortgages are the same as those for home mortgages discussed earlier. A cumulative summary of project terminations, by type, is shown in Table III–22, with detailed information for each section of the National Housing Act. Prepayments have accounted for $1,049 million, or 62 percent of total terminations, with $1,031 million, or 61 percent, representing prepayments in full prior to maturity of the loans, and about $18 million, or 1 percent, representing prepayments that were superseded with other FHA mortgages. Voluntary terminations without prepayment, first authorized for project mortgages by statute in June 1961, by the year end had accounted for $12 million in mortgage terminations, or slightly less than 1 percent.

The bulk of the remaining terminations were accounted for by mortgagor defaults, which totaled nearly $583 million in mortgage amounts for 969 projects. Mortgagees had assigned 694 of these project mortgages to FHA, of which 339 were subsequently foreclosed by FHA. The other 275 default terminations involved title acquisitions by the mortgagees. Of these, titles to 264 projects were transferred to FHA and 11 were retained by mortgagees.

Table III–23 shows the disposition of multifamily properties and mortgage notes acquired by FHA. Properties acquired through the end of 1961 numbered 603, an increase of 41 during the year. Net sales of 47 acquired projects in 1961, reduced the number on hand from 178 at the beginning of 1961 to 172 by the year end. This table shows only the year-end status of acquisitions and sales.

Mortgage notes assigned to FHA during 1961 are also shown in Table III–23. By the end of 1961, mortgage notes assigned totaled 694—an increase of 77 during the year. The number of mortgages held rose by 32 during the year, to a year-end total of 328.

Terminations of Home and Project Mortgages by Years

The annual volume of terminations, foreclosures, and property acquisitions in relation to the volume of insurance written is shown for homes in Table III–24. Comparable figures for projects, but without property acquisitions, are shown in Table III–25. Home mortgage terminations rose in 1961 to 164,200, or 12 percent above 1960. The rate of terminations—cumulative terminations as a proportion of total insurance written—showed only a slight change, a drop from 44.69 to 44.68 percent. Foreclosures and FHA acquisitions, on the other hand, continued to rise in relation to insurance written. Foreclosures more than doubled from 1960 to 1961, with the result that the ratio of cumulative foreclosures to insurance written rose from 0.97 to 1.26 percent. FHA acquisitions of titles showed a corresponding increase from 0.74 to 1 percent of total mortgages insured.

Table III–22.—*Terminations of FHA-insured multifamily housing mortgages, by type, 1935–61*

[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 Market rate: Number	Sec. 221 Market rate: Amount	Sec. 221 Below market rate: Number	Sec. 221 Below market rate: Amount
Mortgages insured	11,456	$8,920,342	1,340	$1,467,515	1,279	$379,877	278	$510,285	123	$369,244	37	$50,350	1	$2,347
Mortgage insurance terminated:														
Prepaid in full	2,510	1,031,357	365	144,251	1,155	351,302	2	801	1	50				
Prepaid by supersession	31	17,958	13	8,032										
Matured loans	3	828	3	828										
Default terminations (total)	(969)	(582,890)	(86)	(73,838)	(3)	(2,192)	(6)	(4,883)	(1)	(2,225)	(6)	(7,843)		
Mortages assigned by mortgagee:														
Mortgage held or sold by FHA	355	271,435	37	30,673	2	1,974	4	3,937	1	2,225	1	1,078		
Title acquired by FHA	339	165,389	15	11,385	1	219	1	700						
Title acquired by mortgagee:														
Property transferred to FHA	264	144,127	27	21,473			1	247			5	6,765		
Property retained by mortgagee	11	1,948	7	1,407										
Voluntary terminations	19	12,387	1	914										
Other terminations	23	36,700	9	938										
Total terminations	3,555	1,682,139	477	228,804	1,158	353,495	8	5,687	2	2,284	6	7,843		
Mortgages in force	7,901	7,238,212	863	1,238,711	121	26,382	270	504,599	121	366,961	31	42,507	1	2,347

Disposition	Sec. 231: Number	Sec. 231: Amount	Sec. 232: Number	Sec. 232: Amount	Sec. 608 [1]: Number	Sec. 608 [1]: 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	67	$97,609	22	$8,815	7,067	$3,448,377	25	$11,091	274	$683,143	846	$1,827,363	97	$63,427
Mortgage insurance terminated:														
Prepaid in full					958	518,365	25	11,091	1	4,050			3	534
Prepaid by supersession					18	9,926								
Matured loans														
Default terminations (total)					(778)	(381,378)			(30)	(45,778)	(24)	(46,771)	(35)	(17,991)
Mortgages assigned by mortgagee:														
Mortgage held or sold by FHA					250	146,265			14	25,071	24	40,771	14	4,720
Title acquired by FHA					204	124,373			11	15,729			16	11,905
Title acquired by mortgagee:														
Property transferred to FHA					221	110,200			5	4,078			5	1,366
Property retained by mortgagee					4	541								
Voluntary terminations					18	11,473					8	32,893		
Other terminations					6	2,870								
Total terminations					1,778	924,012	25	11,091	31	49,828	32	79,664	38	18,524
Mortgages in force	67	97,609	22	8,815	5,289	2,524,365			243	633,315	814	1,747,699	59	44,902

[1] Includes Sec. 608–610.

TABLE III-23.—*Disposition of FHA-acquired multifamily housing properties and mortgages, Dec. 31, 1961*

Section	FHA-acquired multifamily housing properties					
	Total	Properties sold by FHA				On hand[1]
		Total	With reinsurance	Without reinsurance	With mortgage held by FHA	
Number of projects:						
Sec. 207	42	29	8	9	12	13
Sec. 213 sales	1	1	----	----	1	----
Sec. 213 management	2	----	----	----	----	2
Sec. 221 market rate	6	1	----	----	1	5
Sec. 608[2]	515	381	6	100	275	134
Sec. 803 military	16	8	----	4	4	8
Sec. 908	21	11	----	1	10	10
Total	603	431	14	114	303	172
Number of units:						
Sec. 207	6,020	4,145	1,705	1,448	992	1,875
Sec. 213 sales	26	26	----	----	26	----
Sec. 213 management	92	----	----	----	----	92
Sec. 221 market rate	941	116	----	----	116	825
Sec. 608[2]	33,950	23,144	975	4,730	17,439	10,806
Sec. 803 military	2,477	927	----	576	351	1,550
Sec. 908	1,749	667	----	20	647	1,082
Total	45,255	29,025	2,680	6,774	19,571	16,230

Section	Mortgages notes assigned to FHA					
	Total	Mortgage note disposition				On hand
		Total	Sold with reinsurance	Sold without reinsurance	Foreclosed with property acquired by FHA	
Number of projects:						
Sec. 207	52	16	1	----	15	36
Sec. 213 sales	3	2	----	1	1	1
Sec. 213 management	5	1	----	----	1	4
Sec. 220	1	----	----	----	----	1
Sec. 221 market rate	1	1	----	----	1	----
Sec. 608	553	317	----	23	294	236
Sec. 803 military	25	11	----	----	11	14
Sec. 803 armed services	24	2	2	----	----	22
Sec. 908	30	16	----	----	16	14
Total	694	366	3	24	339	328
Number of units:						
Sec. 207	6,501	2,493	1,102	----	1,391	4,008
Sec. 213 sales	211	170	----	144	26	41
Sec. 213 management	460	70	----	----	70	390
Sec. 220	132	----	----	----	----	132
Sec. 221 market rate	116	116	----	----	116	----
Sec. 608	37,081	18,284	----	664	17,620	18,797
Sec. 803 military	5,461	1,973	----	----	1,973	3,488
Sec. 803 armed services	2,866	242	242	----	----	2,624
Sec. 908	2,237	1,559	----	----	1,559	678
Total	55,065	24,907	1,344	808	22,755	30,158

[1] Includes repossessions; other columns do not show these cases.
[2] Includes Secs. 608–610.

Units in project terminations in 1961 increased by almost two-thirds over those for 1960 to a total of 32,500. Cumulatively, units in terminations represented almost a fourth of all project units insured. Default terminations of project mortgage insurance declined one-fourth from 10,400 units in 1960 to 7,800 in 1961. The ratio of units in default terminations to units insured, however, increased slightly to 8.29 percent.

Home Mortgages.—The number of terminations of home mortgages insured under Section 203 increased 11 percent to 141,200 in 1961, but the cumulative proportion of terminations declined slightly for the fourth straight year, to 42.82 percent at the end of 1961. Although the foreclosure and acquisition rates for Section 203 mortgages each remained well below 1 percent in 1961 (0.86 percent and 0.63 percent respectively), the number of foreclosures in 1961 was more than double the number in 1960 and more than five times the number in 1959. FHA acquisitions in 1961 were triple those in 1960 and more than eight times those in 1959.

Among the home mortgage programs, foreclosure and acquisition rates have been highest under Section 903—a fifth of the total cases insured.

Because of the inclusion of mortgagee inventories (foreclosed properties held by the mortgagee pending expiration of redemption periods as required in some States or pending final disposition), foreclosures may exceed terminations for some periods. Under Section 221, foreclosures exceeded terminations in 3 consecutive years because of mortgagee inventories. (See footnote 1 of Table III-24.)

Project Mortgages.—Data showing terminations of multifamily housing mortgage insurance are summarized for selected years 1950 through 1961

CHART III-9

TERMINATIONS OF THE FHA HOME MORTGAGES, 1935–61

Home mortgages terminated under all sections

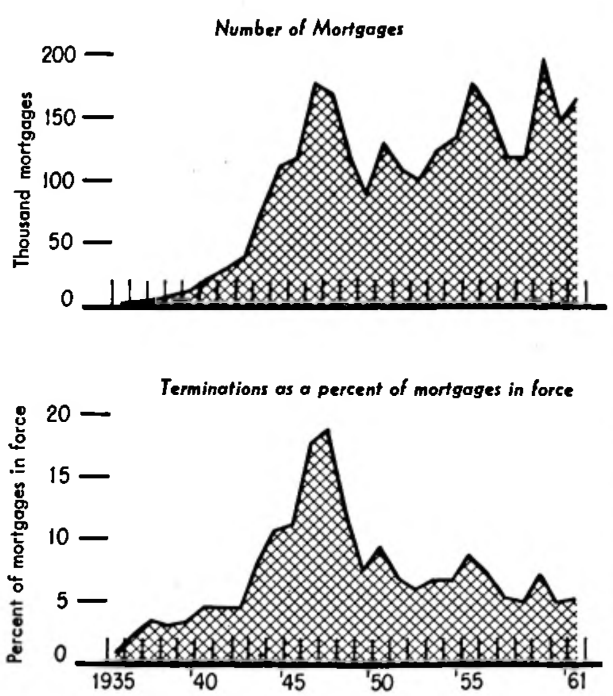


TABLE III-24.—*Terminations of FHA-insured home mortgages, selected years, 1950–61*

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	Default terminations[1]: Number for the period	Default terminations: Cumulative through end of year: Number	Default terminations: Cumulative: Percent of total insured	FHA acquisitions: Number for the period	FHA acquisitions: Cumulative through end of year: Number	FHA acquisitions: Cumulative: Percent of total insured
Total[2]											
1950	341,032	2,028,197	131,833	1,116,795	42.50	2,610	16,301	0.62	1,860	12,707	0.48
1952	234,426	3,115,202	101,134	1,327,724	42.62	1,478	19,302	.62	893	14,742	.47
1954	214,237	3,591,070	131,910	1,583,258	44.09	3,415	23,849	.66	1,573	17,048	.47
1955	310,870	3,901,940	177,746	1,761,004	45.13	4,021	27,870	.71	3,796	20,844	.53
1956	248,121	4,150,061	150,458	1,920,462	46.28	5,268	33,138	.80	4,677	25,521	.61
1957	198,429	4,348,490	117,661	2,038,123	46.87	3,405	36,543	.84	2,657	28,178	.65
1958	381,883	4,730,373	117,393	2,155,516	45.57	3,087	39,630	.84	2,271	30,449	.64
1959	495,172	5,225,545	196,240	2,351,756	45.01	5,223	44,853	.86	3,613	34,062	.65
1960	366,213	5,591,758	146,968	2,498,724	44.69	9,332	54,185	.97	7,113	41,175	.74
1961	368,561	5,960,319	164,174	2,662,898	44.68	20,724	74,909	1.26	18,670	59,845	1.00
Sec. 8:											
1952	5,815	12,203	89	91	.75	5	5	.04	2	2	.02
1954	15,897	32,479	283	567	1.75	45	114	.35	25	82	.25
1955	5,714	38,193	754	1,321	3.46	79	193	.51	16	128	.34
1956	139	38,332	935	2,256	5.89	174	367	.96	141	269	.70
1957	8	38,345	879	3,135	8.18	217	584	1.52	219	488	1.27
1958	----	38,345	1,028	4,163	10.86	189	773	2.02	155	643	1.68
1959	----	38,345	2,042	6,205	16.18	171	944	2.46	155	798	2.08
1960	----	38,345	1,446	7,651	19.95	137	1,081	2.82	146	944	2.46
1961	----	38,345	1,492	9,143	23.84	172	1,253	3.27	152	1,096	2.86
Sec. 203:											
1950	338,125	2,000,812	97,144	880,845	44.02	677	6,324	.32	225	4,333	.22
1952	212,748	2,459,014	81,301	1,047,652	42.60	684	7,768	.32	282	5,022	.20
1954	175,698	2,866,157	105,603	1,255,087	43.79	1,131	9,640	.34	427	5,712	.20
1955	294,772	3,160,929	144,937	1,400,024	44.29	1,096	10,736	.34	485	6,197	.20
1956	234,929	3,395,858	133,083	1,533,107	45.15	2,089	12,825	.38	1,572	7,769	.23
1957	181,680	3,577,538	99,659	1,632,766	45.64	1,514	14,339	.40	910	8,679	.24
1958	353,418	3,930,056	101,436	1,734,202	44.12	2,061	16,400	.42	1,328	10,007	.25
1959	400,966	4,391,922	166,847	1,901,049	43.29	3,190	19,590	.45	1,828	11,835	.27
1960	333,107	4,725,029	126,874	2,027,923	42.92	7,133	26,723	.57	5,082	16,917	.36
1961	340,345	5,065,374	141,163	2,169,086	42.82	16,846	43,569	.86	15,125	32,042	.63
Sec. 213:											
1952	3,235	3,548	1	1	.03	----	----	----	----	----	----
1954	4,502	10,739	22	33	.31	4	4	.04	3	3	.03
1955	1,054	11,793	106	139	1.18	46	50	.42	14	17	.14
1956	677	12,470	216	355	2.85	62	112	.90	63	80	.64
1957	4,233	16,703	205	560	3.35	55	167	1.00	71	151	.90
1958	5,827	22,530	200	760	3.37	66	233	1.03	53	204	.91
1959	2,162	24,692	710	1,470	5.95	109	342	1.39	87	291	1.18
1960	3,023	27,715	571	2,041	7.36	107	449	1.62	111	402	1.45
1961	2,952	30,667	914	2,955	9.64	304	753	2.46	249	651	2.12
Sec. 220:											
1957	455	512	1	1	.20	----	----	----	----	----	----
1958	544	1,056	----	1	.09	----	----	----	----	----	----
1959	163	1,219	----	1	.08	1	1	.08	----	----	----
1960	165	1,384	7	8	.58	5	6	.43	6	6	.43
1961	345	1,729	12	20	1.16	6	12	.69	5	11	.64
Sec. 221:											
1958	4,394	4,930	3	3	.06	3	4	.08	2	2	.04
1959	7,745	12,675	50	53	.42	74	78	.62	43	45	.36
1960	9,241	21,916	415	468	2.14	432	510	2.33	398	443	2.02
1961	7,383	29,299	1,234	1,702	5.81	1,206	1,806	6.16	1,204	1,647	5.62
Sec. 222:											
1955	6,635	6,645	13	13	.20	----	----	----	----	----	----
1956	11,457	18,102	133	146	.81	1	1	.01	----	----	----
1957	10,779	28,881	258	404	1.40	7	8	.03	4	4	.01
1958	16,374	45,255	565	969	2.14	19	27	.06	17	21	.05
1959	22,517	67,772	1,906	2,965	4.37	120	147	.22	47	68	.10
1960	19,151	86,023	1,505	4,470	5.14	320	467	.54	294	362	.42
1961	10,733	103,656	2,543	7,013	6.77	811	1,278	1.23	808	1,170	1.13
Sec. 603:[3]											
1950	2,698	627,176	34,689	235,950	37.62	1,933	9,977	1.59	1,635	8,374	1.34
1952	45	627,942	19,743	279,980	44.59	789	11,529	1.84	609	9,718	1.55
1954	1	628,016	25,113	326,518	51.99	1,114	12,948	2.06	427	10,557	1.68
1955	----	628,016	28,496	355,014	56.53	492	13,440	2.14	717	11,274	1.80
1956	----	628,016	21,633	376,647	59.97	317	13,757	2.19	101	11,375	1.81
1957	----	628,016	15,025	391,672	62.37	195	13,952	2.22	180	11,555	1.84
1958	----	628,016	13,241	404,913	64.47	152	14,104	2.25	76	11,631	1.85
1959	----	628,016	21,980	426,893	67.97	171	14,275	2.27	38	11,669	1.86
1960	----	628,016	14,440	441,333	70.27	143	14,418	2.30	64	11,733	1.87
1961	----	628,016	14,990	456,323	72.66	156	14,574	2.32	68	11,801	1.88
Sec. 809:											
1958	1,320	2,054	1	1	.05	----	----	----	----	----	----
1959	1,610	3,673	16	17	.46	1	1	.03	1	1	.03
1960	1,526	5,199	44	61	1.17	17	18	.35	15	16	.31
1961	803	6,002	67	128	2.13	33	51	.85	35	51	.85
Sec. 903:											
1954	18,128	53,594	889	1,050	1.96	1,121	1,143	2.13	691	694	1.29
1955	2,695	56,289	3,438	4,488	7.97	2,308	3,451	6.13	2,534	3,228	5.73
1956	834	57,123	3,456	7,944	13.91	2,625	6,076	10.64	2,800	6,028	10.55
1957	33	57,156	1,633	9,577	16.76	1,416	7,492	13.11	1,273	7,301	12.77
1958	----	57,156	918	10,495	18.36	597	8,089	14.15	640	7,941	13.89
1959	----	57,156	2,598	13,093	22.91	1,385	9,474	16.58	1,413	9,354	16.37
1960	----	57,156	1,664	14,757	25.82	1,038	10,512	18.39	997	10,351	18.11
1961	----	57,156	1,755	16,512	28.89	1,100	11,612	20.32	1,024	11,375	19.90

[1] Includes foreclosures with titles transfered to FHA or retained by mortgagees and assignments of mortgages to FHA. Also includes foreclosed properties with insurance not terminated (held by mortgagees pending redemption period or final disposition). At the end of 1961 the latter numbered 39 under Sec. 8; 3,839, Sec. 203; 98, Sec. 213; 1, Sec. 220; 154, Sec. 221; 86, Sec. 222; 30, Sec. 603; and 231, Sec. 903.
[2] Includes Sec. 611 and excludes Sec. 2 home loans.
[3] Includes Sec. 603–610.

in Table III-25. By the end of 1961, insurance had been terminated for almost 25 percent of the dwelling units insured. Units in projects with defaulted mortgages accounted for about one-fourth of the terminations in 1961 compared to over one-half in 1960. On a cumulative basis default terminations have accounted for approximately one-third of the terminations.

Nearly three-fifths of all terminations reported through the end of 1961 have occurred under the Section 608 veterans' emergency housing program. This section also has accounted for nearly 70 percent of the default terminations. The legislative authority to insure projects under this program expired in 1954; therefore, the ratio of units terminated to units insured, which reached 28 percent in 1961, will continue to rise.

The next highest volume of units terminated has been reported under Section 207. Cumulative terminations under this section amount to 33 percent of all units covered by insurance under the program. About 22 percent of all terminations have been in Section 207 projects.

The Section 213 sales-type cooperative housing program ranked third in the cumulative number of units terminated. Terminations under this section are unusually high in comparison to insurance written because of the nature of the program. Sales cooperatives are organized to promote and build homes for individual ownership, and upon completion of construction the individual units are released from the project mortgage and their pro rata insurance terminated as titles are transferrable to members of the cooperative by refinancing under the Section 213 home mortgage provisions, or under Section 203, or by other financing. In 1961, the cumulative termination rate for these projects reached 94 percent. Only three of these projects have been terminated by default action.

Section 803 armed services housing, Section 220, and Section 221 together accounted for only 5 percent of total terminations in 1961 and cumulatively only 2½ percent of all terminations. As is characteristic of newer programs, most of the initial terminations have been of the default type.

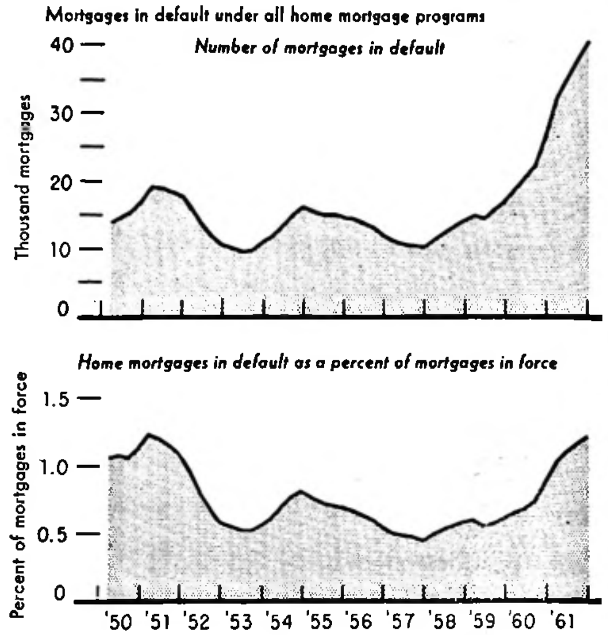
Termination ratios for those programs for which insurance authority has expired—such as Sections 608, 608–610, 803 (military housing), and 908—will continue to rise, reaching 100 percent when all units are terminated. Insurance written under Section 611 covering 25 projects for 1,984 units has been completely terminated by prepayments in full.

Defaults of Home and Project Mortgages by Years

Defaults in both home and project mortgages showed substantial increases at the end of 1961 over the number reported a year earlier. Home mortgage defaults increased 52 percent to 40,700,

CHART III-10

DEFAULTS OF FHA HOME MORTGAGES, 1950–61



a ratio of defaults to mortgages in force of 1.23 percent. The 10,100 units in defaulted project mortgages at the year end were more than 2½ times those reported as of December 31, 1960, and represented a default ratio of 1.41 percent.

Home Mortgages.—Trends in the year-end default status of home mortgages are presented in Table III-26. Total defaults shown in this table include those for which foreclosure has been started and potential FHA acquisitions, as represented by the mortgagee inventory. Included in the 1961 home defaults are 253 cases under forbearance agreements. These agreements authorize lenders to postpone foreclosure when the borrower, through no fault of his own, is temporarily unable to keep his mortgage payments current.

The greatest number of defaults was under Section 203, but, because of the large volume of mortgages in force, the default ratio under this section (1.20 percent) was among the lowest for all home programs.

Section 603, with the second highest volume of mortgages in force, had the lowest default ratio (only 0.45 percent). This low ratio can be attributed to the fact that these mortgages are all "seasonal," since insurance under this section was all written before 1952. The generally higher incomes currently available to meet the lower payments on homes purchased at early postwar prices reduce the probability of mortgages going into default. Moreover, the equities built up over the period increase both the incentive of mortgagors to keep their payments current and permit profitable sales of property in order to avoid foreclosure when default occurs.

TABLE III-25.—*Terminations of FHA-insured multifamily housing mortgages, selected years, 1950–61*

Year	Total terminations					Default terminations[1]				
	Number for the period		Cumulative through end of year			Number for the period		Cumulative through end of year		
				Dwelling units					Dwelling units	
	Number of mortgages	Number of units	Number of mortgages	Number[2]	Percent of total insured	Number of mortgages	Number of units	Number of mortgages	Number	Percent of total insured
All sections:[3]										
1950	137	10,061	553	52,232	10.54	66	2,646	112	9,005	1.82
1952	90	8,321	803	70,980	11.05	30	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	200	16,901	1,419	112,232	16.56	98	6,000	475	34,325	5.06
1956	162	16,022	1,581	128,254	18.02	65	7,536	540	41,861	6.08
1957	291	10,824	1,872	139,078	18.90	68	4,286	608	46,147	6.30
1958	485	18,750	2,357	157,828	19.70	73	6,720	681	52,867	6.63
1959	349	21,126	2,706	178,954	21.27	76	6,925	757	59,792	7.11
1960	317	19,778	3,023	198,732	22.31	118	10,425	875	70,217	7.88
1961	532	32,494	3,555	231,226	24.57	94	7,773	969	77,990	8.29
Sec. 207:										
1950	18	2,883	327	37,252	81.16	---	---	25	4,483	9.77
1952	10	733	343	38,512	67.76	1	20	26	4,503	7.92
1954	12	1,136	364	40,616	53.83	1	214	30	4,876	6.46
1955	20	1,710	384	42,326	52.54	10	887	40	5,763	7.15
1956	9	703	393	43,080	53.00	2	360	42	6,123	7.53
1957	5	203	398	43,292	50.48	---	---	42	6,123	7.14
1958	16	1,460	414	44,752	46.07	8	1,102	50	7,225	7.44
1959	13	1,122	427	45,874	41.25	6	694	56	7,919	7.12
1960	22	2,223	449	48,097	36.81	13	1,754	69	9,673	7.40
1961	28	2,480	477	50,577	32.67	17	1,805	86	11,478	7.41
Sec. 213 sales:										
1952	10	1,794	19	2,062	11.42	1	144	1	144	.80
1954	55	2,874	97	8,964	78.12	---	---	3	211	1.84
1955	80	3,029	186	11,993	99.03	---	---	3	211	1.74
1956	12	420	198	12,413	92.88	---	---	3	211	1.58
1957	168	3,083	366	15,496	80.40	---	---	3	211	1.10
1958	326	5,723	692	21,219	89.03	---	---	3	211	.80
1959	152	3,186	844	24,405	96.73	---	---	3	211	.84
1960	116	1,904	960	26,309	91.97	---	---	3	211	.74
1961	198	3,616	1,158	29,925	94.39	---	---	3	211	.67
Sec. 213 management:										
1954	1	12	1	12	.06					
1955	1	44	2	56	.26	---	---	---	---	---
1956	1	70	3	126	.55	1	70	1	70	.30
1957	1	22	3	104	.40	1	22	2	92	.36
1958	1	46	4	150	.53	---	---	2	92	.32
1959	---	---	4	150	.48	---	---	2	92	.29
1960	3	278	7	428	1.20	3	278	5	370	1.03
1961	1	112	8	540	1.29	1	112	6	482	1.15
Sec. 220:										
1961	2	138	2	138	.52	1	132	1	132	.50
Sec. 221 market rate:										
1960	5	930	5	930	17.78	5	930	5	930	17.78
1961	1	11	6	941	15.08	1	11	6	941	15.08
Sec. 608:[4]										
1950	118	7,978	225	14,880	3.45	66	2,646	87	4,522	1.05
1952	68	5,122	424	29,170	6.21	37	2,998	206	11,826	2.52
1954	110	7,357	639	43,452	9.25	70	5,026	339	22,021	4.69
1955	166	10,450	805	53,902	11.48	76	4,359	415	26,380	5.62
1956	131	13,271	936	67,173	14.30	53	5,608	468	31,988	6.81
1957	100	6,343	1,036	73,516	15.66	49	3,047	517	35,035	7.46
1958	133	10,335	1,169	83,851	17.86	57	4,472	574	39,507	8.41
1959	168	12,261	1,337	96,112	20.47	63	4,174	637	43,681	9.30
1960	157	13,009	1,494	109,121	23.24	83	6,029	720	49,710	10.59
1961	284	24,174	1,778	133,295	28.30	58	3,778	778	53,488	11.39
Sec. 803 military:										
1954	1	55	1	55	.07	1	55	1	55	.07
1955	4	1,069	5	1,124	1.35	4	1,069	5	1,124	1.35
1956	2	550	7	1,674	1.99	2	550	7	1,674	1.99
1957	11	952	18	2,626	3.09	11	952	18	2,626	3.09
1958	4	986	22	3,612	4.26	4	986	22	3,612	4.26
1959	8	2,557	30	6,169	7.27	7	2,057	29	5,669	6.68
1960	---	---	30	6,169	7.27			29	5,669	6.68
1961	1	296	31	6,465	7.62	1	296	30	5,965	7.03
Sec. 803 armed services:										
1959	8	2,000	8	2,000	2.26	---	---	---	---	---
1960	12	1,362	20	3,362	3.32	12	1,362	12	1,362	1.35
1961	12	1,504	32	4,866	4.22	12	1,504	24	2,866	2.49
Sec. 908:										
1954	4	253	4	253	3.02	4	253	4	253	3.02
1955	8	594	12	847	9.98	8	594	12	847	9.98
1956	7	948	19	1,795	21.15	7	948	19	1,795	21.15
1957	7	265	26	2,060	24.28	7	265	26	2,060	24.28
1958	5	200	31	2,260	26.64	4	160	30	2,220	26.16
1959	---	---	31	2,260	26.64	---	---	30	2,220	26.16
1960	2	72	33	2,332	27.40	2	72	32	2,292	27.01
1961	5	163	38	2,495	29.40	3	135	35	2,427	28.60

[1] Includes mortgage notes and property titles transferred to FHA. Also includes foreclosed projects retained by mortgagees with termination of FHA insurance contracts: Sec. 207, 7 projects with 348 units; Sec. 608, 4 projects, 77 units.

[2] Includes terminations superseded by new FHA insurance contracts covering the same properties. At the end of 1961, these numbered 13 projects with 2,035 units under Sec. 207 and 18 projects, 1,566 units under Sec. 608.

[3] Includes Sec. 611.

[4] Includes Sec. 608–610.

Highest default ratios are reported under Section 221 (4.37 percent) and Section 903 (4.35 percent). The high ratio for Section 903 is probably attributable to the changing economic conditions in the former defense areas in which the homes were built.

The levels of foreclosures in process anticipate to a large extent the foreclosure trends shown earlier in Table III–24. Mortgages on which foreclosure had been started at the year end increased in 1961 under all programs except Section 220, which had none in process, and Section 903, which had a decline of 17 percent from the end of 1960.

Similarly, the size of the mortgagee inventory suggests prospective trends in FHA acquisitions (Table III–24), since most mortgagee-acquired properties are transferred to FHA (Table III–20).

TABLE III–26.—*Default status of FHA-insured home mortgages, selected years, 1950–61*

As of year end	Insured mortgages in force	Defaults and potential FHA acquisitions: Total defaults: Number	Total defaults: Percent of in force	Foreclosures in process: Number	Foreclosures in process: Percent of in force	Mortgagee inventory [1]: Number	Mortgagee inventory [1]: Percent of in force
Total: [2]							
1950	1,511,402	17,058	1.13	1,167	0.08	950	0.06
1952	1,787,568	10,562	.59	646	.04	513	.03
1954	2,007,812	16,231	.81	1,091	.05	1,371	.07
1955	2,140,936	14,988	.70	2,755	.13	807	.04
1956	2,229,599	11,973	.54	1,731	.08	695	.03
1957	2,310,367	10,333	.45	1,013	.04	821	.04
1958	2,574,857	14,455	.56	1,878	.07	1,040	.04
1959	2,873,789	16,970	.59	2,550	.09	1,858	.06
1960	3,093,034	26,850	.87	4,201	.14	3,276	.11
1961	3,297,421	40,713	1.23	7,359	.22	4,478	.14
Sec. 8:							
1950	209	-----	-----	-----	-----	-----	-----
1952	12,112	87	.72	5	.04	3	.02
1954	31,912	207	.65	19	.06	21	.07
1955	36,872	418	1.13	47	.13	49	.13
1956	36,076	533	1.48	75	.21	73	.20
1957	35,210	470	1.33	57	.16	61	.17
1958	34,182	521	1.52	63	.18	75	.22
1959	32,140	446	1.39	65	.20	70	.22
1960	30,694	394	1.28	57	.19	43	.14
1961	29,202	479	1.64	71	.24	39	.13
Sec. 203:							
1950	1,119,967	9,480	.85	502	.04	306	.03
1952	1,411,362	7,141	.51	438	.03	176	.01
1954	1,611,070	8,966	.56	681	.04	387	.02
1955	1,760,905	8,866	.50	1,515	.09	430	.02
1956	1,862,751	7,985	.43	830	.04	422	.02
1957	1,944,772	7,790	.40	803	.04	515	.03
1958	2,196,754	11,001	.50	1,161	.05	759	.03
1959	2,490,873	14,023	.56	1,919	.08	1,474	.06
1960	2,697,106	22,490	.83	3,523	.13	2,844	.11
1961	2,896,288	34,799	1.20	6,232	.22	3,839	.13
Sec. 213:							
1952	3,547	-----	-----	-----	-----	-----	-----
1954	10,706	84	.78	16	.15	1	.01
1955	11,654	133	1.14	12	.10	33	.28
1956	12,115	145	1.20	27	.22	31	.26
1957	16,143	98	.61	20	.12	14	.09
1958	21,770	184	.85	33	.15	27	.12
1959	23,222	186	.80	31	.13	48	.21
1960	25,674	370	1.44	78	.30	44	.17
1961	27,712	612	2.21	196	.71	98	.35
Sec. 220:							
1956	57	-----	-----	-----	-----	-----	-----
1957	511	-----	-----	-----	-----	-----	-----
1958	1,055	-----	-----	-----	-----	-----	-----
1959	1,218	5	.41	1	.08	1	.08
1960	1,376	4	.29	-----	-----	-----	-----
1961	1,709	12	.70	-----	-----	1	.06
Sec. 221:							
1956	16	-----	-----	-----	-----	-----	-----
1957	536	1	.19	-----	-----	1	.19
1958	4,927	55	1.12	7	.14	2	.04
1959	12,622	194	1.54	46	.36	32	.25
1960	21,448	835	3.89	199	.93	64	.30
1961	27,597	1,205	4.37	416	1.51	154	.56

See footnotes at end of table.

TABLE III–26.—*Default status of FHA-insured home mortgages, selected years, 1950–61*—Continued

As of year end	Insured mortgages in force	Defaults and potential FHA acquisitions: Total defaults: Number	Total defaults: Percent of in force	Foreclosures in process: Number	Foreclosures in process: Percent of in force	Mortgagee inventory [1]: Number	Mortgagee inventory [1]: Percent of in force
Sec. 222:							
1954	10	-----	-----	-----	-----	-----	-----
1955	6,032	1	0.02	-----	-----	-----	-----
1956	17,956	18	.10	1	0.01	1	0.01
1957	28,477	25	.09	4	.01	4	.01
1958	44,286	88	.20	17	.04	4	.01
1959	64,807	322	.50	68	.10	74	.11
1960	82,453	614	.74	116	.14	94	.11
1961	96,643	991	1.03	221	.23	86	.09
Sec. 603: [3]							
1950	391,226	7,578	1.94	665	.17	644	.16
1952	347,962	3,317	.95	203	.06	334	.10
1954	301,498	2,810	.93	190	.06	513	.17
1955	273,002	1,739	.64	200	.07	72	.03
1956	251,369	1,362	.54	96	.04	121	.05
1957	236,344	924	.39	69	.03	37	.02
1958	223,103	1,171	.52	85	.04	27	.01
1959	201,123	662	.33	58	.03	43	.02
1960	186,683	762	.41	65	.03	28	.01
1961	171,693	775	.45	82	.05	30	.02
Sec. 809:							
1956	12	-----	-----	-----	-----	-----	-----
1957	728	-----	-----	-----	-----	-----	-----
1958	2,053	-----	-----	-----	-----	-----	-----
1959	3,656	2	.05	-----	-----	-----	-----
1960	5,138	37	.72	10	.19	2	.04
1961	5,874	71	1.21	14	.24	-----	-----
Sec. 903:							
1952	12,510	17	.14	-----	-----	-----	-----
1954	52,544	4,164	7.92	185	.35	449	.85
1955	51,801	3,831	7.40	981	1.89	223	.43
1956	49,179	1,930	3.92	702	1.43	47	.10
1957	47,579	1,025	2.15	60	.13	189	.40
1958	46,601	1,435	3.08	512	1.10	146	.31
1959	44,063	1,130	2.56	362	.82	116	.26
1960	42,399	1,344	3.17	153	.36	157	.37
1961	40,644	1,769	4.35	127	.31	231	.57

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

Project Mortgages.—In Table III–27 is a record of the number of multifamily housing mortgages in default and the number of dwelling units involved at the year end for selected years 1950 through 1961. Separate subtotals are shown for the default mortgages, and those that are in the process of being assigned to FHA, or which are being acquired by mortgagees. Each of the default totals is presented as a percent of insurance in force.

At the end of 1961 there were 83 project mortgages in default out of 7,901 in force. The 10,000 units in these projects were 2½ times the number of units in 66 defaulting projects a year earlier. This rather sizable increase in the number of units in default was reflected in the default ratio, which rose from 55 dwelling units per 10,000 in force to 141 per 10,000. Chart III–11 depicts graphically the trend of multifamily housing mortgage defaults. Although Sections 207 and 608 showed increase in the number of units in default, and together accounted for about 48 percent of the

TABLE III–27.—*Default status of FHA-insured multifamily housing mortgages, selected years, 1950–61*

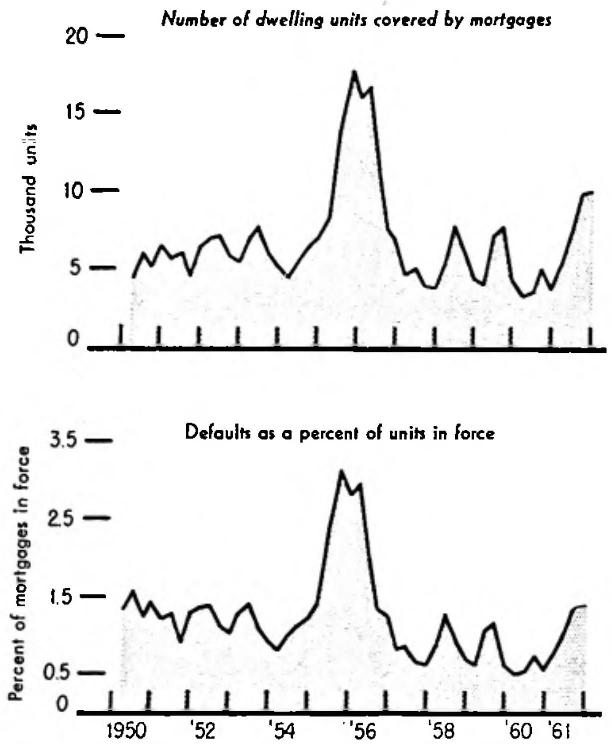
As of year end	Insured mortgages in force: Number of mortgages	Insured mortgages in force: Number of units	Insured mortgages in default: Number of mortgages	Insured mortgages in default: Number of units	Insured mortgages in default: Percent of units in force	Mortgage notes being assigned to FHA: Number of mortgages	Mortgage notes being assigned to FHA: Number of units	Mortgage notes being assigned to FHA: Percent of units in force	Projects being acquired by mortgagee: Number of mortgages	Projects being acquired by mortgagee: Number of units	Projects being acquired by mortgagee: Percent of units in force
All sections: [1]											
1950	9,673	443,106	113	6,495	1.47	12	212	0.05	36	1,933	0.44
1952	7,149	538,395	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
1956	7,045	560,696	52	6,962	1.24	2	224	.04	9	485	.09
1958	7,553	639,084	62	4,334	.68	8	179	.03	7	394	.06
1959	7,599	662,534	42	4,197	.63	8	254	.04	1	70	.01
1960	7,826	691,857	66	3,781	.55	8	900	.13	4	97	.01
1961	7,901	718,730	83	10,110	1.41	11	889	.12	2	400	.06
Sec. 207:											
1950	76	8,650	1	800	9.25	-----	-----	-----	-----	-----	-----
1952	193	18,323	2	42	.23	-----	-----	-----	-----	-----	-----
1954	354	34,836	7	886	2.54	1	104	.30	2	150	.43
1956	384	38,207	-----	-----	-----	-----	-----	-----	-----	-----	-----
1958	520	52,380	1	208	.40	-----	-----	-----	-----	-----	-----
1959	607	65,334	7	484	.74	-----	-----	-----	-----	-----	-----
1960	727	82,558	9	1,356	1.64	3	436	.53	-----	-----	-----
1961	863	104,224	10	1,707	1.64	4	622	.60	-----	-----	-----
Sec. 213 sales:											
1950	6	285	-----	-----	-----	-----	-----	-----	-----	-----	-----
1952	24	3,832	-----	-----	-----	-----	-----	-----	-----	-----	-----
1954	76	2,510	1	274	10.92	-----	-----	-----	-----	-----	-----
1956	30	951	-----	-----	-----	-----	-----	-----	-----	-----	-----
1958	111	2,614	-----	-----	-----	-----	-----	-----	-----	-----	-----
1959	50	824	-----	-----	-----	-----	-----	-----	-----	-----	-----
1960	147	2,298	-----	-----	-----	-----	-----	-----	-----	-----	-----
1961	121	1,779	-----	-----	-----	-----	-----	-----	-----	-----	-----
Sec. 213 management:											
1952	57	12,160	-----	-----	-----	-----	-----	-----	-----	-----	-----
1954	109	20,307	-----	-----	-----	-----	-----	-----	-----	-----	-----
1956	125	22,917	1	22	.10	-----	-----	-----	1	22	.10
1958	165	28,170	-----	-----	-----	-----	-----	-----	-----	-----	-----
1959	190	31,236	1	141	.45	-----	-----	-----	-----	-----	-----
1960	220	35,383	1	112	.32	1	112	.32	-----	-----	-----
1961	270	41,195	2	214	.52	-----	-----	-----	1	120	.29
Sec. 220:											
1956	5	1,051	-----	-----	-----	-----	-----	-----	-----	-----	-----
1958	42	8,862	1	254	2.87	-----	-----	-----	-----	-----	-----
1959	75	16,489	5	1,075	6.52	-----	-----	-----	-----	-----	-----
1960	96	20,956	-----	-----	-----	-----	-----	-----	-----	-----	-----
1961	121	26,191	17	4,702	17.95	-----	-----	-----	-----	-----	-----
Sec. 221 market rate:											
1958	11	2,024	-----	-----	-----	-----	-----	-----	-----	-----	-----
1959	17	3,560	-----	-----	-----	-----	-----	-----	-----	-----	-----
1960	25	4,302	2	84	1.05	-----	-----	-----	-----	-----	-----
1961	31	4,977	3	302	6.07	-----	-----	-----	-----	-----	-----
Sec. 221 below market rate:											
1961	1	320	-----	-----	-----	-----	-----	-----	-----	-----	-----
Sec. 231:											
1959	1	207	-----	-----	-----	-----	-----	-----	-----	-----	-----
1960	25	3,248	-----	-----	-----	-----	-----	-----	-----	-----	-----
1961	67	9,008	1	74	.82	-----	-----	-----	-----	-----	-----
Sec. 232: [2]											
1960	2	(171)	-----	-----	-----	-----	-----	-----	-----	-----	-----
1961	22	(1,801)	-----	-----	-----	-----	-----	-----	-----	-----	-----
Sec. 608: [3]											
1950	6,528	416,854	112	5,605	1.37	12	212	.05	36	1,933	.46
1952	6,648	440,604	67	5,524	1.25	2	208	.05	17	526	.12
1954	6,420	426,140	66	4,025	.94	9	766	.18	14	814	.19
1956	6,132	402,416	38	5,680	1.41	1	24	.01	3	192	.05
1958	5,898	385,738	50	1,788	.46	7	141	.04	7	394	.10
1959	5,730	373,477	27	1,869	.50	8	254	.07	1	70	.02
1960	5,573	360,408	53	2,079	.58	4	352	.10	4	97	.03
1961	5,280	336,204	50	3,111	.93	7	267	.08	1	280	.08
Sec. 803 military: [4]											
1950	56	16,609	-----	-----	-----	-----	-----	-----	-----	-----	-----
1952	186	50,585	-----	-----	-----	-----	-----	-----	-----	-----	-----
1954	250	81,021	4	708	.87	-----	-----	-----	1	200	.25
1956	265	82,645	7	968	1.17	1	200	.24	2	199	.24
1958	252	81,271	9	2,046	2.52	-----	-----	-----	-----	-----	-----
1959	244	78,714	2	628	.80	-----	-----	-----	-----	-----	-----
1960	244	78,714	1	150	.19	-----	-----	-----	-----	-----	-----
1961	243	78,418	-----	-----	-----	-----	-----	-----	-----	-----	-----
Sec. 803 armed services:											
1956	17	5,819	-----	-----	-----	-----	-----	-----	-----	-----	-----
1958	482	72,391	-----	-----	-----	-----	-----	-----	-----	-----	-----
1959	610	86,459	-----	-----	-----	-----	-----	-----	-----	-----	-----
1960	703	97,777	-----	-----	-----	-----	-----	-----	-----	-----	-----
1961	814	110,334	-----	-----	-----	-----	-----	-----	-----	-----	-----
Sec. 908:											
1952	36	3,207	-----	-----	-----	-----	-----	-----	-----	-----	-----
1954	92	8,126	12	1,066	13.12	2	92	1.13	4	150	1.85
1956	78	6,690	6	283	4.23	-----	-----	-----	3	72	1.08
1958	66	6,225	1	38	.61	1	38	.61	-----	-----	-----
1959	66	6,225	-----	-----	-----	-----	-----	-----	-----	-----	-----
1960	64	6,153	-----	-----	-----	-----	-----	-----	-----	-----	-----
1961	59	5,900	-----	-----	-----	-----	-----	-----	-----	-----	-----

[1] Includes Sec. 611.
[2] Units under Sec. 232 are in terms of beds and are excluded from totals.
[3] Includes Sec. 610.
[4] Includes acquisitions by the Department of Defense pursuant to the Housing Act of 1955. At the end of 1961, acquisitions numbered 212 projects involving 70,395 units.

CHART III-11

DEFAULTS OF MULTIFAMILY MORTGAGES, 1950–61

Mortgages in default under all multifamily programs



defaults, the large increase in the total default ratio can be attributed mainly to Section 220, which accounted for 47 percent of the defaults in 1961 compared to none in 1960. For Section 220 this was further reflected in a rise in the default ratio from zero to 1,795 units per 10,000 for insured units in force. The Section 221 market interest rate program also showed a substantial increase in the number of units in default and in the default ratio at the 1961 year end, but since relatively few units were involved they did not have an appreciable effect on the total.

Eleven project mortgages involving 889 units were in the process of assignment to FHA at the end of 1961. Four of these mortgages involved Section 207 projects, and the other seven involved Section 608.

There were only 2 projects (400 units) in process of being acquired by mortgagees at the end of 1961.

Terminations and Defaults by States

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

Home Mortgages.—The highest proportion of home mortgages terminated has occurred in Illinois, and has amounted to nearly 64 percent of home insurance written. The District of Columbia was next with 63 percent terminated. Nine other States reported over half of their home mortgages terminated.

The great majority of terminations in all States have occurred as a result of prepayments, since only Alaska and South Carolina have foreclosure rates as high as 5 percent, the national average being 1.3 percent. Half of the States had less than 1 mortgage foreclosed per 100 insured. However, most of the foreclosed properties were eventually acquired by FHA, as attested by the closeness of the foreclosure and acquisition ratios. The difference between these two ratios represents foreclosed properties not yet transferred to FHA, or properties retained by the mortgagees for their own disposition.

At the end of 1961, home mortgage defaults were considerably higher than at the end of 1960, having risen from 87 to 124 cases per 10,000 in force. This continued an uptrend from the all-time recorded low of 45 cases per 10,000 reported in 1957, and reached the highest ratio since 1941. Florida had the highest default ratio, with over 3 cases in default per 100 in force. Seven other States had ratios of over 2 cases per 100, led by Vermont with 2.97. Also included in the total defaults in Table III-28 were cases that were in the process of foreclosure at the year end, and the mortgagee inventory, which represented titles to foreclosed properties held by mortgagees subject to redemption or final disposition. The majority of States showed increases in default ratios, but, since these ratios represented only fractional percentages of insurance in force, the rises were not particularly significant.

Project Mortgages.—Table III-29 presents by State location of projects the dwelling units on which mortgage insurance has been terminated, as a percent of cumulative units insured. Louisiana had the highest percent of units terminated (67 percent), followed by Arizona (49 percent). Eight other States and the District of Columbia had terminations reported for over one-third of their insured mortgage units. Rhode Island exhibited the lowest termination rate of all the States. Guam and the Canal Zone had no terminations at all.

Default terminations constituted a high proportion of total terminations in several States—

TABLE III-28.—*Terminations and default status of FHA-insured home mortgages, by States, as of Dec. 31, 1961*

State	Total mortgages insured 1935–61	Terminations, 1935–61: Total	Foreclosures [1]	FHA acquisitions	Insured mortgages in force Dec. 31, 1961	Defaults as of Dec. 31, 1961: Total	Foreclosures in process	Mortgagee inventory [2]	Insured mortgages in good standing Dec. 31, 1961
		As percent of insured				As percent of in force			
Alabama	70,827	30.48	2.60	2.45	50,710	1.23	0.40	0.11	50,087
Alaska	5,717	31.07	5.89	5.70	3,889	1.29	.26	.23	3,830
Arizona	102,978	24.09	1.72	1.44	78,171	1.61	.26	.20	76,910
Arkansas	50,025	41.98	2.18	1.84	32,505	1.22	.12	.03	32,110
California	897,511	51.75	0.44	0.32	433,015	0.67	.14	.03	430,125
Colorado	72,538	41.83	.62	.45	42,198	.44	.06	.11	42,013
Connecticut	75,065	40.80	2.49	2.24	44,442	.74	.13	.02	44,112
Delaware	18,495	34.28	2.33	2.14	12,154	2.21	.61	.02	11,886
District of Columbia	8,271	63.39	.75	.46	3,028	.79	.07	.07	3,004
Florida	231,322	26.52	1.92	1.62	169,967	3.10	1.09	.22	164,691
Georgia	115,126	35.46	3.05	2.85	74,301	1.53	.22	.05	73,163
Hawaii	19,975	36.01	.04	.02	12.663	.20	----	.01	12,638
Idaho	32,665	47.67	.45	.33	17,092	.60	.12	.04	16,979
Illinois	211,043	63.81	.38	.20	76,369	1.21	.16	.16	75,448
Indiana	178,090	48.07	.83	.62	91,427	1.48	.27	.03	90,071
Iowa	59,794	45.99	.55	.36	32,292	1.04	.08	.12	31,956
Kansas	102,153	45.91	3.28	2.72	55,224	1.93	.27	.52	54,157
Kentucky	54,953	47.23	1.01	.86	28,998	.65	.19	.04	28,809
Louisiana	106,459	39.32	3.16	2.78	64,596	2.10	.33	.16	63,237
Maine	24,182	46.58	2.05	1.57	12,917	2.04	.35	.02	12.654
Maryland	89,860	45.79	1.80	1.58	48.714	.65	.07	.02	48,396
Massachusetts	60,220	36.90	1.87	1.51	38,000	1.53	.34	08	37,419
Michigan	376,387	45.74	1.47	.71	204,232	2.36	.41	.83	199,412
Minnesota	65,059	43.53	.75	.50	36,739	1.11	.05	.18	36,333
Mississippi	46,387	35.06	1.48	1.23	30,123	1.22	.11	.13	29,755
Missouri	150,393	47.86	.74	.62	78,422	.72	.03	.08	77,854
Montana	22,893	44.36	.18	.05	12,738	.91	.05	.08	12,622
Nebraska	58,332	47.77	.59	.35	30,466	.84	.16	.01	30,211
Nevada	22,026	32.15	.86	.75	14,944	.50	.13	.01	14,869
New Hampshire	10,576	48.17	1.95	1.13	5,482	2.57	.04	.07	5,341
New Jersey	209,252	51.33	1.41	1.09	101,843	1.40	.24	.05	100,418
New Mexico	42,745	29.24	.51	.34	30,245	.94	.15	.13	29,961
New York	305,927	41.27	1.03	.72	179,666	1.22	.21	.03	177,477
North Carolina	73,163	37.99	1.18	.93	45,368	.60	.06	.06	45,095
North Dakota	6,861	43.87	.48	.22	3,851	1.58	.21	.26	3,790
Ohio	285,470	52.06	83	.68	136,861	1.46	.23	.04	134.861
Oklahoma	135,577	41.85	1.34	1.18	78,835	.62	.16	.02	78,344
Oregon	70,919	46.95	.80	.61	42,397	.68	.06	.11	42,110
Pennsylvania	281,393	52.50	.67	.49	133,671	1.12	.12	.07	132,171
Rhode Island	20,438	38.30	1.59	.82	12,611	2.26	.04	.61	12,326
South Carolina	52,316	39.54	5.79	5.53	31,631	.91	.11	.04	31,342
South Dakota	20,543	49.13	.40	.18	10,451	.33	----	.05	10,417
Tennessee	121,416	35.84	.87	.71	77,898	.53	.06	.04	77.485
Texas	393,420	33.07	2.44	2.16	259,759	1.21	.17	.13	256.624
Utah	55,391	46.63	.94	.79	29,560	.52	.05	.06	29,407
Vermont	7,962	51.28	1.39	.87	3,640	2.97	.16	.14	3,532
Virginia	132,573	40.16	1.22	1.07	79,332	.50	.01	.02	78,934
Washington	227,227	50.28	.67	.43	112,975	.78	.06	.12	112,092
West Virginia	32,463	57.32	1.22	1.02	13,856	.61	06	.04	13,772
Wisconsin	50,506	52.23	.69	.40	24,126	1.34	.28	.17	23,802
Wyoming	18,727	51.75	.28	.21	9,036	.54	.04	.02	8,987
Guam	316	9.18	----	----	287	----	----	----	287
Puerto Rico	45,702	16.51	.24	.12	38,155	.87	.21	.02	37,824
Virgin Islands	112	2.68	----	----	109	----	----	----	109
Total [3]	5,953,776	44.73	1.26	1.01	3,290,878	1.24	.22	.14	3,250,165

[1] Includes terminations with titles transferred to FHA or retained by mortgagees, and foreclosed properties in mortgagee inventory.
[2] Titles to foreclosed properties subject to redemption or held by mortgagees pending final disposition.
[3] Cases tabulated in Washington through Dec. 31, 1961, excluding Title I Sec. 2, homes.

especially in Alaska, Montana, and Puerto Rico, where all terminations were of default types, and in Mississippi and Idaho, where default termination ratios represented over 95 percent of terminations.

Twenty-one States reported project mortgage units in default at the year end. West Virginia had the highest ratio, with defaulted units representing nearly 15 percent of the dwelling units covered by mortgages with insurance in force, followed by Pennsylvania and Missouri with 10 and 9 percent, respectively. Nationally, the ratio of these defaults was about 1.4 percent.

Defaulted units that represented potential acquisitions were reported in only five States, led by Kansas with 1.40 percent. These five States together, however, displayed a potential acquisition ratio of less than two-tenths of 1 percent of all the insured units in force.

Claims Paid on Title I Property Improvement Loans

Shown in Table III-30, by years since the beginning of the Title I improvement program, are the average amounts of total net proceeds outstanding on insured loans, claims paid on defaulted notes, and the related loss ratio of claims

TABLE III-29.—*Terminations and default status of FHA-insured multifamily housing mortgages, by State location of projects, as of Dec. 31, 1961*

State	Total units covered by insurance, 1935–61	Units in terminated mortgages, 1935–61				Units covered by mortgages in force as of Dec. 31, 1961	Units in default as of Dec. 31, 1961		Units covered by insured mortgages in good standing Dec. 31, 1961
		Total	Default terminations				Total	Potential acquisitions [3]	
			Total [1]	Mortgage notes assigned and held by FHA [2]	Property titles transferred to FHA				
		As percent of insured units					As percent of units in force		
Alabama	14,604	21.96	15.19	2.10	12.94	11,397	0.66		11,322
Alaska	3,853	33.38	33.38	17.47	13.11	2,567			2,567
Arizona	13,750	49.17	1.24	.52	.72	6,989	1.77		6,865
Arkansas	4,315	29.08	11.01	1.11	9.90	3,060	2.42		2,986
California	77,720	27.56	6.52	4.67	.44	56,302	1.32	1.32	55,560
Colorado	5,858	18.49	1.64		1.64	4,775			4,775
Connecticut	12,167	13.48	1.15		1.15	10,527			10,527
Delaware	5,719	38.94	19.60	12.40	7.20	3,492			3,402
District of Columbia	25,558	34.90	4.50	1.60	2.90	16,637	1.98		16,307
Florida	28,833	25.08	13.17	4.12	7.69	21,602	.56	.56	21,480
Georgia	27,069	22.44	15.03	5.75	9.22	20,994	3.72	1.33	20,214
Hawaii	9,499	7.03				8,831			8,831
Idaho	1,716	33.45	32.28	7.23	25.06	1,142			1,142
Illinois	30,120	35.89	.16		.16	19,311	.90		19,137
Indiana	10,534	26.35	17.85	5.58	12.27	7,758			7,758
Iowa	2,676	22.65	2.84	2.84		2,070			2,070
Kansas	8,885	15.64	8.27	3.13	5.03	7,495	1.40	1.40	7,390
Kentucky	10,155	15.17	11.01	1.39	9.62	8,614			8,614
Louisiana	12,975	66.64	35.68	13.60	22.09	4,329			4,329
Maine	4,307	6.01	4.16		4.16	4,048			4,048
Maryland	46,415	25.92	6.35	4.49	1.86	34,382			34,382
Massachusetts	9,705	15.91	7.35		7.35	8,101			8,161
Michigan	22,143	24.24	4.62	1.73	2.24	16,775	1.42		16,537
Minnesota	8,072	39.12	18.38	11.29	6.97	4,914			4,914
Mississippi	4,853	24.54	24.09	.33	23.76	3,662			3,662
Missouri	17,421	28.47	7.42	.76	6.60	12,461	8.75		11,371
Montana	2,653	4.15	4.15	2.26	1.88	2,543			2,543
Nebraska	5,346	16.29				4,475			4,475
Nevada	3,827	32.09				2,509			2,509
New Hampshire	1,344	13.69	12.20		12.20	1,160			1,160
New Jersey	71,537	31.68	6.10	2.63	3.48	48,875	3.77		47,030
New Mexico	5,063	16.99				4,203			4,203
New York	184,540	12.49	2.17	.87	1.12	161,491	.60		160,515
North Carolina	23,647	15.00	8.53	4.66	3.87	20,101			20,101
North Dakota	3,273	29.94	26.73	20.96	2.05	2,293			2,293
Ohio	29,697	24.07	9.20	4.64	4.56	22,548	1.26		22,263
Oklahoma	7,211	40.06	27.90	12.00	15.91	4,322			4,322
Oregon	7,048	24.05	12.60	10.70	1.90	5,353	.75	.75	5,313
Pennsylvania	30,321	36.88	8.14	6.11	2.02	19,140	9.70		17,283
Rhode Island	1,528	2.36				1,492			1,492
South Carolina	11,052	26.39	23.70	8.83	14.50	8,135	3.56		7,845
South Dakota	2,263	11.75	9.72	9.72		1,097			1,097
Tennessee	13,265	18.76	4.80	2.47	2.33	10,776	.32		10,742
Texas	42,335	27.79	21.84	2.90	18.45	30,569	1.98		29,963
Utah	2,510	28.01	18.09	13.94	4.14	1,807			1,807
Vermont	193	37.31	22.80		22.80	121			121
Virginia	49,781	26.20	6.63	1.47	5.16	36,739	.62		36,510
Washington	15,301	26.04	15.50	5.23	10.21	11,317			11,317
West Virginia	900	28.89	8.56	3.56	5.00	640	14.69		546
Wisconsin	5,897	15.72	3.70	3.70		4,970			4,970
Wyoming	711	10.27				638			638
Canal Zone	330					330			330
Guam	1,270					1,270			1,270
Puerto Rico	8,191	20.27	20.27		20.27	6,531			6,531
Total	949,956	24.34	8.21	3.17	4.76	718,730	1.41	.18	708,020

[1] Includes mortgage notes and property titles transferred to FHA and 11 projects involving 425 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.

to loans outstanding. The average net proceeds of loans outstanding during 1961 established a new record at $1,605 million, 1 percent above the previous record high of nearly $1.6 billion reported for 1960. The volume of claim payments increased substantially during 1961 to $17 million, 44 percent more than was paid in 1960. The ratio of claims to net proceeds outstanding in 1961 was 1.07 percent, two-fifths higher than in the previous year.

Trend.—The trends in the volume of average net proceeds outstanding on improvement loans and in claims paid and ratio of claims paid to average proceeds each year since 1935 are presented in Chart III-12. The ratio of claims paid to loans outstanding has fluctuated from a high ratio in 1938 of 4.17 percent to a low of 0.71 percent in 1959. Consistently lower levels of claim ratios have been recorded since 10 percent coinsurance by the lender became effective in late 1954. Increases in the ratio in 1960 and 1961 appear to reflect both economic conditions and a rising proportion of loans with 5-year repayment terms. Of $14.2 billion of loans insured from 1934 through 1961, claim payments to financial institutions through the year end amounted to $257 million (1.81 percent). Of this total, FHA had effected cash recoveries amounting to $122 million. These recoveries, plus an allowance for expected future recoveries of $15 million, reduced the net claim payment to $122 million or a cumulative loss ratio of 0.85 percent.

TABLE III-30.—*Property improvement loans outstanding and claims paid by FHA, 1934–61*

[Dollar amounts in thousands]

Year	Average net proceeds of loans outstanding	Annual amount of claims paid	Claims paid as percent of loans outstanding
1934	$12,008		
1935	93,582	$447	0.48
1936	253,218	5,885	2.32
1937	224,861	6,891	3.06
1938	144,449	6,016	4.17
1939	199,347	4,649	2.33
1940	253,676	6,115	2.41
1941	303,149	7,071	2.33
1942	265,583	6,998	2.64
1943	155,667	3,588	2.30
1944	115,153	1,670	1.45
1945	140,247	1,524	1.09
1946	262,376	2,434	.93
1947	501,171	5,830	1.16
1948	748,438	14,346	1.92
1949	803,293	17,404	2.18
1950	889,433	18,148	2.04
1951	950,394	12,086	1.26
1952	1,130,827	11,524	1.02
1953	1,377,679	14,995	1.09
1954	1,436,558	21,047	1.47
1955	1,175,670	17,648	1.50
1956	1,020,367	12,242	1.19
1957	1,072,848	9,723	.91
1958	1,184,387	9,854	.83
1959	1,429,322	10,089	.71
1960	1,586,012	11,886	.75
1961	1,605,114	17,131	1.07

Since 1939, all claims, salaries, operating and miscellaneous expenses incurred in connection with the Title I insured improvement loan program have been paid by FHA out of income. In addition, since that time, a capital and surplus reserve of $96 million has been accumulated.

State Distribution.—The number and amount of claims paid on Title I improvement loans during 1961 and cumulatively since 1934 are distributed by State location of property in Table III-31. In 1961, claims totaling slightly over $17 million were paid on an aggregate of 27,067 defaulted loans. The average claim was $633.

By States, defaulted loans in Michigan accounted for 3,558 claims during 1961 with unpaid balances of $2.1 million, an average of $587; New York was second, with 2,514 claims on loans having $2.1 million unpaid and averaging $828; and Illinois third, with 1,987 claims on loans with $1.5 million unpaid that averaged $775. Combined, these three States were responsible for one-third of the amount of all claims paid.

Cumulative claims paid on Title I improvement loans from 1934 through 1961 involved 710,100 notes with unpaid balances of $257 million, an average $362 for each claim. In relation to net proceeds insured this represents a loss ratio of 1.81 percent. More than $20 million in claims had been paid with respect to operations in each of three States: New York, with a loss ratio of 1.79 percent; California, 2.17 percent; and Michigan, 1.82 percent. Other States had loss ratios ranging from a low of 1.33 percent in Minnesota to a high of 5.06 percent in Vermont.

Financing Institutions.—Distributed by types of financial institutions, Table III-32 shows Title I claims paid in 1961 and the cumulative insurance written and claims paid under the insurance reserve established in 1950.

During 1961 FHA reimbursed national banks $8.3 million on unpaid balances of defaulted loans, State banks $4.5 million, and savings and loan as-

CHART III-12

TITLE I

IMPROVEMENT LOANS, 1934-61

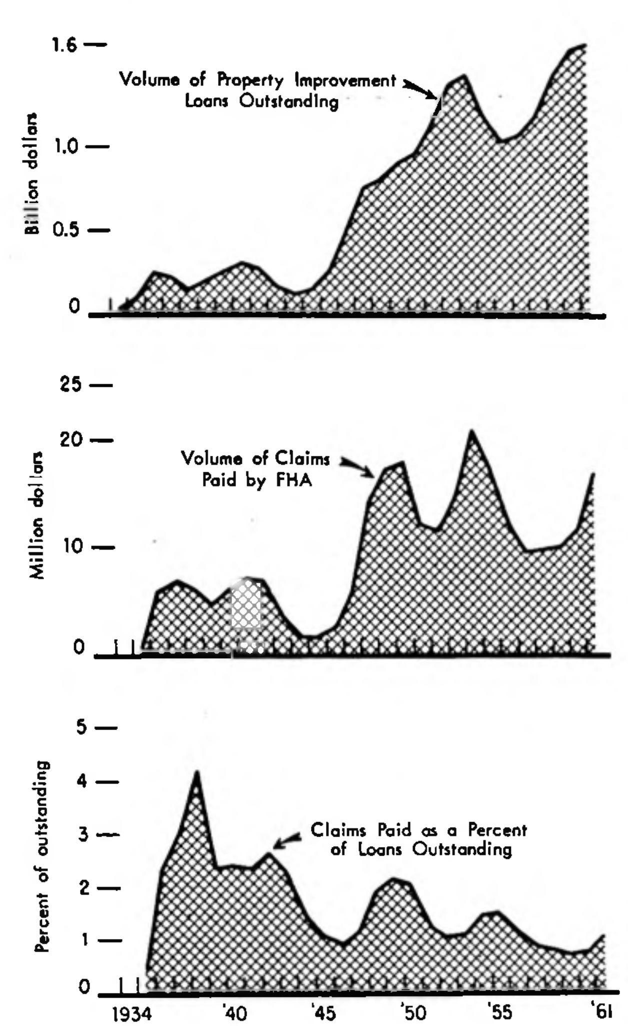


Table III-31.—*Claims paid on FHA Title I improvement loans, by State location of property, 1961 and 1934–61*

State	Claims paid, 1961			Claims paid, 1934–61			Percent of claims paid to loans insured
	Number	Amount	Average	Number	Amount	Average	
Alabama	339	$151, 131	$446	11, 866	$3, 325, 114	$280	1.91
Alaska	7	5, 271	753	113	81, 088	726	1.47
Arizona	632	345, 029	546	6, 229	2, 748, 601	441	1.89
Arkansas	128	67, 318	526	7, 363	2, 263, 070	307	2.53
California	712	510, 155	717	69, 208	23, 586, 190	341	2.17
Colorado	225	117, 459	522	5, 381	2, 176, 458	404	1.65
Connecticut	52	44, 060	847	6, 278	2, 340, 516	373	2.20
Delaware	1	848	848	688	249, 278	362	3.37
District of Columbia	270	127, 119	471	5, 259	1, 756, 445	334	2.26
Florida	2, 072	1, 179, 174	569	20, 185	8, 281, 652	410	1.93
Georgia	442	227, 955	516	11, 786	3, 655, 319	310	2.18
Hawaii				31	15, 518	501	0.49
Idaho	127	108, 303	853	4, 343	1, 986, 410	457	2.05
Illinois	1, 987	1, 539, 046	775	35, 702	14, 875, 732	416	1.63
Indiana	1, 146	781, 643	682	25, 706	8, 452, 001	328	1.93
Iowa	305	203, 242	666	9, 335	3, 516, 311	377	1.76
Kansas	403	218, 994	543	7, 812	2, 575, 610	330	1.73
Kentucky	563	261, 301	464	8, 456	2, 877, 654	340	1.79
Louisiana	298	173, 875	583	8, 182	2, 505, 171	306	1.65
Maine	59	35, 777	606	3, 927	1, 365, 484	348	2.48
Maryland	426	253, 541	595	15, 770	4, 936, 130	313	1.78
Massachusetts	354	241, 300	682	18, 210	6, 481, 434	356	1.84
Michigan	3, 558	2, 089, 357	587	58, 844	20, 890, 111	355	1.82
Minnesota	769	416, 758	542	12, 675	4, 726, 281	373	1.33
Mississippi	198	77, 878	393	8, 881	2, 382, 426	268	2.91
Missouri	889	519, 595	584	18, 462	5, 896, 376	319	1.66
Montana	81	64, 328	794	1, 810	881, 341	485	1.70
Nebraska	93	72, 264	777	3, 513	1, 314, 823	374	1.50
Nevada	15	7, 681	512	799	449, 248	562	1.89
New Hampshire	47	30, 412	647	2, 771	949, 997	343	2.92
New Jersey	349	271, 509	778	29, 321	10, 597, 615	361	2.08
New Mexico	85	54, 897	646	1, 801	769, 122	427	1.57
New York	2, 514	2, 081, 782	828	75, 583	35, 358, 866	468	1.70
North Carolina	442	246, 466	558	8, 182	2, 666, 733	326	1.62
North Dakota	69	41, 860	607	1, 771	681, 990	385	2.05
Ohio	1, 685	1, 079, 145	640	34, 560	12, 622, 246	365	1.54
Oklahoma	341	106, 083	575	9, 278	2, 952, 528	318	1.40
Oregon	234	178, 333	762	8, 176	3, 182, 389	380	2.05
Pennsylvania	733	587, 968	802	37, 003	12, 428, 502	336	1.91
Rhode Island	29	25, 617	883	1, 905	641, 766	337	1.63
South Carolina	95	45, 976	484	4, 604	1, 341, 110	291	2.33
South Dakota	57	35, 305	610	1, 491	637, 028	427	1.83
Tennessee	529	234, 744	444	12, 426	3, 824, 177	308	1.52
Texas	2, 102	1, 091, 261	498	45, 083	13, 465, 458	299	1.54
Utah	136	89, 938	661	5, 690	2, 613, 458	459	1.95
Vermont	32	16, 767	524	1, 824	704, 842	386	5.06
Virginia	228	124, 297	545	9, 274	3, 266, 463	352	1.72
Washington	722	525, 207	728	15, 205	5, 696, 261	375	1.50
West Virginia	174	138, 792	798	3, 783	1, 593, 460	421	1.94
Wisconsin	162	124, 090	766	7, 817	3, 008, 120	385	1.92
Wyoming	8	3, 174	397	623	330, 163	530	2.22
Guam				5	2, 041	408	0.41
Puerto Rico	45	46, 374	1, 031	4, 581	1, 407, 480	307	2.34
Virgin Islands				3	918	306	1.55
Total [1]	27, 067	17, 131, 713	633	710, 124	257, 331, 937	362	1.81

[1] Total includes adjustments not distributed by State.

sociations $3.0 million. Combined, these three types of institutions received $9 out of every $10 disbursed in claims. Compared with the $633 average for all claims, those paid to national banks averaged $573, State banks $702, savings and loan assoications $797. Savings and loan associations received the highest average claim payment of $797, and finance companies the lowest, $488.

By the end of 1961 a cumulative total of $136 million in claims had been paid on the $10.2 billion net proceeds insured under the 1950 Reserve, representing a loss ratio of 1.34 percent.

By type of institution the distribution of claims paid was quite similar to the percentages of net proceeds insured. Savings and loan associations and finance companies received somewhat greater proportions of claims than their shares of insurance volume, while State banks and savings banks received somewhat less in claim payments, as indicated in Table III–32. Comparisons of the amount of claims paid to loans originated show that national banks originated loans with $5.1 billion in net proceeds, State banks $3.1 billion, and savings and loan associations $1.0 billion. For claims paid to the three major types of institutions originating loans, State banks with 28 percent of the volume had experienced the lowest loss ratio of 1.20 percent, and savings and loan associations with 11 percent of the loans had the highest claim rate of 1.54 percent.

Table III–32.—*Claims paid on Title I improvement loans 1961 and 1950–61, and net proceeds insured, 1950–61, 1950 reserve*

[Dollar amounts in thousands]

Type of institution	Number	Amount	Percent of amount	Average claim
Claims paid, 1961:				
National bank	14, 440	$8, 272	48.3	$573
State bank	6, 399	4, 480	26.2	702
Mortgage company	367	220	1.3	624
Insurance company				
Savings and loan association	3, 714	2, 961	17.3	797
Savings bank	435	329	1.9	756
Federal agency				
Finance company	1, 558	761	4.5	488
All other	154	91	.5	591
Total	27, 067	17, 132	100.0	633
Claims paid, 1950–61:				
National bank	154, 507	68, 365	50.2	442
State bank	81, 519	37, 665	27.6	462
Mortgage company	1, 826	950	.7	520
Insurance company	4	3	(1)	750
Savings and loan association	27, 171	15, 190	11.2	559
Savings bank	3, 947	1, 913	1.4	485
Federal agency	3	1	(1)	354
Finance company	27, 189	11, 766	8.6	433
All other	1, 012	468	.3	462
Total	297, 178	136, 321	100.0	459
Net proceeds insured, 1950–61:				
National bank	7, 677, 565	5, 070, 401	49.7	660
State bank	4, 555, 393	3, 136, 798	30.7	680
Mortgage company	106, 731	101, 371	1.0	950
Insurance company	728	571	(1)	784
Savings and loan association	1, 273, 948	985, 153	9.6	773
Savings bank	309, 804	221, 074	2.2	714
Federal agency	270	153	(1)	567
Finance company	936, 808	638, 339	6.3	681
All other	58, 911	56, 039	.5	951
Total	14, 920, 158	10, 209, 899	100.0	684

[1] Less than 0.05 percent.

Payments Received Prior to Default.—A cross tabulation of the number of payments called for in the original Title I improvement loan is shown in Table III–33.

As measured by number of claims, about one-fifth of all claim payments related to loans in each of three classes—less than 6 payments before default, 6 to 11 payments, and 12 to 17 payments. Reflecting the effects of partial repayments before default, the average size of claim payment declined from $935 on loans with no payments made to $275 on loans with 30 to 35 payments before default. The wide dispersion in number of payments before default may be interpreted as strong evidence of borrower efforts to repay obligations even in the very small percentage of loans terminating in default. In less than 5 percent of all claim cases (i.e., less than $1/10$ of 1 percent of loans insured) borrowers had made no payments on their debts before claims were filed with FHA.

The median number of payments made was about 14 for all cases involving claims paid in 1961, ranging from 6 on loans with terms less than 2 year (principally 12 months) to 16 for 36-month loans.

Over half of all claims related to loans with 36-month terms, and an additional one-third involved loans with terms longer than 3 years (principally 5 years).

Table III–33.—*Number of payments received prior to default, by term of Title I improvement loans, 1961—total Classes 1 and 2 loans*

Number of payments received prior to default	Term of defaulted loan—percentage distribution				Percentage distribution		Average claim paid
	Less than 24 months	24 to 35 months	36 months	37 or more months	Total number	Total amount	
0	9.7	5.6	3.7	5.3	4.6	6.9	$935
1 to 5	41.5	20.7	14.9	18.6	17.8	24.2	858
6 to 11	35.3	25.6	19.1	20.4	20.8	24.6	745
12 to 17	13.1	26.5	19.6	18.3	19.6	19.6	631
18 to 23	.4	17.0	17.4	12.8	15.2	12.1	502
24 to 29		4.3	14.5	8.8	11.0	6.7	385
30 to 35		.3	10.6	6.7	7.9	3.4	275
36 and over			.2	9.1	3.1	2.5	518
Total	100.0	100.0	100.0	100.0	100.0	100.0	633
Percent of total	4.1	9.8	53.5	32.6	100.0		
Median	5.9	11.5	15.8	13.9	14.1		

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Characteristics of Mortgage and Loan Transactions Insured by FHA in 1961

This section of the report presents statistical analyses of the characteristics of individual transactions insured by FHA during 1961 for each of the principal types of program—home mortgages, multifamily project mortgages, and property improvement loans.

SECTION 203 HOME MORTGAGE TRANSACTIONS

During 1961, nearly 245,000, or 19 percent, of the privately financed dwelling units started in nonfarm areas of the Nation were in structures approved for FHA mortgage insurance and subject to FHA compliance inspections during construction. Over 81 percent of these units were in one- to four-family structures, the majority of which secured mortgages insured under Section 203. Since this is FHA's largest and most representative home mortgage program, the following analysis of the characteristics of the insured mortgages, the properties securing them, and the occupant mortgagors of the properties is based exclusively on cases processed under this section.

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

The tables in this section of the report are limited in scope to national activity on a yearly basis, but similar data are available on a quarterly basis. Additional characteristics information describing these home mortgage transactions is also published for States and selected standard metropolitan statistical areas on an annual and semiannual basis, and is available upon request from the Division of Research and Statistics, Federal Housing Administration, Washington 25, D.C.

As shown in the following table, almost all of the mortgagors involved in the one-family transactions insured in recent years have been owner occupants.

Type of mortgagor	New homes				Existing homes			
	1961	1960	1959	1958	1961	1960	1959	1958
Owner occupant	99.8	99.9	99.9	99.4	99.8	99.9	99.9	99.7
Landlord	.1	.1	.1	.2	.1	.1	.1	.3
Builder	.1	(1)	(1)	.4	.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.

With respect to type of structures, one-family properties constituted 99.8 percent of the new homes and 97.1 percent of the existing homes insured under the provisions of Section 203 in 1961. (See Table III–34.) Of the transactions involving two-family homes, virtually all were processed as owner-occupied properties, but slightly over half of the three- and four-family cases—almost all existing construction—were processed as rental properties.

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

Units per structure	1961	1960	1959	1955	1950
	Structures—percentage distribution				
New homes:					
One	99.8	99.6	99.7	99.3	99.0
Two	.2	.4	.3	.5	.9
Three	(1)	(1)	(1)	.1	(1)
Four	(1)	(1)	(1)	.1	.1
Total	100.0	100.0	100.0	100.0	100.0
Existing homes:					
One	97.1	95.8	96.5	96.9	95.5
Two	2.5	3.6	3.1	2.8	4.1
Three	.3	.5	.3	.2	.2
Four	.1	.1	.1	.1	.2
Total	100.0	100.0	100.0	100.0	100.0
	Dwelling units—percentage distribution				
New Homes:					
One	99.5	99.2	99.3	98.2	97.7
Two	.4	.7	.6	.9	1.8
Three	(1)	(1)	(1)	.3	.1
Four	.1	.1	.1	.6	.4
Total	100.0	100.0	100.0	100.0	100.0
Average	1.00	1.00	1.00	1.01	1.01
Existing homes:					
One	94.1	91.3	92.8	93.5	90.1
Two	4.9	7.0	5.9	5.3	7.8
Three	.8	1.3	.9	.7	.7
Four	.2	.4	.4	.5	1.4
Total	100.0	100.0	100.0	100.0	100.0
Average	1.03	1.05	1.04	1.04	1.06

[1] Less than 0.05 percent.

Nearly 98 percent of the new-home mortgage transactions involved the purchase by an owner occupant of a home newly constructed by a commercial builder. The remaining new-home transactions involved the construction of a house by or for the mortgagor on his own lot. The pattern for existing-home transactions differed slightly, with 95 percent of the cases involving home purchases and the remaining 5 percent the refinancing of existing loans or the financing of improvements.

1-family amenity income cases

	New homes				Existing homes			
	1961	1960	1959	1958	1961	1960	1959	1958
Financing new construction	2.1	2.4	3.4	4.6	0.3	0.3	0.4	0.6
Financing purchases	97.8	97.6	96.6	95.4	95.0	96.4	94.5	95.4
Refinancing existing loans	.1	(1)	------	(1)	4.6	3.2	5.1	3.9
Financing improvements	(1)	(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.

Trends of Typical Section 203 Home Mortgage Transactions

The medians and averages (arithmetic means) descriptive of the principal characteristics of the new- and existing-home transactions insured under Section 203 in 1961 are compared with those of selected earlier years in Table III–35. In the following discussion, these medians and averages are delineated in terms of "typical" transactions.

The typical new-home mortgage insured in 1961 amounted to $13,864, or 94 percent of the estimated property value. The scheduled repayment of this mortgage contemplated a total monthly mortgage payment of $106.60 over a term of 29½ years.

This mortgage was secured by a single-family house with a typical floor area of 1,088 square feet divided into 5½ rooms, of which 3 were bedrooms. It was constructed on a site valued at $2,594, which represented 17.1 percent of the total appraised property value of $14,918. The typical new-home purchaser had an annual effective income (before taxes) of $7,328 from which to meet his prospective monthly housing expense (monthly mortgage payment plus cost of household operation and repair and maintenance) of $132.46 (about 21 percent of his monthly income).

Compared to the typical new-home mortgage insured in 1960, the 1961 mortgage amount was 2 percent higher, the mortgage term about 3½ months longer, and the monthly mortgage payment 3 percent greater. The typical FHA estimate of property value rose 2 percent and the average market price of the homesite increased 5 percent, accounting for a one-half of a percentage point increase in the site-to-value ratio. The housing expense-income ratio rose by one-tenth of a percentage point, reflecting a greater proportionate rise (2.7 percent) in monthly housing expense than in annual effective income (2.2 percent).

The typical existing-home transaction involved a mortgage of $12,469 which represented 93½ percent of total property value and was scheduled to be amortized over a period of 26.7 years by monthly mortgage payments of $98.48. This mortgage was secured by a property appraised by FHA at $13,474, including a land price of $2,513 which represented 18.3 percent of the value. The house was typically a 1-family structure containing 1,077 square feet and provided 5.4 rooms, of which 3 were bedrooms. The typical existing-home purchaser had an annual income of $6,971, and expected housing expenses averaging $124.39 a month. The housing expense-income ratio for the existing-home buyer was 20½ percent, or slightly less than that for new-home purchasers.

Compared with the typical existing-home mortgage insured in 1960, the 1961 transaction involved a mortgage amount which was 4 percent higher and a loan-to-value ratio which was up by 1 percentage point. The average duration of the mortgage was nearly 1 year longer and the monthly payment was 2 percent higher. The typical property value increased by over 3 percent, but the market price of an equivalent site rose 7 percent, accounting for the one-half of 1 percentage point rise in the site-to-value ratio. As with new homes, the average room and bedroom counts remained unchanged. The expense-income ratio for the existing-home buyer declined by one-tenth of a percentage point, reflecting the 2.5 percent increase in housing expense compared with a 2.8 percent rise in annual effective income.

The trends of selected characteristics of the typical Section 203 new- and existing-home cases insured during the postwar period are shown in Table III–35. The higher levels of mortgage amounts, loan-to-value ratios, and, consequently, mortgage payments which have characterized operations in recent years are at least partially attributable to the liberalizations of the provisions governing insurance under Section 203 which have been included in recent amendments to the National Housing Act. The 1961 data, however, particularly in the case of new-home transactions, do not reflect to any appreciable extent the further liberalizations resulting from the enactment of the Housing Act of 1961. These amendments, approved June 30, 1961, specifically provided for further increases in the maximum permissible loan-to-value ratios (resulting in lower downpayments), mortgage amounts, and maturity terms.

In a more general sense, the increases over the years in all items included in Table III–35 and measured in terms of dollars, such as property values, land prices, and mortgagor's incomes and housing expenses, reflect the general economic inflation that has occurred since World War II. For example, property values (Chart III–16) for new and existing homes have at least doubled during the postwar period, while land prices (Chart III–18) for both new and existing homes have more than trebled. The typical income of an FHA mortgagor (Chart III–20) in 1961 was more

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

Median [1]	1961	1960	1959	1958	1957	1956	1955	1954	1952	1950	1946
NEW HOMES											
Mortgage:											
Amount	$13,864	$13,569	$13,293	$12,697	$11,823	$11,010	$10,034	$8,802	$8,273	$7,101	$5,504
Term in years [2]	29.5	29.2	28.8	27.3	25.5	25.5	25.6	22.0	21.7	24.1	21.0
Loan-value ratio (percent)	94.0	93.5	93.5	91.5	85.1	86.6	88.7	85.3	83.7	88.0	87.0
Taxes and assessments [2]	$16.63	$15.83	$15.19	$15.06	$15.11	$13.66	$12.00	$10.86	$10.04	$8.73	$8.18
Total monthly payment [3]	$106.60	$103.81	$98.08	$96.10	$90.29	$81.63	$74.14	$68.62	$64.16	$54.31	$46.18
Property:											
FHA-estimated value	$14,918	$14,607	$14,329	$14,207	$14,261	$13,203	$11,742	$10,678	$10,022	$8,286	$6,558
Market price of site [2]	$2,594	$2,470	$2,362	$2,223	$2,148	$1,887	$1,626	$1,456	$1,227	$1,035	$761
Site-value ratio (percent) [2]	17.1	16.6	16.1	15.4	14.0	14.1	13.4	13.1	12.0	12.0	11.5
Sale price [2] [4]	$14,894	$14,662	$14,448	$14,283	$14,541	$13,468	$12,113	$10,085	$11,077	(6)	(6)
Total acquisition cost [2] [4]	$15,184	$14,939	$14,727	$14,596	$14,842	$13,752	$12,367	$11,185	$11,204	(6)	(6)
Percent with garages [5]	75.1	74.0	70.9	72.7	76.6	72.8	69.8	66.0	53.4	48.7	58.1
Structure:											
Calculated area (sq. ft.)	1,088	1,091	1,095	1,092	1,105	1,064	1,022	961	923	838	(6)
Number of rooms [2]	5.5	5.5	5.4	5.4	5.3	5.2	5.1	4.9	4.8	4.0	5.0
Number of bedrooms [2]	3.0	3.0	3.0	3.0	3.0	2.9	2.9	2.7	2.6	(6)	(6)
Mortgagor: [3]											
Annual effective income	$7,328	$7,168	$6,912	$6,803	$6,632	$6,054	$5,484	$5,130	$4,811	$3,861	$3,313
Monthly housing expense	$132.46	$128.98	$123.21	$120.87	$115.17	$104.48	$95.70	$88.91	$83.16	$75.41	$62.85
Expense-income ratio (percent) [2]	20.8	20.7	20.5	20.4	19.7	19.5	19.7	19.6	19.6	21.6	20.9
EXISTING HOMES											
Mortgage:											
Amount	$12,469	$11,978	$11,755	$11,325	$10,498	$10,013	$9,603	$9,030	$8,047	$6,801	$4,607
Term in years [2]	26.7	25.8	25.1	24.2	22.5	22.5	22.7	20.1	19.7	20.2	18.9
Loan-value ratio (percent)	93.6	92.6	92.0	90.2	84.9	82.9	85.0	78.5	77.0	77.8	78.4
Taxes and assessments [2]	$16.60	$15.55	$14.72	$14.59	$14.21	$13.49	$12.12	$11.68	$9.86	$9.30	$7.33
Total monthly payment [3]	$98.48	$96.50	$91.66	$90.30	$85.54	$78.62	$74.57	$74.34	$65.08	$56.65	$40.83
Property:											
FHA-estimated value	$13,474	$13,043	$12,914	$12,778	$12,572	$12,261	$11,555	$11,540	$10,289	$8,805	$5,934
Market price of site [2]	$2,513	$2,356	$2,369	$2,150	$2,041	$1,931	$1,707	$1,501	$1,296	$1,150	$833
Site-value ratio (percent) [2]	18.3	17.7	17.9	16.5	15.7	15.1	14.2	13.3	12.3	12.4	13.3
Sale price [4]	$13,630	$13,284	$13,278	$13,133	$13,201	$12,991	$12,281	$12,344	$11,484	(6)	(6)
Total acquisition cost [4]	$13,937	$13,579	$13,560	$13,446	$13,507	$13,274	$12,558	$12,578	$11,689	(6)	(6)
Percent with garages [5]	73.7	71.4	74.0	74.9	78.5	81.1	79.9	79.6	70.7	70.6	83.4
Structure:											
Calculated area (sq. ft.)	1,077	1,057	1,059	1,053	1,060	1,060	1,030	1,035	992	1,006	(6)
Number of rooms [2]	5.4	5.4	5.4	5.4	5.3	5.3	5.2	5.2	5.1	5.2	5.5
Number of bedrooms [2]	2.8	2.8	2.7	2.7	2.7	2.7	2.6	2.6	2.6	(6)	(6)
Mortgagor: [3]											
Annual effective income	$6,971	$6,784	$6,575	$6,502	$6,296	$6,033	$5,669	$5,696	$4,938	$4,274	$3,101
Monthly housing expense	$124.39	$121.41	$116.26	$115.31	$110.12	$102.00	$97.34	$97.41	$86.63	$78.90	$58.11
Expense-income ratio (percent) [2]	20.5	20.6	20.1	20.4	19.9	19.2	19.4	19.4	19.4	20.3	20.3

[1] Throughout this report, medians are computed on the assumption that distribution of all characteristics are represented by continuous data within groups. For definition of sample and terms, see technical notes.
[2] Average (arithmetic mean).
[3] Throughout this report, data relating to monthly mortgage payment, mortgagor's income, and housing expense are based on 1-family occupant cases only.
[4] Throughout this report, data relating to sale price and total acquisition cost are based on 1-family occupant purchaser transactions only.
[5] Includes carports.
[6] Not available.

than twice that reported in 1946. Comparisons of the 1961 levels of some of the other items with those for earlier years show similar relationships.

Mortgage Characteristics

Amount of Mortgage.—The distributions of mortgage amounts insured by FHA in 1961 and in selected earlier years are shown in Table III–36 for both new and existing homes, together with averages and medians based on these distributions, which help to demonstrate the sustained advance in the size of the mortgage amounts insured since 1950.

In 1961, the typical (median) new-home mortgage amount was $13,864—2 percent higher than in 1960, 38 percent more than the $10,034 reported in 1955, and nearly double the median loan of $7,101 reported for 1950. Insured mortgages of $12,000 or more accounted for only a small proportion of the total in 1950, but by 1955 over one-fifth of the mortgages were in this category, and in 1961 three out of every four exceeded $12,000 (Chart III–13).

The size of the typical existing-home mortgage has increased at a somewhat slower rate. The median existing-home loan insured in 1961 was $12,469, or about 4 percent higher than the typical reported for 1960. It was 30 percent above the $9,603 shown in the table for 1955 and about 83 percent higher than the median loan insured in 1950. The percentage distributions also demonstrate this trend. For example, in 1950 only about 4 percent of the existing-home mortgages endorsed were for more than $12,000. Five years later, nearly 19 percent of the cases insured were in this category, and in 1961 nearly 56 percent of all existing-home mortgages insured amounted to $12,000 or more.

The average new-home mortgage insured in 1961 amounted to $13,988, compared with $12,528 reported for existing-home transactions. The differential of 11.7 percent between these averages in 1961, while slightly less than the 1960 difference of 13.2 percent, is markedly greater than that reported for either 1950 or 1955.

As previously mentioned, the higher amounts for FHA-insured mortgages, as well as for con-

Technical Notes

Size of Sample.—Data presented in this section of the report are based on 52,100 new-home and 95,800 existing-home cases. These cases represent 70 percent of the new- and existing-home cases reported as insured under Section 203(b) in the first 9 months of 1961, selected by 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 in the appraisal of properties and the evaluation of mortgage risk:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ventional mortgages originated in the period since World War II, reflect the steadily increasing construction costs and selling prices for homes. Throughout this period housing legislation has authorized progressively higher mortgage amounts, greater loan-to-value ratios, and longer maturities for FHA-insured transactions in order that American families might be better able to obtain their own homes.

Term of Mortgage.—Mortgages insured by FHA under Section 203 may have terms up to 35 years for proposed construction and up to 30 years for existing construction unless the existing construction was originally built under FHA or Veterans Administration inspection, in which case the 35-year limit for new homes applies. In any case, however, the term cannot be more than three-fourths of the remaining economic life of the structure. The minimum term is 10 years and mortgages may be written for 5-year gradations up to the maximums.

Table III–37 shows the increasing acceptance of the longer terms by FHA mortgage lenders, especially in the case of new homes. However, since the 35-year maximum for home mortgages had only been in effect for 6 months (added by the Housing Act of 1961) at the end of 1961, the total impact of this longer-term mortgage is not fully reflected in the 1961 percentages. The table demonstrates a tendency toward increasing proportions of FHA-insured mortgages with the maximum allowable term. For example, in 1961 over 90 percent of the new home mortgages had 30-year terms, compared to 86 percent in 1960 and 27 percent 5 years earlier. In general, the same trend is apparent in the existing-home figures, but to a lesser degree. Since the economic life of existing homes is usually somewhat shorter than that of new homes, lenders tend to be somewhat more restrictive in approving the maximum-term mortgage loans. Nevertheless, during 1961, the percentage of existing-home mortgages with 30-year loans exceeded the percentage in 25-year group for the first time since the 30-year term was inaugurated, rising from nearly 38 percent in 1960 to about one-half of the total in 1961.

Chart III-13

AMOUNT OF MORTGAGE, 1961

Single family home mortgages, Section 203

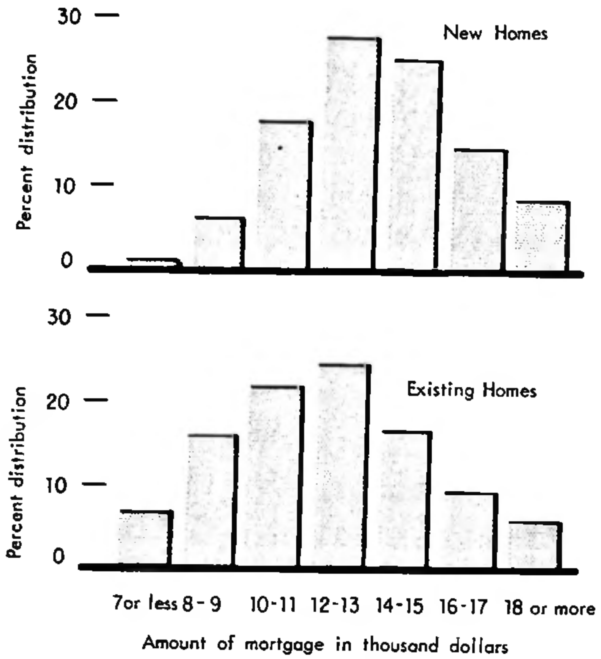


Table III-36.—*Amount of mortgage, 1-family homes, Sec. 203, selected years*

Amount of mortgage	Percentage distribution				
	1961	1960	1959	1955	1950
NEW HOMES					
Less than $4,000	------	------	------	0.1	0.4
$4,000 to $4,999	------	------	------	.1	1.1
$5,000 to $5,999	0.1	(1)	0.1	.6	9.0
$6,000 to $6,999	.1	0.1	.1	2.4	33.0
$7,000 to $7,999	.3	.2	.3	9.0	28.5
$8,000 to $8,999	1.6	1.4	2.0	17.9	16.0
$9,000 to $9,999	4.6	4.4	6.3	18.5	8.3
$10,000 to $10,999	7.2	8.7	9.3	16.7	1.9
$11,000 to $11,999	10.5	11.5	12.4	13.0	.8
$12,000 to $12,999	12.8	13.0	14.3	9.2	.5
$13,000 to $13,999	14.9	17.2	17.9	6.0	.2
$14,000 to $14,999	13.5	14.3	11.8	3.0	.1
$15,000 to $16,999	20.0	19.0	17.2	2.6	.2
$17,000 to $19,999	11.5	7.9	7.2	.7	------
$20,000 or more	2.9	1.4	1.1	.2	------
Total	100.0	100.0	100.0	100.0	100.0
Average	$13,988	$13,621	$13,337	$10,305	$7,307
Median	$13,864	$13,569	$13,293	$10,034	$7,101
EXISTING HOMES					
Less than $4,000	------	------	------	0.3	4.4
$4,000 to $4,999	------	------	------	.7	8.3
$5,000 to $5,999	0.9	0.9	0.9	2.3	16.3
$6,000 to $6,999	1.9	2.2	2.4	6.0	22.0
$7,000 to $7,999	3.9	4.5	5.1	11.8	18.6
$8,000 to $8,999	6.7	7.9	8.8	18.0	13.0
$9,000 to $9,999	9.1	10.4	10.9	17.0	7.2
$10,000 to $10,999	10.6	12.0	12.5	14.5	4.5
$11,000 to $11,999	11.1	12.3	12.5	10.6	1.9
$12,000 to $12,999	12.3	12.9	11.9	7.1	1.7
$13,000 to $13,999	12.1	11.7	11.0	4.1	.7
$14,000 to $14,999	9.1	8.3	7.8	2.9	.7
$15,000 to $16,999	12.7	10.9	10.2	2.8	.7
$17,000 to $19,999	7.6	4.8	5.0	1.6	------
$20,000 or more	2.0	1.2	1.0	.4	------
Total	100.0	100.0	100.0	100.0	100.0
Average	$12,528	$12,034	$11,875	$9,898	$7,102
Median	$12,469	$11,978	$11,755	$9,603	$6,801

[1] Less than 0.05 percent.

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

Term of mortgage in years	Percentage distribution				
	1961	1960	1959	1958	1955
NEW HOMES					
10	(1)	(1)	(1)	(1)	0.1
15	0.1	0.1	0.2	0.4	.7
20	1.1	1.7	2.2	5.2	13.7
25	8.1	12.1	19.2	41.7	58.4
30	90.4	86.1	78.4	52.7	27.1
35	.3	------	------	------	------
Total	100.0	100.0	100.0	100.0	100.0
Average	29.5	29.2	28.8	27.3	25.6
EXISTING HOMES					
10	0.1	0.1	0.1	0.1	0.4
15	1.6	1.9	1.8	3.3	4.9
20	12.4	16.8	18.2	26.0	42.1
25	36.0	43.6	54.8	53.1	45.2
30	49.9	37.6	25.1	17.5	7.4
35	(1)	------	------	------	------
Total	100.0	100.0	100.0	100.0	100.0
Average	26.7	25.8	25.1	24.2	22.7

[1] Less than 0.05 percent.

As was pointed out above, the percentage distributions show that the 30-year mortgage was the most commonly used instrument in 1961 for both new- and existing-home transactions. In both cases, moreover, the increase in the proportion of 30-year mortgages was mainly at the expense of the 25-year mortgages, which for new homes declined from 12 percent of the total in 1960 to 8 percent in 1961 while 25-year existing-home mortgages declined from nearly 44 percent to 36 percent of the total. The proportions of shorter term mortgages remained generally unchanged, except for a decline from 17 percent to 12 percent in existing-home mortgages with 20-year durations.

Total Monthly Mortgage Payment.—FHA-insured mortgages have historically required repayment on a monthly basis over the term of the loan. In addition to principal amortization and interest, this payment covers the monthly installments for property taxes, the FHA mortgage insurance premium, hazard insurance, special assessments, and miscellaneous items such as ground rent, if any.

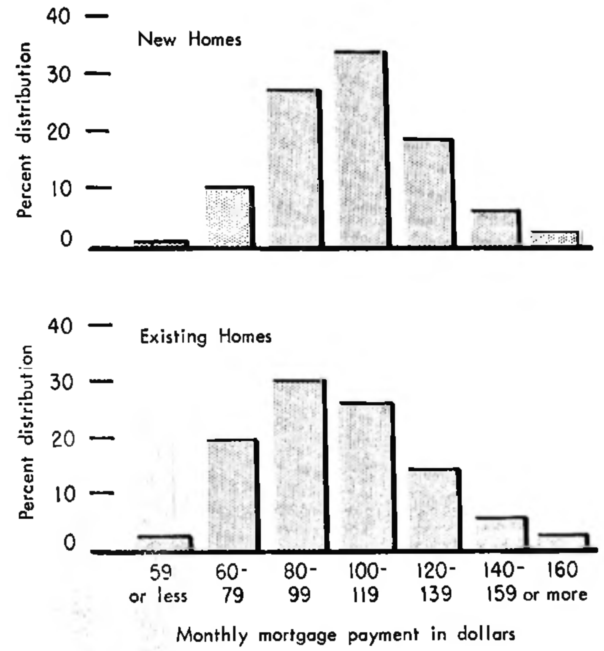
Chart III-14 and Table III-38 show the distributions of total monthly payments called for in the new and existing single-family home mortgage transactions insured under Section 203 during 1961. Despite the longer terms previously noted, both new- and existing-home cases have contemplated progressively higher mortgage payment amounts in recent years. As the chart shows, the mortgage payments in the $100–$119 range are most common for new homes and those between $80–$99 for existing homes.

The typical mortgage payment for new-home mortgages originated during 1961 was $106.60—3 percent higher than in 1960, and nearly double the 1950 payment. The upward trend is also apparent for existing homes, although to a somewhat lesser extent. For existing homes the typical payment in 1961 was $98.48—2 percent above 1960, and 74 percent higher than that reported for 1950 (Table III–38).

Chart III-14

TOTAL MONTHLY MORTGAGE PAYMENT, 1961

Single family home mortgages, Section 203



The levels of mortgage payments are influenced by the size of mortgages, the term of repayment, the levels of real estate taxes and hazard insurance premiums, and the rate of interest charged. From 1951, after the Treasury-Federal Reserve accord on policies for support of Treasury bond prices, until early 1961, maximum interest rates permitted by FHA regulations moved persistently upward from 4¼ percent under Section 203 in 1951 to 4½ percent as of May 2, 1953, to 5 percent as of December 3, 1956, to 5¼ percent as of August 5, 1957, and finally to 5¾ percent as of September 23, 1959. In recognition of gradually declining yields in the money market throughout 1960, the maximum interest rate permitted on Section 203 mortgages was twice reduced during 1961, to 5½ percent on February 2 and to 5¼ percent on May 29.

Ratio of Loan to Value.—The maximum permissible loan-to-value ratios governing the insurance of FHA Section 203 home mortgages were increased by the provisions of the Housing Act of 1961. These new provisions raised loan-to-value ratios for owner-occupant home mortgages for proposed construction, or for existing construction completed 1 year or more, to 97 percent of the first $15,000 of FHA appraised value plus 90 percent of the value above $15,000 but not over $20,000 and 75 percent of the value above $20,000. For non-owner-occupant transactions, the maximum insurable mortgage is limited to 85 percent of the amount available to an occupant borrower.[1] When the escrow commitment procedure is utilized for nonoccupant mortgagors, the same formula is used as for owner-occupant mortgagors, subject to 15 percent being withheld from the mortgage proceeds and placed in escrow pending the sale to an acceptable owner-occupant mortgagor within 18 months. Provisions of the Housing Act of 1959, in effect through the first half of 1961, permitted owner-occupant mortgagors to borrow up to 97 percent of the first $13,500 of value plus 90 percent of the next $4,500 and 70 percent of any value over $18,000. For existing construction completed less than 1 year and not subject to compliance inspections throughout construction, the mortgage could not exceed 90 percent of the first $18,000 plus 70 percent of the value in excess of $18,000.

Table III–39 and Chart III–15 show the trends in the ratios of insured mortgage amounts to property values. The typical loan-value ratios for Section 203 cases reached alltime highs in 1961, with the new-home ratio rising one-half of a percentage point to 94 percent and the existing-home ratio rising 1 percentage point to 93.6 percent. The liberalizing influence of recent legislation may also be seen in the distribution of the mortgages by loan-value ratio groups. Both the 91–95 and the 96–97 percent ratio groups for new and exist-

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

Total monthly mortgage payment	Percentage distribution				
	1961	1960	1959	1955	1950
NEW HOMES					
Less than $60	0.5	0.3	0.7	15.2	69.2
$60 to $69	2.8	2.4	3.9	24.6	20.4
$70 to $79	7.4	7.5	11.0	23.5	7.2
$80 to $89	11.4	13.3	17.4	18.0	1.7
$90 to $99	16.0	18.8	21.0	10.1	.7
$100 to $109	17.9	20.2	17.9	4.6	.4
$110 to $119	16.0	15.3	12.6	2.2	.2
$120 to $139	18.9	16.1	11.6	1.4	.2
$140 or more	9.1	6.1	3.9	.4	------
Total	100.0	100.0	100.0	100.0	100.0
Average	$107.74	$104.90	$99.53	$76.08	$55.38
Median	$106.60	$103.81	$98.08	$74.32	$54.31
EXISTING HOMES					
Less than $60	2.4	2.4	3.8	16.4	59.0
$60 to $69	6.9	8.1	10.9	22.3	19.3
$70 to $79	12.8	13.0	15.5	23.3	10.2
$80 to $89	15.1	16.3	17.1	16.5	5.3
$90 to $99	15.1	16.1	15.7	9.5	2.6
$100 to $109	14.1	14.2	12.7	5.2	1.6
$110 to $119	11.8	11.1	9.6	3.0	.9
$120 to $139	14.1	12.5	9.9	2.6	1.1
$140 or more	7.7	6.3	4.8	1.2	------
Total	100.0	100.0	100.0	100.0	100.0
Average	$100.73	$98.69	$94.18	$77.15	$58.94
Median	$98.48	$96.50	$91.66	$74.81	$56.65

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

Chart III-15

RATIO OF LOAN TO VALUE, 1950-61

Single family home mortgages, Section 203

ing homes increased in relative frequency during 1961 while the lower groups generally decreased, with the result that over three-fourths of the new-home buyers and two-thirds of the existing-home purchasers were paying less than 10 percent down. The upward trend in the loan-value ratio, on a historical basis for selected years since 1950, is also evident in this table.

Loan-value distribution by property value groups for Section 203 cases are shown in Table III-40 for both new- and existing-home transactions. A great majority of these mortgages were at or near the maximum percentages permitted under the legislation and the administrative rules. For example, in the new-home value groups below $15,000 the median loan-value ratios were all near the 97-percent limit except for the $14,000 to $14,999 groups for which 97-percent mortgages were permissible only after June 30, 1961. The existing-home median ratios for the corresponding value groups were only slightly lower. Since the legal maximum ratios allowed for these home mortgages are virtually the same as for new homes, the lower ratios appear to reflect slightly more conservative policies of lenders where existing homes are concerned. Nevertheless, the distributions of both new- and existing-home loan-value ratios continued to shift upward in 1961, with all median ratios in the property value groups of $15,000 and above increasing over 1960 and the typical ratio in the $19,000-$19,999 group exceeding 90 percent for the first time. There were also

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

Ratio of loan to value (percent)	Percentage distribution				
	1961	1960	1959	1955	1950
NEW HOMES					
50 or less	0.2	0.1	0.1	0.8	0.6
51 to 55	.1	.1	.1	.4	.4
56 to 60	.1	.2	.2	.7	.5
61 to 65	.2	.3	.4	1.2	.9
66 to 70	.5	.7	.8	2.1	1.6
71 to 75	1.2	1.6	1.8	4.1	3.2
76 to 80	2.5	3.3	3.6	9.5	8.8
81 to 85	4.9	6.3	7.1	14.2	10.9
86 to 90	13.3	15.7	16.8	33.7	57.1
91 to 95	45.2	42.9	38.2	33.3	16.0
96 to 97	31.8	28.8	30.9	---	---
Total	100.0	100.0	100.0	100.0	100.0
Average	92.2	91.4	91.0	85.0	85.0
Median	94.0	93.5	93.5	88.5	88.0
EXISTING HOMES					
50 or less	.1	.1	.1	.6	2.1
51 to 55	.1	.1	.1	.4	1.4
56 to 60	.1	.1	.2	.9	2.2
61 to 65	.2	.3	.4	1.5	3.7
66 to 70	.6	.8	1.1	4.3	8.8
71 to 75	1.2	1.7	2.1	5.9	13.5
76 to 80	3.4	4.5	5.3	13.2	51.5
81 to 85	7.7	9.7	10.7	30.2	4.4
86 to 90	19.9	23.0	24.2	32.1	9.8
91 to 95	32.2	30.9	28.4	10.9	2.6
96 to 97	34.5	28.8	27.4	---	---
Total	100.0	100.0	100.0	100.0	100.0
Average	91.4	90.5	89.7	82.2	76.4
Median	93.6	92.6	92.0	84.8	77.8

increases over 1960 for almost all value groups in the percentage of cases in the highest loan-value ratio category for both new and existing homes.

Property Value Characteristics

An important part of the FHA underwriting procedure is the determination of an estimate of value for each property proposed as security in an application for mortgage insurance. In the preparation of these estimates, consideration is given to such items as the estimated replacement cost of the property, sale prices of comparable houses, neighborhood stability, market price of site, materials and quality of construction, the size of the house, and some of its characteristics. The following pages are devoted to an analysis of some of the interrelationships of the significant characteristics of properties involved in Section 203 insured mortgage transactions during 1961.

Property Value.—About three out of every five new homes insured during 1961 were valued by FHA at between $12,000 and $16,999, while slightly less than one-half of the existing homes fell into this range. The greatest concentration of new homes was in the $14,000-$15,999 value range, with the highest frequency—13 percent—in the $14,000 class. Existing-home valuations tended to spread more evenly over a wider range—$10,000 through $15,999—with a slight concentration in the $12,000-$13,999 group which accounted for slightly more than one-fifth of the total transactions. About 16 percent of the existing homes

Table III-40.—*Ratio of loan to value by property value, 1-family homes, Sec. 203, 1961*

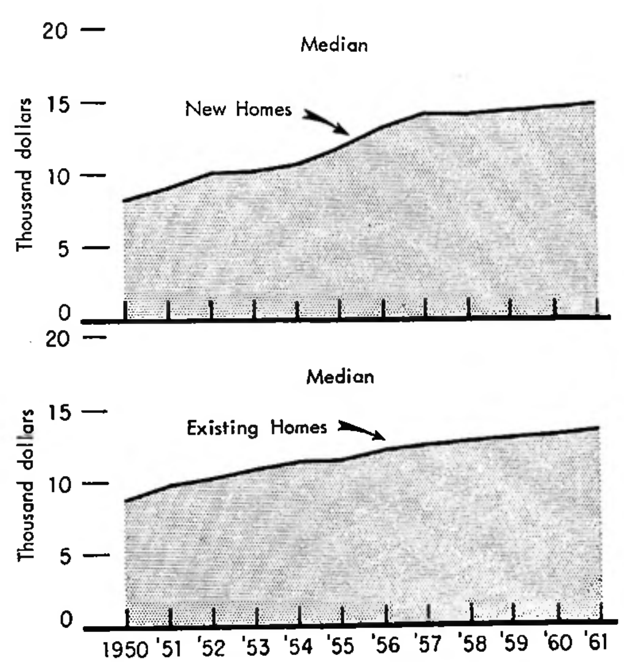
FHA estimate of property value	Percentage distribution	Median loan-value ratio	Ratio of loan to value—Percentage distribution									
			50 percent or less	51 to 60 percent	61 to 70 percent	71 to 75 percent	76 to 80 percent	81 to 85 percent	86 to 90 percent	91 to 95 percent	96 to 97 percent	Total
NEW HOMES												
Less than $8,000	0.1	96.4	---	---	1.7	1.7	5.0	3.3	3.3	11.7	73.3	100.0
$8,000 to $8,999	.6	96.4	---	0.3	.3	---	.6	1.2	2.2	17.8	77.6	100.0
$9,000 to $9,999	3.2	96.2	0.2	.2	.5	.4	.8	.5	8.5	30.4	58.5	100.0
$10,000 to $10,999	4.5	96.3	.2	.2	.3	.4	.7	1.3	5.3	10.7	71.9	100.0
$11,000 to $11,999	7.8	96.3	.1	.2	.3	.4	1.4	2.3	5.7	23.1	66.5	100.0
$12,000 to $12,999	10.1	96.2	.1	(1)	.4	.6	2.0	3.2	7.4	25.6	60.7	100.0
$13,000 to $13,999	11.7	96.1	.1	.2	.3	.8	1.6	3.9	9.1	26.8	57.2	100.0
$14,000 to $14,999	13.1	95.4	.1	(1)	.5	.6	2.1	4.1	8.8	38.6	45.2	100.0
$15,000 to $15,999	12.4	93.4	.1	.1	.7	.8	2.7	4.5	11.4	61.8	17.9	100.0
$16,000 to $16,999	10.9	92.8	.1	.1	.6	1.2	2.3	5.2	12.6	77.5	.4	100.0
$17,000 to $17,999	8.2	92.7	.2	.1	.7	1.0	3.4	6.9	12.0	75.6	.1	100.0
$18,000 to $18,999	5.9	92.6	.3	.3	.9	1.0	3.0	6.5	15.0	72.9	.1	100.0
$19,000 to $19,999	3.4	92.3	.1	.5	1.0	1.0	4.2	7.4	18.0	66.9	---	100.0
$20,000 to $21,999	4.1	89.9	.4	.6	1.5	2.6	5.9	8.6	39.4	40.9	.1	100.0
$22,000 to $24,999	2.7	87.6	.8	.8	2.3	5.0	4.8	12.8	72.0	1.3	.2	100.0
$25,000 and over	1.3	84.3	.8	1.5	5.4	16.8	11.8	20.7	35.7	7.3	---	100.0
Total	100.0	94.0	.2	.2	.7	1.2	2.5	4.9	13.3	45.2	31.8	100.0
EXISTING HOMES												
Less than $8,000	4.0	96.1	(1)	.2	.5	.7	2.3	5.6	13.5	23.1	54.1	100.0
$8,000 to $8,999	4.0	96.2	(1)	.2	.4	.7	1.6	4.1	10.4	22.4	60.2	100.0
$9,000 to $9,999	6.8	96.1	(1)	.1	.4	.7	2.0	3.6	11.0	24.5	57.7	100.0
$10,000 to $10,999	8.8	96.1	(1)	.2	.5	.6	2.0	4.2	12.8	24.2	55.5	100.0
$11,000 to $11,999	9.5	96.0	(1)	.1	.4	.7	2.4	4.9	14.2	25.6	51.7	100.0
$12,000 to $12,999	10.8	96.0	.1	.2	.6	.9	2.7	5.7	14.4	25.3	50.1	100.0
$13,000 to $13,999	11.0	95.3	.1	.1	.7	1.1	2.6	6.7	16.5	25.7	46.5	100.0
$14,000 to $14,999	9.7	93.9	(1)	.1	1.0	1.4	2.8	7.5	19.6	30.8	36.8	100.0
$15,000 to $15,999	8.6	92.4	.1	.2	.8	1.0	4.0	8.4	22.7	46.1	16.7	100.0
$16,000 to $16,999	7.2	91.6	.1	.2	.9	1.5	3.8	9.7	26.8	55.9	1.1	100.0
$17,000 to $17,999	5.7	91.5	.1	.4	1.1	1.4	4.6	10.6	26.7	54.6	.5	100.0
$18,000 to $18,999	4.1	91.2	.1	.2	1.2	1.7	5.3	10.8	29.2	51.4	.1	100.0
$19,000 to $19,999	2.5	90.3	.1	.2	.8	1.9	5.9	12.2	33.5	45.2	.2	100.0
$20,000 to $21,999	3.2	88.6	.3	.2	1.8	2.7	8.3	14.3	43.5	28.7	.2	100.0
$22,000 to $24,999	2.3	86.7	.4	.5	2.6	3.5	8.4	26.6	54.8	2.7	.5	100.0
$25,000 and over	.9	83.3	1.1	2.0	8.9	8.5	16.3	28.7	30.7	3.8	---	100.0
Total	100.0	93.6	.1	.2	.8	1.2	3.4	7.7	19.9	32.2	34.5	100.0

[1] Less than 0.05 percent.

Chart III-16

FHA ESTIMATE OF PROPERTY VALUE, 1950-61

Single family home mortgages, Section 203



were appraised at less than $10,000, compared with about 4 percent of the new homes. (See Chart III-17.)

In contrast, almost equal proportions of the Section 203 transactions—8 percent of the new homes and 6½ percent of the existing homes—were valued at $20,000 or more.

Compared with 1960, the median valuation for new-homes rose 2 percent and existing-home values increased by more than 3 percent, continuing the relatively stable trend reported over the last several years. Longer-term comparisons, however, of value levels shown in Table III-41 and Chart III-16 indicate that the average appraisal of $15,167 for a new home in 1961 was 25 percent higher than in 1955 and 76 percent over the average valuation for 1950. A somewhat slower rate of increase is shown for existing homes. In 1961, the average existing dwelling was appraised at $13,705—almost one-seventh higher than in 1955 and 47 percent above the average valuation ($9,298) reported in 1950. Valuation increases during the decade reflect changes in structure, size, quality, and equipment for new construction, as well as increases in land and construction costs.

Transaction Characteristics.—Table III-42 presents selected characteristics of one-family cases by property value groups. Data relating to total acquisition cost, sale price, and incidental costs are

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

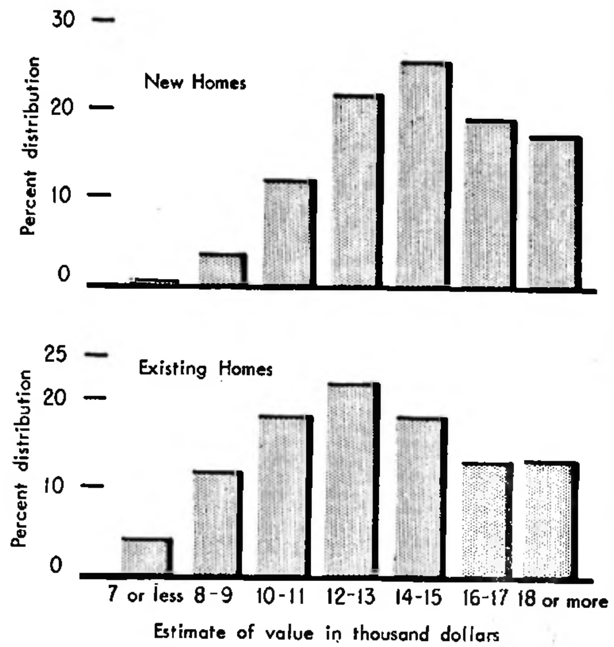
FHA estimate of property value	Percentage distribution				
	1961	1960	1959	1955	1950
NEW HOMES					
Less than $6,000	(1)	(1)	----------	(1)	2.0
$6,000 to $6,999	(1)	(1)	(1)	0.4	18.3
$7,000 to $7,999	0.1	0.1	0.1	3.0	20.8
$8,000 to $8,999	.6	.4	.7	10.0	22.5
$9,000 to $9,999	3.2	2.2	2.9	14.2	15.9
$10,000 to $10,999	4.5	5.4	6.5	12.3	10.0
$11,000 to $11,999	7.8	8.4	10.1	12.3	4.7
$12,000 to $12,999	10.1	11.0	10.7	11.9	2.3
$13,000 to $13,999	11.7	13.8	14.5	9.9	1.4
$14,000 to $14,999	13.1	14.6	13.8	8.2	.7
$15,000 to $15,999	12.4	12.7	10.7	6.3	.5
$16,000 to $16,999	10.9	9.6	9.0	4.4	.3
$17,000 to $17,999	8.2	7.0	7.0	2.7	.2
$18,000 to $18,999	5.9	5.0	4.4	1.7	.1
$19,000 to $19,999	3.4	3.2	3.1	.9	.1
$20,000 to $21,999	4.1	3.7	3.8	1.1	.2
$22,000 to $24,999	2.7	2.2	2.2	.5	(1)
$25,000 and over	1.3	.7	.5	.2	(1)
Total	100.0	100.0	100.0	100.0	100.0
Average value	$15,167	$14,899	$14,650	$12,118	$8,504
Median value	$14,918	$14,607	$14,329	$11,742	$8,286
EXISTING HOMES					
Less than $6,000	0.5	0.4	0.4	0.6	6.8
$6,000 to $6,999	.9	1.0	1.1	1.9	10.7
$7,000 to $7,999	2.6	2.9	3.2	4.9	15.8
$8,000 to $8,999	4.9	5.4	6.0	10.1	17.1
$9,000 to $9,999	6.8	7.3	7.9	12.2	14.5
$10,000 to $10,999	8.8	10.2	10.3	12.7	11.3
$11,000 to $11,999	9.5	10.7	10.7	11.6	7.6
$12,000 to $12,999	10.8	11.6	11.4	11.2	5.7
$13,000 to $13,999	11.0	11.3	10.4	9.3	3.3
$14,000 to $14,999	9.7	9.5	9.0	7.1	2.0
$15,000 to $15,999	8.6	8.0	7.6	5.2	1.7
$16,000 to $16,999	7.2	6.5	6.4	3.9	1.1
$17,000 to $17,999	5.7	4.8	4.5	2.7	.8
$18,000 to $18,999	4.1	3.4	3.4	2.0	.6
$19,000 to $19,999	2.5	2.1	2.3	1.2	.3
$20,000 to $21,999	3.2	2.6	2.8	1.6	.4
$22,000 to $24,999	2.3	1.7	2.1	1.2	.2
$25,000 and over	.9	.6	.5	.6	.1
Total	100.0	100.0	100.0	100.0	100.0
Average value	$13,705	$13,304	$13,236	$12,047	$9,298
Median value	$13,474	$13,043	$12,914	$11,555	$8,865

[1] Less than 0.05 percent.

Chart III-17

FHA ESTIMATE OF PROPERTY VALUE, 1961

Single family home mortgages, Section 203



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

A comparison of the new- and existing-home averages of the various characteristics for the corresponding property value groups reveals that acquisition costs, replacement costs, sale prices, and mortgagor's income were higher for existing-home transactions. On a total basis, however, the average acquisition cost, sale price, and income for all prospective new-home owners were higher than for all existing-home buyers, indicating variations in the sizes of respective value groups. In contrast to this pattern, it is interesting to note that property values were higher for new homes than for comparable existing homes, reflecting building costs and longer prospective economic life. Moreover, average mortgage amounts and loan-value ratios were also higher for new-home cases, tending toward the highest insurable limits. Incidental costs, on the average, were nearly $19 higher for new homes than for existing homes, but the average existing-home buyer in the $14,000–$21,999 classes had higher closing costs than were typical for the corresponding new-home buyers. The average new-home mortgagor had an income of $7,740—only $283 more than the typical existing-home buyer. In comparable value classes, however, the average income of existing-home buyers was always greater.

Property Characteristics.—Table III–43 reveals that the average new home securing a mortgage insured under Section 203 in 1961 contained an area of 1,141 square feet consisting of 5½ rooms, of which three were bedrooms. It was somewhat larger than the typical existing home, which had an area of 1,126 square feet with slightly smaller rooms and bedrooms. Nine out of every 10 new homes were of the 1-story rambler type, compared with 78 percent of the existing dwellings. In addition, more than one-half of the new homes but only about 28 percent of the existing homes provided more than one bath. Conversely, almost 45 percent of the existing homes included basements but only about one-third of the new homes were so equipped.

Garages were reported for approximately 64 percent of the existing homes but for only 53 percent of the new homes insured by FHA. To compensate, nearly 22 percent of the new homes had carports but only one-tenth of the existing homes reported this facility.

The average market price of a new-home site was $2,594, 3 percent above that reported for an equivalent site for an existing home. Because of the lower average value for existing homes, however, the land price represented over 18 percent of the total property value, compared with 17 percent for new homes. As might be expected, land prices rose with increases in property values. Further, existing-home sites tended to be valued somewhat higher than new-home sites in most corresponding value classes, possibly because of more desirable location in relation to shopping facilities and community centers.

Rooms and Bedrooms by Property Value.—Table III–44 reveals a concurrent rise in room and bedroom counts as property values increase. The table also indicates that the average new home had 5½ rooms, fractionally larger than the typical existing home insured, and 3 bedrooms compared with 2.8 for existing homes. The average number of bedrooms was higher in new homes than in existing homes for all comparable value classes, reflecting the continuing demand for more bedrooms in homes now coming on the market. The bulk (54 percent) of the new homes insured in 1961 had five rooms, and almost 42 percent included six rooms or more. For existing properties, comparatively fewer (41 percent) had five rooms, and 44 percent contained six or more rooms. Almost one-sixth of the existing homes had four or fewer rooms while only 4½ percent of the new homes fell in that category. For new homes, the five-room house predominated in all value classes from $8,000 through $16,999, and the six-room house was reported most frequently in properties appraised at or above $17,000. For existing properties, the distribution showed larger proportions in the four-room size and to a lesser extent in the six or more room class.

The distribution of bedrooms indicates that the three-bedroom house again predominated in the market. Some 87 percent of the new homes and about 60 percent of the existing homes were in this category. Almost one-third of the existing homes had two bedrooms, in contrast to only 5 percent of the new homes. Three-bedroom homes were re-

Table III-42.—*Transaction characteristics by property value, 1-family homes, Sec. 203, 1961*

FHA estimate of property value	Percentage distribution	Average							Ratio of loan to property value
		Property value	Property replacement cost	Total acquisition cost [1]	Sale price [1]	Incidental costs [1 2]	Amount of mortgage	Mortgagor's annual income	
NEW HOMES									
Less than $8,000	0.1	$7,400	$8,330	$7,434	$7,213	$238.40	$6,955	$4,315	94.0
$8,000 to $8,999	.6	8,535	9,132	8,534	8,380	205.06	8,151	4,970	95.5
$9,000 to $9,999	3.2	9,465	10,117	9,403	9,249	257.24	8,977	5,326	94.8
$10,000 to $10,999	4.5	10,512	11,083	10,531	10,305	261.30	10,000	5,656	95.1
$11,000 to $11,999	7.8	11,493	12,016	11,501	11,249	276.55	10,902	5,987	94.9
$12,000 to $12,999	10.1	12,475	12,977	12,493	12,230	281.79	11,766	6,404	94.3
$13,000 to $13,999	11.7	13,455	13,962	13,470	13,203	277.40	12,655	6,859	94.1
$14,000 to $14,999	13.1	14,440	14,942	14,479	14,203	286.28	13,528	7,305	93.7
$15,000 to $15,999	12.4	15,435	16,017	15,461	15,171	295.08	14,321	7,796	92.8
$16,000 to $16,999	10.9	16,427	17,019	16,512	16,206	305.57	15,182	8,322	92.4
$17,000 to $17,999	8.2	17,413	18,017	17,538	17,220	318.77	15,988	8,880	91.8
$18,000 to $18,999	5.9	18,403	19,030	18,562	18,231	336.87	16,786	9,375	91.2
$19,000 to $19,999	3.4	19,425	20,037	19,664	19,207	350.75	17,481	9,947	90.0
$20,000 to $21,999	4.1	20,839	21,425	21,086	20,702	366.24	18,369	10,446	88.1
$22,000 to $24,999	2.7	23,163	23,718	23,416	23,000	397.82	19,894	11,764	85.9
$25,000 and over	1.3	27,008	27,564	26,294	25,780	440.76	22,002	12,939	81.8
Total	100.0	15,167	15,724	15,184	14,894	301.48	13,988	7,740	92.2
EXISTING HOMES									
Less than $8,000	4.0	6,965	10,357	7,187	6,011	212.97	6,510	5,108	93.5
$8,000 to $8,999	4.9	8,440	11,179	8,502	8,351	217.13	7,939	5,530	94.1
$9,000 to $9,999	0.8	9,432	12,039	9,597	9,345	229.52	8,868	5,778	94.0
$10,000 to $10,999	8.8	10,418	12,837	10,604	10,336	243.04	9,774	6,090	93.8
$11,000 to $11,999	9.5	11,411	13,618	11,603	11,326	256.40	10,668	6,395	93.5
$12,000 to $12,999	10.8	12,416	14,492	12,636	12,354	264.31	11,564	6,770	93.1
$13,000 to $13,999	11.0	13,409	15,333	13,661	13,304	274.92	12,447	7,141	92.8
$14,000 to $14,999	9.7	14,393	16,234	14,692	14,376	288.93	13,249	7,570	92.1
$15,000 to $15,999	8.6	15,380	17,210	15,709	15,385	306.12	14,056	8,013	91.4
$16,000 to $16,999	7.2	16,372	18,216	16,708	16,368	317.20	14,850	8,458	90.7
$17,000 to $17,999	5.7	17,372	19,174	17,746	17,395	332.75	15,669	9,023	90.2
$18,000 to $18,999	4.1	18,348	20,259	18,762	18,384	346.28	16,453	9,563	89.7
$19,000 to $19,999	2.5	19,334	21,127	19,778	19,408	357.73	17,164	10,091	88.8
$20,000 to $21,999	3.2	20,753	22,632	21,278	20,880	369.26	18,099	10,833	87.2
$22,000 to $24,999	2.3	23,036	24,765	23,501	23,147	395.10	19,686	11,830	85.5
$25,000 and over	.9	26,966	29,051	27,008	26,602	402.47	21,769	13,498	80.7
Total	100.0	13,705	15,824	13,937	13,630	282.81	12,528	7,457	91.4

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

TABLE III-43.—*Property characteristics by property value, 1-family homes, Sec. 203, 1961*

FHA estimate of property value	Percentage distribution	Average: Property value	Average: Market price of site	Price of site as percent of value	Average: Calculated area (sq. ft.)	Average: Number of rooms	Average: Number of bedrooms	Percent of structure with—: More than 1 bath	1 story	Full or part basement	Garage	Carport
NEW HOMES												
Less than $8,000	0.1	$7,400	$1,419	19.2	704	4.3	2.5	----	93.2	8.8	20.0	13.3
$8,000 to $8,999	.6	8,535	1,422	16.7	848	4.8	2.7	7.4	98.8	1.9	22.7	35.3
$9,000 to $9,999	3.2	9,465	1,674	17.7	868	4.9	2.9	11.5	99.3	.9	27.9	30.9
$10,000 to $10,999	4.5	10,512	1,783	17.0	921	5.0	2.9	22.1	98.0	3.0	37.6	31.8
$11,000 to $11,999	7.8	11,493	1,866	16.2	981	5.1	2.9	26.5	91.5	14.4	38.8	28.9
$12,000 to $12,999	10.1	12,475	1,992	16.0	1,016	5.2	2.9	31.3	90.9	26.7	43.5	25.8
$13,000 to $13,999	11.7	13,455	2,204	16.4	1,049	5.3	3.0	38.3	93.1	32.6	47.1	22.1
$14,000 to $14,999	13.1	14,440	2,392	16.6	1,093	5.4	3.0	47.9	91.9	35.2	50.8	20.3
$15,000 to $15,999	12.4	15,435	2,620	17.0	1,140	5.5	3.0	59.4	89.2	39.6	54.6	19.7
$16,000 to $16,999	10.9	16,427	2,844	17.3	1,190	5.6	3.1	69.1	87.5	41.7	59.8	18.0
$17,000 to $17,999	8.2	17,413	2,973	17.1	1,269	5.8	3.1	78.5	85.1	41.1	66.3	17.4
$18,000 to $18,999	5.9	18,403	3,233	17.6	1,316	6.0	3.2	84.6	79.8	39.1	69.0	17.8
$19,000 to $19,999	3.4	19,425	3,425	17.6	1,376	6.0	3.2	89.9	82.6	35.2	71.7	17.4
$20,000 to $21,999	4.1	20,839	3,932	18.9	1,445	6.2	3.3	93.1	82.1	32.0	73.5	16.0
$22,000 to $24,999	2.7	23,163	4,415	19.1	1,546	6.4	3.3	95.2	80.2	30.1	71.8	18.4
$25,000 and over	1.3	27,008	5,074	18.8	1,583	6.4	3.4	89.8	83.4	29.2	59.0	31.2
Total	100.0	15,167	2,594	17.1	1,141	5.5	3.0	54.3	89.2	31.3	53.3	21.8
EXISTING HOMES												
Less than $8,000	4.0	6,965	1,117	16.0	950	5.0	2.4	2.9	64.6	44.2	34.4	7.3
$8,000 to $8,999	4.9	8,440	1,387	16.4	954	5.0	2.4	2.9	79.1	32.3	49.7	8.8
$9,000 to $9,999	6.8	9,432	1,578	16.7	986	5.1	2.5	5.3	78.8	35.5	51.2	10.8
$10,000 to 10,999	8.8	10,418	1,794	17.2	1,008	5.1	2.6	7.4	81.3	37.3	56.6	10.8
$11,000 to $11,999	9.5	11,411	2,003	17.6	1,028	5.2	2.6	10.1	80.6	40.4	58.0	10.7
$12,000 to $12,999	10.8	12,416	2,243	18.1	1,059	5.3	2.7	16.1	81.2	41.0	60.8	10.7
$13,000 to $13,999	11.0	13,409	2,487	18.5	1,086	5.3	2.8	20.9	82.1	41.9	61.8	10.6
$14,000 to $14,999	9.7	14,393	2,686	18.7	1,124	5.4	2.9	26.5	80.3	45.1	67.7	9.7
$15,000 to $15,999	8.6	15,380	2,879	18.7	1,169	5.6	2.9	35.4	77.5	50.1	69.7	9.2
$16,000 to $16,999	7.2	16,372	3,093	18.9	1,215	5.7	3.0	43.7	75.4	53.5	71.9	9.1
$17,000 to $17,999	5.7	17,372	3,285	19.1	1,265	5.8	3.0	52.9	74.9	53.8	73.5	10.1
$18,000 to $18,999	4.1	18,348	3,512	19.1	1,317	5.9	3.1	62.0	73.1	55.3	75.3	10.1
$19,000 to $19,999	2.5	19,334	3,657	18.9	1,368	6.0	3.1	69.3	73.3	53.0	79.1	10.7
$20,000 to $21,999	3.2	20,753	3,991	19.2	1,454	6.2	3.1	77.3	69.4	55.2	78.8	11.4
$22,000 to $24,999	2.3	23,036	4,493	19.5	1,539	6.4	3.2	85.7	66.0	57.5	79.1	11.7
$25,000 and over	.9	26,966	5,004	18.6	1,658	6.5	3.2	86.6	65.6	57.6	73.0	17.9
Total	100.0	13,705	2,513	18.3	1,126	5.4	2.8	27.5	77.8	44.7	63.5	10.2

ported most frequently in all value classes for new construction and in all value classes of existing homes appraised at $11,000 or higher.

Year Built.—Table III-45 indicates that the typical existing-home transaction insured in 1961 involved a house 9.8 years old which was appraised by FHA at $13,474. Further, the table reveals that 61 percent of the existing homes insured that year were relatively new, having been built after 1950. The remainder were about equally divided between 10- to 20-year-old homes and those built more than 20 years earlier. As might be expected, it is also evident from the median age of structure that the older homes were appraised at lower values than those constructed more recently. For example, the typical age of the $8,000 house is almost 13 years, while the typical home in the $22,000–$24,999 class is less than 6½ years old. The bulk of the homes valued at $20,000 or more were built in 1955 or later, with a significant portion—about one-fifth—built during the 1950–54 period.

Market Price of Site.—The available market price of site as defined by FHA is the FHA-estimated price of an equivalent site including street improvements and utilities, rough grading, terracing and retaining walls, if any. Table III-46 shows a cross-tabulation of the FHA estimate of value and available market price of equivalent site. (Also see Chart III-18.)

CHART III-18

MARKET PRICE OF EQUIVALENT SITE, 1950–61

Single family home mortgages, Section 203

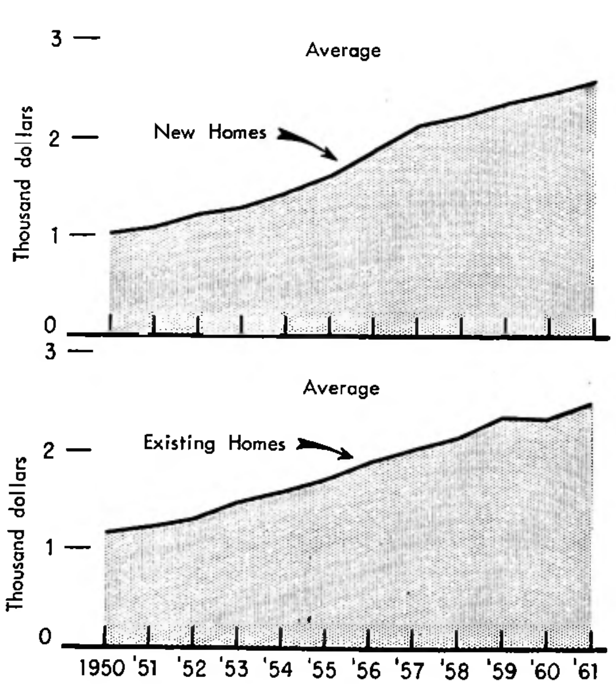


TABLE III-44.—*Number of rooms and bedrooms by property value, 1-family homes, Sec. 203, 1961*

FHA estimate of property value	Percentage distribution	Number of rooms: Average	Rooms % distribution: 4 or less	5	6	7	8 or more	Number of bedrooms: Average	Bedrooms % distribution: 1-2	3	4 or more
NEW HOMES											
Less than $8,000	0.1	4.3	46.7	38.3	13.3	1.7	----	2.5	35.0	63.3	1.7
$8,000 to $8,990	.6	4.8	27.0	63.5	9.2	.3	----	2.7	25.2	73.6	1.2
$9,000 to $9,999	3.2	4.9	24.8	63.9	11.3	----	----	2.9	12.3	86.8	.9
$10,000 to $10,999	4.5	5.0	15.0	72.9	12.0	.1	----	2.9	14.1	84.8	1.1
$11,000 to $11,999	7.8	5.1	7.8	74.8	17.1	.3	----	2.9	9.6	89.5	.9
$12,000 to $12,999	10.1	5.2	6.1	68.8	24.0	1.0	0.1	2.9	7.5	90.8	1.7
$13,000 to $13,999	11.7	5.3	4.9	68.2	23.6	2.9	.4	3.0	6.7	89.4	3.9
$14,000 to $14,999	13.1	5.4	3.1	62.0	28.8	5.2	.9	3.0	4.2	90.8	5.0
$15,000 to $15,999	12.4	5.5	1.6	56.7	34.0	5.9	1.8	3.0	2.2	91.7	6.1
$16,000 to $16,999	10.9	5.6	1.0	48.2	39.7	9.1	2.0	3.1	1.9	89.9	8.2
$17,000 to $17,999	8.2	5.8	.6	39.0	44.0	13.2	3.2	3.1	1.6	86.7	11.7
$18,000 to $18,999	5.9	6.0	.6	28.9	48.9	17.8	3.8	3.2	1.3	82.5	16.2
$19,000 to $19,999	3.4	6.0	.4	24.4	50.9	21.3	3.0	3.2	1.5	78.4	20.1
$20,000 to $21,999	4.1	6.2	.4	21.1	44.3	27.7	6.5	3.3	1.3	72.3	26.4
$22,000 to $24,999	2.7	6.4	.5	15.1	43.5	28.4	12.5	3.3	1.4	67.4	31.2
$25,000 and over	1.3	6.4	1.1	19.2	32.9	30.6	16.2	3.4	3.2	57.9	38.9
Total	100.0	5.5	4.4	54.1	31.4	8.1	2.0	3.0	4.9	87.0	8.1
Median value	$14,918	----	$11,801	$14,071	$16,057	$18,052	$18,598	----	$12,665	$14,823	$18,015
EXISTING HOMES											
Less than $8,000	4.0	5.0	41.7	25.6	23.9	6.0	2.8	2.4	61.9	31.7	6.4
$8,000 to $8,999	4.9	5.0	38.5	35.7	18.0	5.4	2.4	2.4	65.5	28.8	5.7
$9,000 to $9,999	6.8	5.1	30.8	41.0	20.5	5.7	2.0	2.5	57.2	37.4	5.4
$10,000 to $10,999	8.8	5.1	26.6	43.7	22.9	4.8	2.0	2.6	49.9	45.0	5.1
$11,000 to $11,999	9.5	5.2	22.4	44.2	26.6	5.1	1.7	2.6	42.1	52.2	5.7
$12,000 to $12,999	10.8	5.3	18.3	46.1	27.8	5.8	2.0	2.7	36.0	57.1	6.9
$13,000 to $13,999	11.0	5.3	13.5	48.6	29.9	6.2	1.8	2.8	28.7	63.8	7.5
$14,000 to $14,999	9.7	5.4	9.3	48.0	33.7	7.0	2.0	2.9	23.0	69.1	7.9
$15,000 to $15,999	8.6	5.6	6.0	44.8	37.3	9.2	2.7	2.9	17.8	72.7	9.5
$16,000 to $16,999	7.2	5.7	4.4	40.8	40.3	11.4	3.1	3.0	15.3	74.4	10.3
$17,000 to $17,999	5.7	5.8	3.1	36.2	43.2	13.6	3.9	3.0	12.1	76.9	11.0
$18,000 to $18,999	4.1	5.9	2.2	30.5	45.4	17.1	4.8	3.1	9.9	76.1	14.0
$19,000 to $19,999	2.5	6.0	1.7	26.6	45.2	20.7	5.8	3.1	9.9	75.6	14.5
$20,000 to $21,999	3.2	6.2	1.4	19.7	46.4	24.6	7.9	3.1	7.4	75.0	17.6
$22,000 to $24,999	2.3	6.4	1.7	15.9	39.5	31.3	11.6	3.2	6.4	71.5	22.1
$25,000 and over	.9	6.5	2.4	13.2	35.9	32.7	15.8	3.2	7.3	64.2	28.5
Total	100.0	5.4	15.7	40.5	31.6	9.2	3.0	2.8	31.7	59.6	8.7
Median value	$13,474	----	$10,944	$13,312	$14,531	$16,008	$15,802	----	$11,466	$14,375	$15,133

TABLE III-45.—*Year built, by property value, 1-family homes, Sec. 203, 1961*

FHA estimate of property value	Percentage distribution	Median age of structure (years)	Year built—percentage distribution: Prior to 1920	1920 to 1929	1930 to 1939	1940 to 1944	1945 to 1949	1950 to 1954	1955 to 1959	1960 and 1961
EXISTING HOMES										
Less than $8,000	4.0	16.5	21.2	16.9	5.2	6.8	15.4	27.8	5.6	1.1
$8,000 to $8,909	4.9	12.9	8.9	15.0	5.5	7.8	18.3	34.9	8.4	1.2
$9,000 to $9,999	6.8	11.6	6.4	14.5	6.4	7.7	15.8	37.1	10.9	1.2
$10,000 to $10,999	8.8	10.9	5.1	12.0	5.9	7.2	16.1	38.6	13.3	1.8
$11,000 to $11,999	9.5	10.5	4.3	9.8	5.8	7.5	15.6	38.5	16.5	2.0
$12,000 to $12,999	10.8	10.1	3.4	9.5	6.1	6.7	14.7	36.8	20.5	2.3
$13,000 to $13,999	11.0	9.4	2.9	8.3	5.3	5.7	12.9	37.2	24.5	3.2
$14,000 to $14,999	9.7	9.0	2.1	8.3	5.1	5.4	11.6	36.6	26.7	4.2
$15,000 to $15,999	8.6	8.8	2.2	7.9	5.7	5.4	11.2	33.8	29.7	4.1
$16,000 to $16,999	7.2	8.3	1.8	7.3	6.8	4.6	9.7	31.9	33.2	4.7
$17,000 to $17,999	5.7	7.8	1.5	7.1	6.5	5.3	9.5	28.5	37.0	4.6
$18,000 to $18,999	4.1	7.3	1.7	6.3	6.8	5.3	8.9	26.0	38.3	6.7
$19,000 to $19,999	2.5	6.7	1.3	5.7	6.4	5.1	8.0	25.1	41.9	6.5
$20,000 to $21,999	3.2	6.8	1.8	5.3	6.3	6.5	8.7	23.2	42.0	6.2
$22,000 to $21,999	2.3	6.3	1.5	5.5	7.8	6.1	7.0	21.3	43.7	7.1
$25,000 and over	.9	6.2	1.4	6.9	8.7	5.1	5.1	21.3	39.7	11.8
Total	100.0	9.8	4.2	9.6	5.9	6.3	13.1	34.2	23.4	3.3
Median value	$13,474	----	$10,577	$12,141	$13,334	$12,607	$12,416	$12,954	$14,913	$15,227

Table III–46.—*Available market price of equivalent site, by property value, 1-family homes, Sec. 203, 1961*

FHA estimate of property value	Percentage distribution	Median market price of site	Available market price of equivalent site—percentage distribution: Less than $500	$500 to $999	$1,000 to $1,499	$1,500 to $1,999	$2,000 to $2,499	$2,500 to $2,999	$3,000 to $3,499	$3,500 to $3,999	$4,000 to $4,499	$4,500 to $4,999	$5,000 or more
NEW HOMES													
Less than $8,000	0.1	$1,580	--------	25.0	18.3	41.7	15.0	--------	--------	--------	--------	--------	--------
$8,000 to $8,999	.6	1,495	--------	18.4	31.9	41.8	5.2	1.2	1.2	0.3	--------	--------	--------
$9,000 to $9,999	3.2	1,726	(1)	5.6	23.2	46.8	13.9	10.3	.2	--------	--------	--------	--------
$10,000 to $10,999	4.5	1,787	0.1	2.7	20.9	45.9	17.8	10.8	1.3	.4	--------	0.1	--------
$11,000 to $11,999	7.8	1,869	.1	1.8	20.5	37.5	25.7	10.2	3.5	.5	0.1	.1	(1)
$12,000 to $12,999	10.1	1,999	(1)	.8	11.9	37.4	31.5	13.3	4.1	.7	.3	(1)	(1)
$13,000 to $13,999	11.7	2,254	(1)	.4	6.1	26.1	34.2	23.4	7.2	1.8	.5	.2	0.1
$14,000 to $14,999	13.1	2,423	--------	.3	2.5	10.7	32.5	26.1	14.1	3.3	1.1	.3	.1
$15,000 to $15,999	12.4	2,667	(1)	.2	1.5	10.3	27.8	30.6	19.2	7.0	1.5	1.4	.5
$16,000 to $16,999	10.9	2,878	(1)	.1	1.0	5.5	21.4	29.1	24.3	12.1	3.9	1.4	1.2
$17,000 to $17,999	8.2	3,021	(1)	.2	.6	3.8	18.3	26.1	25.3	16.8	5.3	2.0	1.6
$18,000 to $18,999	5.9	3,208	.1	.1	.5	2.1	11.0	21.3	25.0	23.0	10.5	3.0	3.4
$19,000 to $19,999	3.4	3,510	--------	.1	.3	2.3	8.5	17.3	20.9	24.0	13.8	7.6	5.2
$20,000 to $21,999	4.1	3,877	--------	.1	.3	.6	4.3	9.5	16.9	24.2	16.6	9.8	17.7
$22,000 to $24,999	2.7	4,301	.1	.3	.1	.9	2.1	5.6	10.9	19.0	18.4	10.9	31.7
$25,000 and over	1.3	4,767	--------	.6	1.2	1.2	2.6	5.1	5.8	9.1	16.1	15.6	42.7
Total	100.0	2,528	(1)	.8	6.2	18.6	23.2	20.7	13.8	8.1	3.8	1.9	2.9
EXISTING HOMES													
Less than $8,000	4.0	1,166	.7	34.8	43.6	17.1	2.9	.6	.1	--------	.1	(1)	.1
$8,000 to $8,999	4.9	1,439	.1	12.3	42.8	33.0	7.7	2.3	.6	.2	.1	--------	(1)
$9,000 to $9,999	6.8	1,636	.1	7.0	32.8	37.0	15.5	5.5	1.5	.4	.1	.1	(1)
$10,000 to $10,999	8.8	1,817	(1)	3.3	23.3	36.8	20.6	10.0	4.2	1.4	.2	.1	.1
$11,000 to $11,999	9.5	1,993	(1)	1.8	15.6	33.0	24.0	13.9	7.2	3.4	.9	.1	.1
$12,000 to $12,999	10.8	2,249	(1)	.9	10.6	25.5	26.0	16.8	9.8	6.5	2.8	.8	.3
$13,000 to $13,999	11.0	2,169	(1)	.5	6.1	20.3	24.6	18.8	12.4	9.4	5.1	2.0	.8
$14,000 to $14,999	9.7	2,708	(1)	.4	3.8	14.4	22.8	20.4	14.5	12.9	6.6	2.5	1.7
$15,000 to $15,999	8.6	2,909	.1	.3	2.2	9.9	20.2	21.2	17.5	12.8	8.5	4.1	3.2
$16,000 to $16,999	7.2	3,131	(1)	.1	1.6	7.1	15.9	20.1	19.9	13.8	10.2	5.4	5.9
$17,000 to $17,999	5.7	3,323	(1)	.1	.7	5.2	12.5	18.4	20.2	16.6	10.7	7.1	8.5
$18,000 to $18,999	4.1	3,548	.1	.1	.7	3.6	9.6	16.6	17.7	16.8	13.4	8.1	13.3
$19,000 to $19,999	2.5	3,667	--------	(1)	.4	2.9	7.1	15.4	18.5	17.0	13.7	9.6	15.4
$20,000 to $21,999	3.2	3,994	.1	.1	.6	1.7	4.2	11.1	16.4	16.0	13.9	10.8	25.1
$22,000 to $24,999	2.3	4,461	.1	.2	.2	1.2	2.5	5.7	10.7	15.5	15.0	11.0	37.0
$25,000 and over	.9	5,000	.2	.1	2.6	1.5	2.3	5.1	7.0	8.3	11.7	11.2	50.0
Total	100.0	2,420	.1	3.2	12.2	19.6	17.8	14.5	11.1	8.5	5.5	3.0	4.5

1 Less than 0.05 percent.

In 1961, the median land price for a new home was $2,528, or 17 percent of the total FHA property valuation. For existing homes, the price of site ($2,420) was 4½ percent less, but accounted for a slightly larger (18 percent) share of total value. Roughly 42 percent of the new homes and 37 percent of the existing homes securing mortgages insured during the year were constructed on sites appraised between $1,500 and $2,499. In addition, some 34 percent of the new-home sites were valued between $2,500 and $3,499 compared with about one-fourth for existing dwellings. It is of further interest to note the variation of site-value relationships by comparing several value classes. For instance, in the low-price class, represented by the $9,000 dwelling, 7 out of every 10 new and existing homes were built on sites valued between $1,000 and $1,999. In the medium-price class represented by the $15,000 house, the bulk—58½ percent of the new and 41½ percent of the existing homes—were constructed on sites appraised between $2,000 and $2,999. In the higher priced homes, as represented by the $22,000-or-more class, four out of every five new and existing homes were built on lots valued at more than $3,500. Moreover, between one-third and one-half of all high-valued homes were on sites valued at $5,000 or more.

Water and Sewer Supply.—Table III–47 indicates that about 95 percent of all homes insured by FHA in 1961 are serviced by public water supplies. The main exceptions are in the most expensive homes and in some of the least expensive new homes, which generally are not in subdivisions and consequently may be some distance from public pipelines. The table also indicates that nearly four out of every five homes have public sewer systems, while an additional 15½ percent of the new homes and about one-fifth of the existing homes have individual sewer systems, the bulk of which are of the septic tank variety. Only 5 percent of the new homes and 1 percent of the existing were served by community sewer systems.

Water and sewage-disposal systems, 1-family homes, 1961

	Water and sewage disposal—percentage distribution: Total	Public water	Community water	Individual water
NEW HOMES				
Public sewer	79.5	83.7	3.5	8.9
Community sewer	5.1	2.0	71.2	9.5
Individual septic tank	13.1	11.8	25.3	81.6
Individual cesspool	2.3	2.5	(1)	--------
Total	100.0	100.0	100.0	100.0
Percent of total	100.0	94.7	4.3	1.0
EXISTING HOMES				
Public sewer	78.3	81.4	4.6	11.0
Community sewer	.9	.4	47.9	.8
Individual septic tank	17.6	15.0	46.3	86.8
Individual cesspool	3.2	3.2	1.2	1.4
Total	100.0	100.0	100.0	100.0
Percent of total	100.0	95.7	1.1	3.2

1Less than 0.05 percent.

The text table on page 80 reveals that a public water system is almost always accompanied by a public sewerline and that community water systems are usually associated with community sewer systems or individual septic tank systems. When individual water systems are used, septic tank sewer systems are most often present. It is of interest to note that septic tank systems are found in significant numbers among all property value ranges.

Financial Characteristics.—The average new-home mortgage in a typical value class—$15,000—was secured by a property appraised at $15,435 and was to be amortized over a period of 29½ years by a mortgagor with a monthly income of about $650 (Table III–48). His monthly housing payment totaled $136.43, the greatest portion ($110) of which was debt service, including $17.06 for property taxes. In addition, $19.59 was to be set aside for heating and utility expenses, as well as $6.72 for repairs and maintenance.

On the average, new-home mortgages were written for a term of 29½ years and existing-home contracts for 26.7 years. Moreover, in all value groups new-construction mortgage terms exceeded those for corresponding existing-home groups. It may also be observed that new-home mortgage terms were quite stable throughout most value classes, while existing-home mortgage durations tended to rise gradually to a peak of 27.7 in the $17,000-to-$19,999 range and then recede slightly for higher valuations.

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

Table III–47.—*Water supply and sewage disposal systems by property value, 1-family homes, Sec. 203, 1961*

FHA estimate of property value	Percentage distribution	Percentage distribution of—Water supply: Public	Water supply: Community	Water supply: Private well	Sewage disposal: Public	Sewage disposal: Community	Sewage disposal: Individual system: Septic tank	Sewage disposal: Individual system: Cesspool
NEW HOMES								
Less than $8,000	0.1	93.3	6.7	--------	91.7	6.7	1.6	--------
$8,000 to $8,999	.6	92.0	8.0	--------	64.5	3.1	28.7	3.7
$9,000 to $9,999	3.2	94.2	5.8	--------	76.7	7.0	14.7	1.6
$10,000 to $10,999	4.5	90.2	9.4	0.4	77.3	9.9	12.5	.3
$11,000 to $11,999	7.8	91.0	7.3	.8	79.8	8.7	11.1	.4
$12,000 to $12,999	10.1	93.6	5.5	.9	78.7	6.3	13.2	1.8
$13,000 to $13,999	11.7	94.5	4.3	1.2	77.3	6.3	14.5	1.9
$14,000 to $14,999	13.1	94.8	4.1	1.1	76.4	4.7	15.2	3.7
$15,000 to $15,999	12.4	95.4	3.4	1.2	79.6	4.0	13.9	2.5
$16,000 to $16,999	10.0	96.7	2.4	.9	81.8	3.0	12.4	2.8
$17,000 to $17,999	8.2	95.9	3.2	.9	81.6	3.0	12.6	2.8
$18,000 to $18,999	5.9	95.9	3.3	.8	81.6	4.4	11.6	2.4
$19,000 to $19,999	3.4	95.2	3.7	1.1	83.0	3.7	12.2	1.1
$20,000 to $21,999	4.1	96.4	2.8	.8	84.3	3.4	9.5	2.8
$22,000 to $24,999	2.7	96.4	2.7	.9	85.2	4.0	8.8	2.0
$25 000 and over	1.3	89.9	6.1	4.0	73.6	3.2	13.4	9.8
Total	100.0	94.7	4.3	1.0	79.5	5.1	13.1	2.3
EXISTING HOMES								
Less than $8,000	4.0	96.7	.5	2.8	87.1	.3	11.0	1.6
$8,000 to $8,999	4.9	97.2	.6	2.2	84.8	.4	13.4	1.4
$9,000 to $9,999	6.8	96.8	.8	2.4	81.4	.7	16.1	1.8
$10,000 to $10,999	8.8	96.7	1.0	2.3	80.3	.6	17.0	2.1
$11,000 to $11,999	9.5	96.2	1.3	2.5	79.9	1.0	17.2	1.9
$12,000 to $12,999	10.8	95.6	1.4	3.0	77.6	1.2	18.3	2.9
$13,000 to $13,999	11.0	95.4	1.4	3.2	76.7	1.1	18.2	4.0
$14,000 to $14,999	9.7	95.5	1.1	3.4	76.7	1.1	17.7	4.5
$15,000 to $15,999	8.6	95.2	1.3	3.5	76.2	1.4	17.5	4.9
$16,000 to $16,999	7.2	94.5	1.4	4.1	76.0	1.2	18.5	4.3
$17,000 to $17,999	5.7	95.3	1.2	3.5	76.9	.9	18.7	3.5
$18,000 to $18,999	4.1	95.2	.9	3.9	76.8	.6	19.1	3.5
$19,000 to $19,999	2.5	95.3	1.3	3.4	77.1	.9	19.9	2.1
$20,000 to $21,999	3.2	94.9	1.4	3.7	74.8	.6	21.6	3.0
$22,000 to $24,999	2.3	94.1	1.2	4.7	72.8	.9	23.4	2.9
$25,000 and over	.9	90.6	1.5	7.9	68.6	.6	25.5	5.3
Total	100.0	95.7	1.1	3.2	78.3	.9	17.6	3.2

TABLE III-48.—*Financial characteristics by property value, 1-family homes, Sec. 203, 1961*

FHA estimate of property value	Percentage distribution	Average		Average monthly						
		Property value	Term of mortgage (years)	Property taxes	Total mortgage payment	Prospective housing expense	Mortgagor's income	Heating and utilities	Maintenance and repair
NEW HOMES									
Less than $8,000	0.1	$7,400	27.9	$5.68	$54.85	$71.88	$359.60	$12.78	$4.25
$8,000 to $8,999	.6	8,535	29.4	6.92	62.67	84.59	414.88	16.82	5.10
$9,000 to $9,999	3.2	9,465	29.2	8.60	69.39	90.02	443.86	15.69	4.94
$10,000 to $10,999	4.5	10,512	29.3	10.04	75.59	97.20	471.30	16.19	5.42
$11,000 to $11,999	7.8	11,493	29.4	11.60	82.93	105.70	498.89	17.04	5.73
$12,000 to $12,999	10.1	12,475	29.4	13.26	90.18	114.05	533.69	17.01	5.96
$13,000 to $13,999	11.7	13,455	29.6	14.20	96.56	121.28	571.57	18.56	6.16
$14,000 to $14,999	13.1	14,440	29.6	15.93	103.85	129.65	608.79	19.32	6.48
$15,000 to $15,999	12.4	15,435	29.6	17.06	110.12	136.43	649.64	19.59	6.72
$16,000 to $16,999	10.9	16,427	29.5	18.45	116.91	144.16	693.54	20.07	7.18
$17,000 to $17,999	8.2	17,413	29.5	19.92	123.55	152.22	740.02	20.92	7.75
$18,000 to $18,999	5.9	18,403	29.5	21.27	129.98	159.65	781.29	21.45	8.22
$19,000 to $19,999	3.4	19,425	29.4	22.59	135.89	166.32	828.92	21.60	8.83
$20,000 to $21,999	4.1	20,839	29.4	24.71	143.79	175.39	870.46	22.07	9.53
$22,000 to $24,999	2.7	23,163	29.2	26.41	156.10	190.61	980.31	24.04	10.48
$25,000 and over	1.3	27,008	29.2	26.97	174.28	216.42	1,078.27	30.00	12.14
Total	100.0	15,167	29.5	16.63	107.74	134.12	645.02	19.46	6.92
EXISTING HOMES									
Less than $8,000	4.0	6,965	21.9	9.14	59.70	81.90	425.67	16.49	5.71
$8,000 to $8,999	4.9	8,440	24.3	9.72	68.59	91.45	461.50	16.91	5.95
$9,000 to $9,999	6.8	9,432	25.2	10.84	73.79	97.49	481.54	17.41	6.29
$10,000 to $10,999	8.8	10,418	26.0	11.98	79.03	103.18	507.52	17.74	6.41
$11,000 to $11,999	9.5	11,411	26.6	13.02	85.08	109.70	532.91	18.05	6.56
$12,000 to $12,999	10.8	12,416	26.9	14.22	91.72	116.77	564.20	18.39	6.67
$13,000 to $13,999	11.0	13,409	27.3	15.96	98.62	124.32	595.06	18.80	6.91
$14,000 to $14,999	9.7	14,393	27.5	17.49	105.14	131.73	630.85	19.39	7.20
$15,000 to $15,999	8.6	15,380	27.6	19.39	112.10	139.78	667.78	20.17	7.52
$16,000 to $16,999	7.2	16,372	27.6	20.63	118.47	147.25	704.87	20.89	7.89
$17,000 to $17,999	5.7	17,372	27.7	21.57	124.65	154.54	751.90	21.59	8.30
$18,000 to $18,999	4.1	18,348	27.6	23.28	131.53	162.22	796.95	22.11	8.58
$19,000 to $19,999	2.5	19,334	27.7	24.41	137.02	168.74	840.88	22.67	9.05
$20,000 to $21,999	3.2	20,753	27.5	26.31	145.65	178.61	902.71	23.30	9.66
$22,000 to $24,999	2.3	23,036	27.5	29.04	158.58	193.35	985.84	24.84	9.93
$25,000 and over	.9	26,966	26.9	32.49	178.71	219.42	1,124.85	29.29	11.42
Total	100.0	13,705	26.7	16.60	100.73	127.35	621.45	19.40	7.22

the average for all new homes was slightly higher than that for all existing homes. The total monthly payment grew as values increased, reflecting the heavier debt service on higher average mortgage amounts and the influence of increased taxes. Although the average term for new-home mortgages was longer, the mortgage principal was still sufficiently greater than the corresponding existing-home mortgages to require higher monthly payments for new homes ($108) than for existing homes ($101).

Prospective housing expense, consisting principally of the mortgage payment, showed similar tendencies, with the expenses for new homes ranging from $72 for homes valued at less than $8,000 to $216 for those valued at $25,000 or higher. Over the same range of values, existing-home expenses varied slightly less—from $82 to $219. As in the case of the mortgage payment, the housing expense was higher for existing-home owners in all value classes, but the overall average expense for new homes ($134) was somewhat higher than for existing-home transactions ($127). The monthly expenses attributable to household operation and estimated cost of repairs averaged roughly $26 for all FHA home purchasers, including estimated heating and utility expenses of approximately $19.40. In individual value categories, the average heating and utility expense was generally greater for existing-home buyers. Maintenance expenditures were higher for existing homes valued below $22,000, but higher for new homes above that range.

Incidental Costs.—Table III–49 shows the incidental costs necessary to close a mortgage transaction and chargeable to the mortgagor for items incidental to the transaction, regardless of whether included in whole or in part in the contract price. They may include FHA examination fee, mortgagee's initial service charge, cost of the title search, title insurance, recording fees, charges for the preparation of deed, and similar items. Deposits for unaccrued taxes, insurance premiums, and similar items are regarded as prepayable expenses and are not included as incidental costs. During 1961, the typical amount of closing costs for new-home buyers was $299, somewhat higher than the $280 required for existing-home buyers. For both new and existing construction, closing costs tended to rise as property values increased. It may also be noted that median incidental costs were relatively higher for new homes valued below $17,000, but generally higher for existing homes above that point.

About two out of every five mortgage transactions involved closing costs of $200 to $299. Twenty-eight percent of the new-home mortgages and 24 percent of the existing-home mortgages were closed with fees of $300 to $399. The wide

TABLE III–49.—*Incidental costs by property value, 1-family homes,[1] Sec. 203, 1961*

FHA estimate of property value	Percentage distribution	Median incidental costs	Incidental costs—percentage distribution								
			Less than $100	$100 to $199	$200 to $299	$300 to $399	$400 to $499	$500 to $599	$600 to $699	$700 to $799	$800 or more
NEW HOMES											
Less than $8,000	0.1	$252.08	11.8	13.7	47.1	17.6	7.8	2.0	------	------	------
$8,000 to $8,999	.6	228.29	11.3	22.9	55.9	9.5	.4	------	------	------	------
$9,000 to $9,999	3.2	260.04	1.2	20.5	42.2	34.2	1.3	.5	0.1	------	------
$10,000 to $10,999	4.5	264.53	1.3	18.2	47.2	24.5	5.3	3.3	.2	------	------
$11,000 to $11,999	7.8	277.44	2.0	13.7	44.3	28.1	9.5	1.9	.5	------	------
$12,000 to $12,999	10.1	280.16	2.8	11.4	44.6	27.5	9.4	3.3	.9	(2)	0.1
$13,000 to $13,999	11.7	279.01	3.4	8.9	47.7	26.7	10.8	1.9	.4	0.2	(2)
$14,000 ot $14,999	13.1	289.50	2.8	9.0	42.6	27.8	14.7	1.9	.7	.4	.1
$15,000 to $15,999	12.4	299.47	3.3	6.6	40.3	30.1	15.7	3.1	.5	.3	.1
$16,000 to $16,999	10.9	309.28	2.4	9.0	35.9	28.4	18.9	3.6	.9	.2	.7
$17,000 to $17,999	8.2	320.96	1.5	6.1	36.6	27.6	22.1	4.5	1.0	.1	.5
$18,000 to $18,999	5.9	340.42	.9	5.2	32.2	29.0	21.5	8.5	1.8	.2	.7
$19,000 to $19,999	3.4	352.94	.9	4.3	29.7	28.4	21.3	13.0	1.9	.3	.2
$20,000 to $21,999	4.1	373.84	.5	3.0	25.4	28.4	27.9	11.3	2.4	.6	.5
$22,000 to $24,999	2.7	418.13	.4	2.8	16.8	25.3	26.3	24.1	2.9	1.0	.4
$25,000 and over	1.3	478.32	.2	1.0	6.0	27.3	19.8	38.0	4.6	1.9	1.2
Total	100.0	298.84	2.3	8.0	39.2	28.0	15.3	4.9	.9	.2	.3
EXISTING HOMES											
Less than $8,000	4.0	222.35	2.4	30.3	37.1	18.6	2.5	.1	------	------	------
$8,000 to $8,999	4.9	223.26	1.3	39.0	41.8	13.8	3.9	.2	------	------	------
$9,000 to $9,999	6.8	237.29	1.1	32.3	44.0	16.0	4.8	.3	------	------	(2)
$10,000 to $10,999	8.8	254.22	1.0	24.2	45.7	21.6	6.2	1.2	.1	------	(2)
$11,000 to $11,999	9.5	265.59	.7	18.0	47.7	25.5	5.9	2.0	.2	(2)	(2)
$12,000 to $12,999	10.8	271.39	.8	15.7	46.8	27.6	6.7	2.1	.3	(2)	(2)
$13,000 to $13,999	11.0	276.25	.8	12.1	48.6	25.0	9.6	2.3	.6	.1	(2)
$14,000 to $14,999	9.7	286.08	.8	9.4	46.2	24.5	14.9	3.4	.7	.1	(2)
$15,000 to $15,999	8.6	297.73	.6	8.5	41.8	25.7	16.0	5.5	1.6	.2	.1
$16,000 to $16,999	7.2	309.15	.5	7.0	40.2	24.8	18.9	6.4	2.0	.1	.1
$17,000 to $17,999	5.7	331.82	.4	5.0	35.9	27.3	20.1	8.3	2.3	.5	.2
$18,000 to $18,999	4.1	346.00	.4	4.1	33.4	25.9	21.0	10.7	3.7	.6	.2
$19,000 to $19,999	2.5	359.69	.5	3.9	29.7	26.6	20.1	14.3	3.7	.8	.4
$20,000 to $21,999	3.2	370.04	.5	2.4	26.1	30.0	21.0	14.6	3.8	1.1	.5
$22,000 to $24,999	2.3	388.82	.5	2.1	20.7	30.0	16.3	22.3	5.1	1.8	1.2
$25,000 and over	.9	394.19	.3	2.0	18.2	31.3	16.1	22.6	6.1	1.2	2.2
Total	100.0	279.96	.8	15.4	42.2	24.3	11.4	4.5	1.1	.2	.1

[1] In this table data are based on purchase transactions only.
[2] Less than 0.05 percent.

geographical variation in these closing costs is revealed by the fact that fees of less than $200 were reported in 11 percent of the new-home closings and in one-sixth of the existing-home cases, while about 6 percent of all closings required charges above $500.

Size of House Characteristics

This portion of the report deals with the size of the homes securing mortgages insured by FHA under Section 203, including descriptive material concerning property characteristics by floor area groups (Table III–51) and area data by age of mortgagor groups (Table III–52).

Calculated Area.—Typically, new single-family homes securing mortgages insured in 1961 were fractionally smaller than those insured in 1960, while the existing-home size was slightly larger than in 1960. The median area for a new home was 1,088 square feet—only 11 square feet larger than was typical for existing dwellings. As shown in Chart III–19 and in Table III–50, over one-half of all the new homes included from 900 to 1,199 square feet, with the greater share—23 percent—in the 1,000–1,099-square-foot class. Existing-home sizes were spread over a wider range but with the greatest concentration also in the 1,000–

CHART III–19

CALCULATED AREA, 1961

Single family home mortgages, Section 203

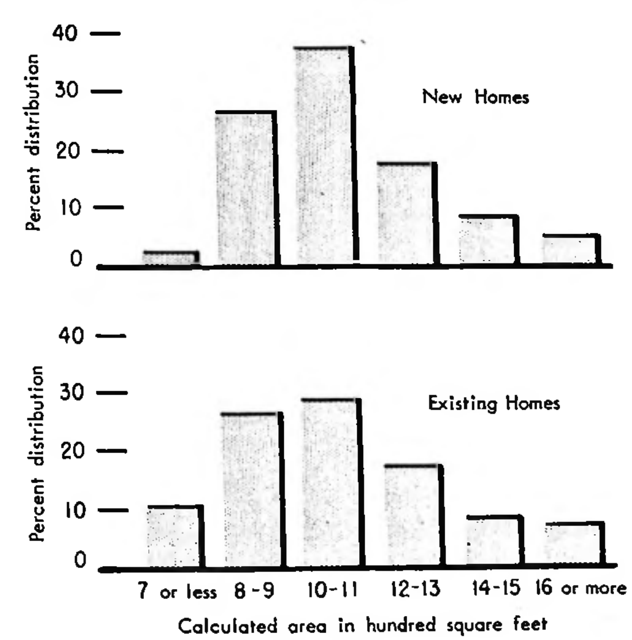


TABLE III-50.—*Calculated area, 1-family homes, Sec. 203, selected years*

Calculated area (sq. ft.)	Percentage distribution				
	1961	1960	1959	1955	1950
NEW HOMES					
Less than 600	(1)	(1)	(1)	0.2	0.5
600 to 699	0.3	0.2	0.1	1.3	7.6
700 to 799	2.4	1.6	1.8	7.5	30.6
800 to 899	7.3	6.5	7.4	15.5	25.4
900 to 999	19.8	20.1	19.6	20.0	13.0
1,000 to 1,099	22.8	23.8	22.3	20.1	9.9
1,100 to 1,199	15.2	15.4	16.1	14.5	5.3
1,200 to 1,299	10.4	11.5	11.6	8.9	3.2
1,300 to 1,399	7.4	7.3	7.6	5.7	2.0
1,400 to 1,499	5.1	5.0	5.2	2.8	.9
1,500 to 1,599	3.7	3.7	3.4	1.7	.6
1,600 to 1,799	3.9	3.7	3.7	1.2	.6
1,800 to 1,999	1.2	.9	.9	.4	.2
2,000 or more	.5	.3	.3	.2	.2
Total	100.0	100.0	100.0	100.0	100.0
Average	1,141	1,142	1,140	1,049	804
Median	1,088	1,091	1,095	1,022	838
EXISTING HOMES					
Less than 600	0.1	0.1	0.1	0.4	0.5
600 to 699	1.7	1.9	1.8	2.6	3.3
700 to 799	9.1	10.6	10.5	12.5	14.4
800 to 899	12.5	14.1	14.1	15.4	16.5
100 to 999	14.2	14.2	14.1	14.4	14.1
1,000 to 1,099	15.9	15.8	15.9	13.9	11.7
1,100 to 1,199	13.1	12.9	12.6	11.1	9.3
1,200 to 1,299	10.4	9.9	9.9	8.6	7.6
1,300 to 1,399	7.2	6.7	6.8	6.4	5.8
1,400 to 1,499	5.1	4.5	4.7	4.4	4.3
1,500 to 1,599	3.5	3.2	3.2	3.0	3.2
1,600 to 1,799	3.9	3.4	3.5	3.7	4.2
1,800 to 1,999	1.8	1.5	1.6	1.7	2.2
2,000 or more	1.5	1.2	1.2	1.9	2.9
Total	100.0	100.0	100.0	100.0	100.0
Average	1,126	1,101	1,105	1,096	1,100
Median	1,077	1,057	1,059	1,030	1,006

[1] Less than 0.05 percent.

1,099-square-foot range. In general, existing homes were reported relatively more frequently in the size classes below 900 square feet, and new homes in the range from 900 to 1,199 square feet. About one-third of all homes—both new and existing—involved areas of 1,200 or more square feet.

Characteristics by Calculated Area.—Table III-51 indicates that a typical new home, for example, in the 1,000–1,099-square-foot range had a floor area of 1,044 square feet and was appraised by FHA at $14,540. It contained five rooms, of which three were bedrooms, and sold for $14,273. When closing costs were included, the entire transaction involved payment by the new-home owner of a total of $14,546. Almost 94 percent of the homes in this size range were one-story houses and more than one-third had basements. Moreover, 42 percent had more than one bath. In addition, about half of the homes in this group had garages and 21 percent had carports.

As to the overall averages, the number of rooms reported for new and existing homes was about the same—5.5 and 5.4, respectively—and the number of bedrooms slightly larger for new (three) than for existing (2.8) homes. As expected, the number of multistory and split-level homes, in both new- and existing-home categories, increased as floor areas became larger. Split-level homes, although not shown in the table, accounted for 6 percent of the new and about 2 percent of the existing homes.

TABLE III-51.—*Property characteristics by calculated area, 1-family homes, Sec. 203, 1961*

Calculated area (sq. ft.)	Percentage distribution	Average						Percent of structure with—				
		Calculated area (sq. ft.)	Property value	Total acquisition cost [1]	Sale price [1]	Number of rooms	Number of bedrooms	More than 1 bath	1 story	Full or part basement	Garage	Carport
NEW HOMES												
Less than 700	0.3	664	$9,615	$9,538	$9,670	4.0	2.6	----------	100.0	3.2	18.6	29.9
700 to 799	2.4	753	11,144	11,203	10,882	4.5	2.6	1.4	98.3	20.8	20.7	27.2
800 to 899	7.3	859	11,925	11,936	11,711	4.8	2.8	9.4	94.6	33.5	32.4	28.6
900 to 999	19.8	946	13,223	13,235	12,986	5.1	3.0	18.5	94.1	39.3	39.4	19.2
1,000 to 1,099	22.8	1,044	14,540	14,546	14,273	5.3	3.0	42.4	93.6	39.1	50.2	21.4
1,100 to 1,199	15.2	1,146	15,471	15,493	15,190	5.5	3.0	70.9	87.7	31.6	59.2	22.5
1,200 to 1,299	10.4	1,246	16,295	16,380	16,055	5.7	3.1	86.9	88.4	25.7	66.5	22.8
1,300 to 1,399	7.4	1,348	17,224	17,287	16,963	5.9	3.2	90.3	83.5	20.4	70.8	20.0
1,400 to 1,499	5.1	1,446	17,966	18,060	17,739	6.2	3.3	95.2	82.9	14.8	70.7	19.1
1,500 to 1,599	3.7	1,549	18,871	19,074	18,713	6.3	3.3	96.0	76.4	18.8	69.7	20.6
1,600 to 1,699	2.4	1,641	19,318	19,398	19,042	6.6	3.4	97.6	76.8	15.0	69.5	21.9
1,700 to 1,799	1.5	1,748	20,227	20,536	20,093	6.8	3.5	97.5	68.8	18.0	69.0	23.2
1,800 to 1,999	1.2	1,876	20,945	21,100	20,682	6.9	3.5	95.3	61.5	21.0	66.4	22.2
2,000 or more	.5	2,151	23,437	23,200	22,865	7.2	3.7	97.0	66.7	16.8	63.7	27.7
Total	100.0	1,141	15,167	15,184	14,894	5.5	3.0	54.3	89.2	31.3	53.3	21.8
EXISTING HOMES												
Less than 700	1.8	658	9,713	9,962	9,684	4.2	2.0	2.8	91.4	49.4	48.5	4.7
700 to 799	9.1	753	10,938	11,186	10,923	4.4	2.2	3.0	90.5	49.2	54.4	5.5
800 to 899	12.5	849	11,742	11,960	11,692	4.7	2.4	4.6	90.7	42.7	50.7	7.1
900 to 999	14.2	948	12,534	12,748	12,465	5.1	2.6	7.1	90.4	42.6	58.5	9.7
1,000 to 1,099	15.9	1,047	13,420	13,663	13,370	5.3	2.8	17.6	80.1	39.0	63.2	11.0
1,100 to 1,199	13.1	1,146	14,241	14,495	14,179	5.6	2.9	32.2	76.9	41.4	67.4	11.6
1,200 to 1,299	10.4	1,245	14,859	15,111	14,783	5.8	3.0	45.0	70.9	42.7	68.4	12.2
1,300 to 1,399	7.2	1,345	15,520	15,801	15,466	6.0	3.0	54.2	64.4	46.2	69.6	12.4
1,400 to 1,499	5.1	1,445	15,856	16,117	15,770	6.2	3.1	56.6	58.6	50.1	68.1	13.4
1,500 to 1,599	3.5	1,545	16,653	16,979	16,617	6.4	3.2	63.3	54.7	51.3	71.4	11.6
1,600 to 1,699	2.4	1,645	16,901	17,191	16,823	6.6	3.3	67.1	50.5	53.0	69.5	11.7
1,700 to 1,799	1.5	1,745	17,221	17,518	17,144	6.8	3.3	69.7	47.5	53.8	68.1	11.6
1,800 to 1,999	1.8	1,887	17,046	17,380	16,999	6.9	3.4	67.6	41.1	50.8	68.3	12.0
2,000 or more	1.5	2,337	17,761	17,917	17,470	7.4	3.8	76.5	22.3	72.3	69.3	11.2
Total	100.0	1,126	13,705	13,937	13,630	5.4	2.8	27.5	77.8	44.7	63.5	10.2

[1] Data reflect purchase transactions only.

TABLE III-52.—*Age of principal mortgagor, by calculated area, 1-family homes, Sec. 203, 1961*

Calculated area (sq. ft.)	Percentage distribution	Age of principal mortgagor								
		Median age (years)	Less than 25	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 59	60 or more
NEW HOMES			Percentage distribution by calculated area							
Less than 700	0.3	34.6	0.4	0.3	0.2	0.3	0.4	0.5	0.4	3.5
700 to 799	2.4	32.1	3.2	2.2	2.0	1.7	2.3	2.8	3.6	8.0
800 to 899	7.3	29.8	13.1	7.2	5.4	4.8	5.7	7.1	7.8	21.9
900 to 999	19.8	29.7	30.8	22.4	16.8	14.9	15.5	15.8	17.6	14.8
1,000 to 1,099	22.8	31.2	26.8	25.1	21.6	20.3	20.4	20.2	21.7	17.8
1,100 to 1,199	15.2	32.4	12.9	15.9	15.8	15.4	15.2	15.9	13.9	9.8
1,200 to 1,299	10.4	33.5	6.2	10.1	11.6	12.1	11.3	11.1	11.4	8.8
1,300 to 1,399	7.4	34.2	3.1	6.7	8.6	9.4	9.4	8.2	7.5	5.5
1,400 to 1,499	5.1	34.9	1.0	3.9	6.1	6.8	6.4	6.5	6.3	3.8
1,500 to 1,599	3.7	35.3	.9	2.8	4.4	5.2	4.8	5.0	4.2	1.8
1,600 to 1,699	2.4	35.4	.5	1.5	3.4	3.7	3.4	2.9	2.5	2.6
1,700 to 1,799	1.5	36.0	.1	1.0	1.9	2.3	2.2	1.0	1.6	1.0
1,800 to 1,999	1.2	36.2	.1	.7	1.6	2.1	2.0	1.4	1.0	.5
2,000 or more	.5	37.4	(1)	.2	.6	1.0	1.0	.7	.5	.2
Total	100.0	32.4	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	----------	14.3	25.7	21.2	16.2	10.3	6.5	4.6	1.2
Median area	1,088	----------	1,010	1,071	1,125	1,152	1,137	1,122	1,095	1,010
EXISTING HOMES										
Less than 700	1.8	28.7	4.1	2.1	1.2	1.0	1.0	1.4	2.0	3.3
700 to 799	9.1	29.5	17.6	10.4	6.8	5.9	6.4	7.1	9.7	10.3
800 to 899	12.5	30.5	20.1	14.0	10.0	9.0	9.7	11.3	13.7	15.7
900 to 999	14.2	31.3	18.9	16.0	13.3	11.6	12.0	12.1	14.0	12.9
1,000 to 1,099	15.9	32.5	16.6	17.4	15.4	15.0	15.4	15.4	14.6	16.5
1,100 to 1,199	13.1	33.2	10.0	13.8	14.2	13.6	13.2	13.1	12.2	13.3
1,200 to 1,299	10.4	34.4	5.6	9.6	11.7	11.9	12.2	11.8	10.0	8.9
1,300 to 1,399	7.2	34.9	3.0	6.3	8.4	9.0	8.7	8.3	7.6	5.9
1,400 to 1,499	5.1	35.4	1.8	3.8	6.3	6.9	6.1	6.2	5.4	3.6
1,500 to 1,599	3.5	35.9	.9	2.5	4.3	4.8	4.9	4.2	3.2	3.4
1,600 to 1,699	2.4	36.6	.5	1.5	2.8	3.5	3.4	3.1	2.4	2.1
1,700 to 1,799	1.5	36.3	.3	.9	1.9	2.3	2.0	1.6	1.7	1.5
1,800 to 1,999	1.8	37.1	.4	.9	2.0	2.8	2.6	2.3	1.9	1.4
2,000 or more	1.5	37.4	.2	.8	1.7	2.7	2.4	2.1	1.6	1.2
Total	100.0	33.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	----------	13.1	24.4	20.4	15.7	11.4	7.8	6.3	.9
Median area	1,077	----------	94.3	1,043	1,123	1,155	1,142	1,120	1,073	1,047

[1] Less than 0.05 percent.

The trend toward more bathrooms in recently constructed homes is also indicated in the table, since 54 percent of the new homes had this feature, in contrast with about 28 percent of the existing homes. In addition, higher proportions of new homes with more than one bathroom were reported in virtually all area ranges. Moreover, at least 70 percent of all new homes over 1,100 square feet in area had more than one bathroom. (Either a second complete bath or powder room accommodations would result in a classification of "more than one bath.")

Basements were reported in 45 percent of the existing homes but in only 31 percent of all new homes. In fact, with one exception, basements were more frequently reported in all area ranges for existing homes. This is probably due to the increased use of the slab type construction in the new homes and to some extent to the geographical location of the newer homes.

Garages were reported in 64 percent of the existing homes and about 53 percent of the new homes. In contrast, carports were reported more frequently for new homes—22 percent—while only about one-tenth of the existing homes had this facility.

Age of Principal Mortgagor.—Table III-52 shows the age of the principal mortgagor and the size of the homes purchased in 1961. Forty percent of the new homes and 38 percent of the existing homes insured by FHA under Section 203 were purchased by mortgagors under 30 years of age, with one out of every four being in the 25–29 age group. Approximately one-fifth of the homes were bought by mortgagors between 30 and 34 years old. Another third of the purchasers were between 35 and 49 years of age, and only about 1 percent of the purchasers were 60 years or older. A wide range of home sizes is recorded for each age class of mortgagors, but slightly smaller homes, as indicated by median sizes, are reported for the youngest and oldest mortgagors, probably reflecting both the income characteristics of the families and smaller space requirements than for families with the head of the family between 30 and 49.

Mortgagor's Income Characteristics

In determining the acceptability of a transaction for mortgage insurance under the FHA underwriting system, an evaluation is made of the risk entailed in the mortgage credit elements of the transaction. This involves consideration of such items as mortgagor's income, his financial assets, current and anticipated obligations of a recurring nature, and his motivation in the home-financing transaction. (Owner occupants are the mortgagors in practically all of the Section 203 one-family cases.) His ability to bear the cost of homeownership is determined principally by his effective income. This is an estimate of the mortgagor's probable earning capacity during the first third of the mortgage term, which experience has indicated is likely to be the most hazardous portion of the life of the mortgage. Incomes of comortgagors or endorsers may be included partially, wholly, or not at all, depending on specific circumstances. This section of the report is devoted to a description of the Section 203 owner-occupant transactions insured during 1961 from the viewpoint of the mortgagor's income and housing expense.

Mortgagor's Income.—As depicted in Charts III–20 and III–21 and Table III–53, there is a marked similarity in the income distributions of new- and existing-home owners. A definite upward shift in incomes has been evident during the last 11 years, with the median income rising, on the average, 8 percent each year for new-home buyers and 6 percent for existing-home purchasers. In 1950 the typical FHA new-home owner had an income of $3,861; by 1955 it had risen 42 percent to $5,484; and by 1961 it had climbed another one-third to $7,328. Although the trend of growth was somewhat slower for purchasers of existing homes, the same general pattern was indicated.

CHART III–20

MORTGAGOR'S EFFECTIVE ANNUAL INCOME, 1950–61

Single family home mortgages, Section 203

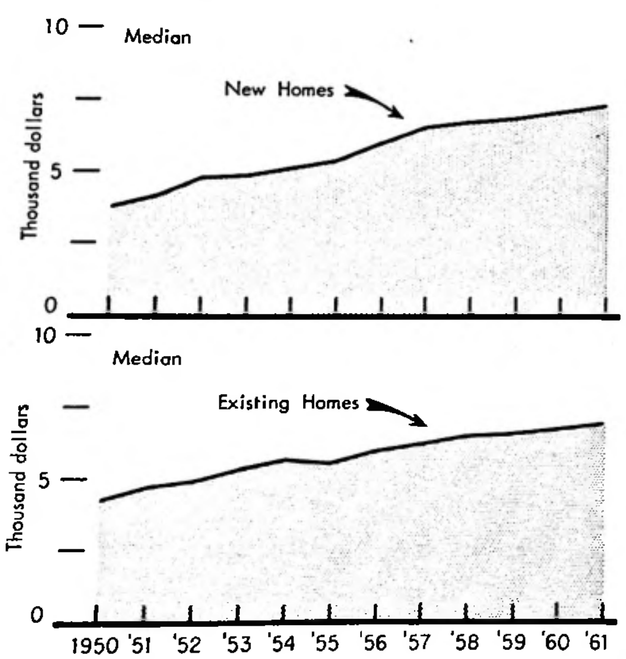


CHART III–21

MORTGAGOR'S EFFECTIVE ANNUAL INCOME, 1961

Single family home mortgages, Section 203

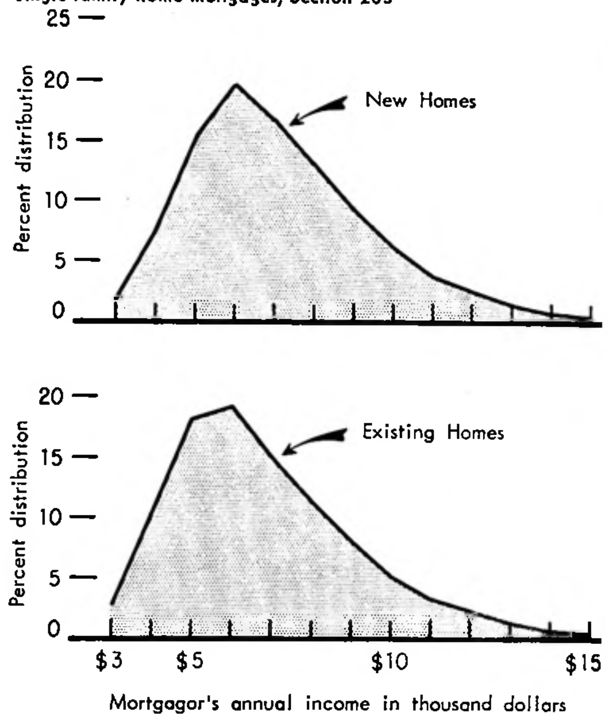


TABLE III–53.—*Mortgagor's annual income, 1-family homes, Sec. 203, selected years*

Mortgagor's effective annual income	Percentage distribution				
	1961	1960	1959	1955	1950
NEW HOMES					
Less than $3,000	----------	----------	----------	0.6	12.2
$3,000 to $3,999	1.0	1.3	1.9	10.6	43.4
$4,000 to $4,999	7.4	7.6	10.0	26.5	24.0
$5,000 to $5,999	15.5	17.0	18.9	21.0	9.7
$6,000 to $6,999	19.8	21.2	20.7	16.8	5.8
$7,000 to $7,999	16.8	17.1	16.2	10.6	2.5
$8,000 to $8,999	13.1	12.6	12.0	5.6	1.0
$9,000 to $9,999	9.5	9.2	8.3	3.7	.6
$10,000 to $10,999	6.2	5.4	4.7	2.0	.3
$11,000 to $11,999	3.7	3.3	2.7	.7	.1
$12,000 to $12,999	2.6	2.3	2.0	.8	.2
$13,000 to $14,999	2.0	1.6	1.3	.5	.1
$15,000 or more	1.8	1.4	1.3	.6	.1
Total	100.0	100.0	100.0	100.0	100.0
Average	$7,740	$7,590	$7,327	$5,969	$4,213
Median	$7,328	$7,168	$6,912	$5,484	$3,861
EXISTING HOMES					
Less than $3,000	----------	----------	----------	0.6	9.3
$3,000 to $3,999	2.7	3.0	4.0	10.0	33.5
$4,000 to $4,999	10.2	11.3	13.5	24.6	24.1
$5,000 to $5,999	18.2	19.4	20.3	19.9	11.9
$6,000 to $6,999	19.3	19.8	18.7	16.5	9.4
$7,000 to $7,999	15.1	15.0	13.9	11.3	4.9
$8,000 to $8,999	11.4	11.1	10.3	6.2	2.1
$9,000 to $9,999	8.3	7.9	7.4	4.3	1.7
$10,000 to $10,999	5.3	4.8	4.4	2.3	1.0
$11,000 to $11,999	3.4	2.9	2.7	1.0	.3
$12,000 to $12,999	2.4	2.0	2.0	1.3	.8
$13,000 to $14,999	1.9	1.5	1.4	.9	.4
$15,000 or more	1.8	1.3	1.4	1.1	.6
Total	100.0	100.0	100.0	100.0	100.0
Average	$7,457	$7,258	$7,107	$6,223	$4,837
Median	$6,971	$6,784	$6,575	$5,669	$4,274

TABLE III–54.—*Transaction and property characteristics by mortgagor's income, 1-family homes,*[1] *Sec. 203, 1961*

Mortgagor's effective monthly income	Percentage distribution	Average									Percent ratio of loan to value	Ratio of property value to income
		Mortgagor's annual income	Age of principal mortgagor	Total acquisition cost [2]	Sale price [2]	Property value	Mortgage amount	Calculated area (sq. ft.)	Number of rooms			
NEW HOMES												
Less than $300	0.5	$3,115	42.2	$10,171	$9,932	$10,232	$9,011	865	4.7		88.1	3.28
$300 to $349	1.7	3,930	32.3	10,355	10,133	10,476	9,672	893	4.8		92.3	2.67
$350 to $399	4.0	4,503	29.8	11,233	10,997	11,316	10,527	937	5.0		93.0	2.51
$400 to $449	8.4	5,086	29.7	12,268	12,037	12,330	11,464	983	5.1		93.0	2.42
$450 to $499	9.9	5,662	30.5	13,126	12,867	13,160	12,250	1,022	5.2		93.1	2.32
$500 to $549	12.9	6,257	31.5	13,952	13,681	13,962	12,982	1,067	5.3		93.0	2.23
$550 to $599	10.4	6,859	32.4	14,810	14,518	14,788	13,732	1,110	5.4		92.9	2.16
$600 to $649	10.4	7,426	33.4	15,359	15,066	15,308	14,217	1,148	5.5		92.9	2.06
$650 to $699	8.9	8,028	34.0	15,884	15,587	15,822	14,658	1,183	5.6		92.6	1.97
$700 to $749	7.1	8,633	34.8	16,421	16,107	16,355	15,066	1,211	5.7		92.1	1.89
$750 to $799	6.1	9,231	35.7	16,981	16,665	16,879	15,543	1,245	5.8		92.1	1.83
$800 to $849	5.2	9,856	36.5	17,432	17,095	17,329	15,916	1,268	5.8		91.8	1.76
$850 to $899	3.7	10,458	36.5	17,836	17,510	17,781	16,164	1,290	5.8		90.9	1.70
$900 to $999	4.5	11,278	37.4	18,326	17,992	18,177	16,550	1,322	5.9		91.1	1.61
$1,000 to $1,199	4.3	12,765	38.5	19,382	19,029	19,267	17,442	1,376	6.0		90.5	1.51
$1,200 or more	2.0	17,419	40.8	20,429	20,052	20,504	18,125	1,441	6.1		88.4	1.18
Total	100.0	7,740	33.5	15,184	14,894	15,168	13,994	1,142	5.5		92.3	1.96
EXISTING HOMES												
Less than $300	.9	3,186	32.4	8,422	8,178	8,330	7,635	923	4.8		91.7	2.61
$300 to $349	2.8	3,924	30.0	9,140	8,885	9,042	8,386	945	4.9		92.7	2.30
$350 to $399	5.8	4,509	30.2	10,131	9,870	10,038	9,308	972	5.0		92.7	2.23
$400 to $449	10.7	5,085	30.8	11,120	10,846	11,001	10,178	995	5.1		92.5	2.16
$450 to $499	11.1	5,658	32.1	12,041	11,761	11,880	10,961	1,028	5.2		92.3	2.10
$500 to $549	12.8	6,252	33.0	13,011	12,721	12,814	11,805	1,073	5.3		92.1	2.05
$550 to $599	9.7	6,861	34.0	13,835	13,510	13,576	12,469	1,110	5.4		91.8	1.98
$600 to $649	9.3	7,431	34.7	14,472	14,156	14,195	13,021	1,141	5.5		91.7	1.91
$650 to $699	7.7	8,034	35.3	15,068	14,758	14,766	13,497	1,167	5.6		91.4	1.84
$700 to $749	6.2	8,640	35.9	15,612	15,289	15,274	13,914	1,198	5.6		91.1	1.77
$750 to $799	5.3	9,229	36.6	16,263	15,929	15,870	14,440	1,226	5.7		91.0	1.72
$800 to $849	4.6	9,862	37.2	16,677	16,329	16,326	14,784	1,256	5.8		90.6	1.66
$850 to $899	3.1	10,455	37.8	17,034	16,695	16,599	15,019	1,268	5.8		90.5	1.59
$900 to $999	4.0	11,276	38.4	17,747	17,385	17,310	15,598	1,307	5.8		90.1	1.54
$1,000 to $1,199	4.1	12,771	39.3	18,993	18,622	18,471	16,498	1,379	6.0		89.3	1.45
$1,200 or more	1.9	17,246	40.8	20,186	19,802	19,790	17,483	1,452	6.1		88.3	1.15
Total	100.0	7,457	34.2	13,937	13,630	13,706	12,531	1,126	5.4		91.4	1.84

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

During 1961, the income of FHA new-home buyers averaged $7,740 and those of existing-home purchasers $7,457. More than half of both new- and existing-home mortgagors had annual effective incomes (before taxes) of $5,000 to $7,999. Incomes of $6,000 to $6,999 were most frequently reported in both new- and existing-home transactions, with this range accounting for about one out of every five cases. Annual incomes of $10,000 or more were reported in 16 percent of the new- and 15 percent of the existing-home transactions. At the other extreme, only 9 percent of the new- and 13 percent of the existing-home mortgagors reported annual incomes less than $5,000, in contrast to 1950 when roughly three out of every four FHA home buyers reported incomes in that category.

Characteristics by Mortgagor's Monthly Income.—Tables III–54 and III–55 indicate selected transaction, property, and financial characteristics by mortgagor's effective monthly income. The usefulness of these data can be demonstrated by the following example. An average new-home mortgagor earning $600–$649 a month was about 33½ years of age and bought a 5½-room home valued at $15,308 which included 1,148 square feet of floor area. He paid $15,359 in total acquisition costs—sale price plus $293 in closing costs—and had a mortgage obligation of $14,217 which represented almost 93 percent of the total appraised value of his property. The monthly obligation to amortize this mortgage called for payments of $109.36 (including $16.98 in taxes) over a period of 29½ years. The overall housing expense was expected to average $135.83, covering an average of $19.54 monthly for heating and utilities as well as $6.93 for maintenance and repairs, in addition to the debt service. As in previous years, the levels of sale price, property value, size of structure, mortgage amount and payment, and housing expense increased with successively higher income groups. These increases, however, have been less than proportional. For instance, although the average income of a new-home buyer in the $850–$899 income group was more than twice as high as that of one in the $400–$449 group, the average property value, sale price, mortgage amount, monthly mortgage payment, and housing expense were only 1.4 times as high, taxes 1.7 times as high, and utilities 1.2 times as high. The same general pattern was also evident for the cor-

Table III–55.—*Financial characteristics by mortgagor's income, 1-family homes,[1] Sec. 203, 1961*

Mortgagor's effective monthly income	Percentage distribution	Average monthly income	Average: Mortgage amount	Average: Term of mortgage (years)	Average monthly: Property taxes	Average monthly: Total mortgage payment	Average monthly: Prospective housing expense	Average monthly: Heating and utilities	Average monthly: Maintenance and repair	Percent of income: Mortgage payment	Percent of income: Housing expense
NEW HOMES											
Less than $300	0.5	$259.61	$9,011	29.2	$6.33	$66.86	$88.36	$16.61	$4.90	25.8	34.0
$300 to $349	1.7	327.48	9,672	29.3	7.93	72.02	93.34	16.34	4.99	22.0	28.5
$350 to $399	4.0	375.27	10,527	29.4	10.14	79.37	101.31	16.54	5.40	21.2	27.0
$400 to $449	8.4	423.86	11,464	29.5	11.98	86.85	109.87	17.31	5.71	20.5	25.9
$450 to $499	9.9	471.84	12,250	29.6	13.48	93.14	117.06	17.98	5.93	19.7	24.8
$500 to $549	12.9	521.45	12,982	29.6	14.74	99.06	123.97	18.62	6.29	19.0	23.8
$550 to $599	10.4	571.57	13,732	29.6	16.28	105.46	131.33	19.20	6.67	18.5	23.0
$600 to $649	10.4	618.80	14,217	29.5	16.98	109.36	135.83	19.54	6.93	17.7	22.0
$650 to $699	8.9	668.96	14,658	29.5	17.94	113.17	140.40	20.04	7.19	16.9	21.0
$700 to $749	7.1	719.41	15,066	29.5	18.67	116.51	144.09	20.14	7.44	16.2	20.0
$750 to $799	6.1	769.25	15,543	29.5	19.30	120.36	148.98	20.87	7.75	15.6	19.4
$800 to $849	5.2	821.31	15,916	29.4	20.12	123.69	152.45	20.78	7.99	15.1	18.6
$850 to $899	3.7	871.46	16,164	29.4	20.72	125.92	155.20	21.22	8.00	14.4	17.8
$900 to $999	4.5	939.84	16,550	29.4	21.21	129.00	159.00	21.62	8.39	13.7	16.9
$1,000 to $1,199	4.3	1,063.71	17,442	29.2	22.03	136.71	168.17	22.48	8.98	12.9	15.8
$1,200 or more	2.0	1,451.57	18,125	28.7	25.05	144.70	178.15	24.06	9.40	10.0	12.3
Total	100.0	645.02	13,994	29.5	16.63	107.74	134.12	19.46	6.92	16.7	20.8
EXISTING HOMES											
Less than $300	.9	265.49	7,635	24.5	8.47	63.76	85.00	15.59	5.64	24.0	32.0
$300 to $349	2.8	327.02	8,386	25.5	9.21	68.53	90.73	16.38	5.82	21.0	27.7
$350 to $399	5.8	375.74	9,308	26.0	10.92	75.25	98.53	17.22	6.06	20.0	26.2
$400 to $449	10.7	423.78	10,178	26.4	12.25	81.55	105.53	17.68	6.31	19.2	24.9
$450 to $499	11.1	471.48	10,961	26.6	13.81	87.69	112.40	18.23	6.53	18.6	23.9
$500 to $549	12.8	520.99	11,805	26.9	15.13	94.17	119.76	18.72	6.87	18.1	23.0
$550 to $599	9.7	571.77	12,469	27.0	16.57	99.71	126.07	19.20	7.16	17.4	22.0
$600 to $649	9.3	619.24	13,021	27.0	17.33	104.12	131.12	19.64	7.36	16.8	21.2
$650 to $699	7.7	669.48	13,497	26.9	18.34	108.40	136.03	20.16	7.48	16.2	20.3
$700 to $749	6.2	719.97	13,914	26.9	18.95	111.80	139.91	20.32	7.79	15.5	19.4
$750 to $799	5.3	769.11	14,440	27.0	20.11	116.12	144.81	20.77	7.93	15.1	18.8
$800 to $849	4.6	821.81	14,784	26.9	20.52	119.03	148.23	21.11	8.09	14.5	18.0
$850 to $899	3.1	871.24	15,019	26.9	21.26	121.43	150.90	21.22	8.24	13.0	17.3
$900 to $999	4.0	939.66	15,598	26.9	21.09	125.98	156.10	21.63	8.49	13.4	16.6
$1,000 to $1,199	4.1	1,064.24	16,498	26.7	24.10	134.36	166.04	22.75	8.93	12.6	15.6
$1,200 or more	1.9	1,437.15	17,483	26.2	26.29	144.72	178.30	24.16	9.42	10.1	12.4
Total	100.0	621.45	12,531	26.7	16.60	100.73	127.35	19.40	7.22	16.2	20.5

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

responding existing-home purchasers. In addition, it may be noted that the steady decline in the ratio of property value to income and the ratio of mortgage payment and housing expense to income further depicts the disproportionate relationship between income and other items. This experience is not new, but has been apparent for FHA experience in prior years when comparable data have been available. The concentration of home construction under FHA programs in the middle price ranges (for reaching maximum marketability) without equivalent concentration of purchasers by income classes limits the significance of FHA experience as a reflecton of universal relationships. Higher income families, in particular, frequently finance their purchases of more expensive homes with conventional loans, since they can better afford the higher required downpayment and monthly obligation.

Tables III–54 and III–55 disclose that in practically all corresponding income groups total acquisition cost, sale price, property value, mortgage amount, mortgage term, monthly payment, and housing expense expenditures averaged higher for new-home buyers than for existing. In addition, although loan-value ratios and the ratio of property value to income were generally higher for new-home buyers, taxes, utility expenditures, and maintenance and repair estimates were usually higher for existing-home mortgagors. With a few exceptions in the highest income ranges, the new-home mortgagor earning $600 or more monthly purchased a larger home than his existing-home counterpart, as indicated by the average calculated-area data. In line with higher mortgage payments, total housing expenses were also greater for new-home buyers, with the exception of those earning $1,200 or more monthly. However, the costs of household operation and maintenance and repairs were higher for existing homes in most corresponding income classes. In addition, taxes were also higher for existing-home buyers throughout the range of income groups, probably because the homes were situated in more developed areas. It is also of some interest to note that where incomes exceeded $350 a month the existing-home purchaser was slightly older than the new-home buyer in comparable income ranges.

Table III–56.—*Age of principal mortgagor by mortgagor's income, owner occupant 1-family homes, Sec. 203, 1961*

Mortgagor's effective monthly income	Percentage distribution	Median age (years)	Less than 25	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 59	60 or more
			Percentage distribution by mortgagor's income							
NEW HOMES										
Less than $300	0.5	38.1	0.9	0.2	0.2	0.2	0.3	0.3	0.8	13.3
$300 to $349	1.7	28.1	4.0	1.8	.9	.8	1.0	1.0	1.8	10.6
$350 to $399	4.0	27.5	10.1	4.6	2.4	2.0	2.4	2.5	2.2	7.5
$400 to $449	8.4	27.8	18.7	10.3	5.7	4.6	4.1	4.8	5.2	8.5
$450 to $499	9.9	28.8	17.8	12.2	8.5	6.3	6.0	5.5	6.8	7.8
$500 to $549	12.9	29.9	17.6	15.3	12.8	10.2	9.3	8.5	9.1	9.0
$550 to $599	10.4	31.1	9.6	12.9	11.1	9.2	9.1	8.6	6.6	7.1
$600 to $649	10.4	32.4	7.6	11.3	11.9	10.1	10.3	9.5	10.0	6.6
$650 to $699	8.9	33.1	4.9	9.1	10.5	10.2	8.6	8.9	8.9	5.5
$700 to $749	7.1	34.1	3.0	6.6	8.4	9.0	8.1	8.9	7.7	3.5
$750 to $799	6.1	35.2	2.1	5.0	6.6	8.2	8.2	8.1	7.6	4.1
$800 to $849	5.2	36.1	1.2	3.5	6.0	7.6	7.8	7.4	7.0	3.1
$850 to $899	3.7	36.3	.7	2.4	4.2	5.3	5.9	5.6	4.6	1.7
$900 to $999	4.5	37.0	.8	2.5	4.0	6.6	7.4	7.4	6.9	3.6
$1,000 to $1,199	4.3	38.1	.7	1.7	4.5	6.8	7.8	7.9	8.7	3.8
$1,200 or more	2.0	40.6	.3	.6	1.4	2.9	3.7	5.1	6.1	4.3
Total	100.0	32.4	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	----------	14.3	25.7	21.2	16.2	10.3	6.5	4.6	1.2
Median income	$610.68	----------	$495.75	$571.02	$635.57	$682.83	$693.90	$702.10	$691.75	$513.43
EXISTING HOMES										
Less than $300	0.9	28.2	2.5	0.8	0.4	0.5	0.5	0.7	0.9	5.7
$300 to $349	2.8	27.3	8.0	2.0	1.7	1.4	1.2	1.5	2.0	5.0
$350 to $399	5.8	27.9	14.5	6.9	3.9	2.8	3.0	3.7	3.7	8.0
$400 to $449	10.7	28.8	21.4	13.9	8.3	6.7	6.2	6.7	7.2	8.7
$450 to $499	11.1	29.9	16.2	14.2	10.1	7.8	7.9	8.5	9.1	7.5
$500 to $549	12.8	31.4	13.9	15.6	13.2	10.0	10.7	10.1	10.5	11.1
$550 to $599	9.7	32.7	7.4	11.1	10.7	9.5	9.1	8.9	8.6	8.4
$600 to $649	9.3	33.7	5.8	9.5	10.6	10.3	10.0	9.1	8.9	9.2
$650 to $699	7.7	34.4	3.3	7.3	9.0	9.3	8.9	7.7	7.8	6.5
$700 to $749	6.2	35.1	2.4	5.2	7.5	7.8	7.6	7.3	7.0	5.2
$750 to $799	5.3	36.0	1.6	3.8	6.3	7.2	6.9	6.5	6.6	3.4
$800 to $849	4.6	36.7	1.0	3.0	5.2	6.2	6.5	6.6	5.7	3.8
$850 to $899	3.1	37.4	.7	1.7	3.4	4.6	4.7	4.6	4.4	3.4
$900 to $999	4.0	38.2	.6	2.1	4.2	5.7	6.6	6.4	6.3	4.8
$1,000 to $1,199	4.1	38.9	.5	1.5	4.0	6.5	6.5	7.6	7.2	5.5
$1,200 or more	1.9	40.8	.2	.5	1.5	2.8	3.7	4.1	4.1	2.9
Total	100.0	33.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	----------	13.1	24.4	20.4	15.8	11.4	7.7	6.3	.9
Median income	$580.88	----------	$461.03	$536.20	$607.98	$649.81	$657.66	$655.02	$645.09	$568.58

Age of Principal Mortgagor.—Table III–56 and Chart III–22 present data on the income of the principal mortgagor in various age classes. Although a very wide range of incomes is reported in all age classifications, the income of the borrower definitely tends to rise as age increases up to about the age of 50. The highest typical income of a new-home purchaser—$702—was reported for buyers between 45 and 49 years old. The highest median income for existing-home mortgagors—$658—was reported in a slightly younger group—40 to 44. The range of incomes extended from $496 for the youngest age class (less than 25) to a peak of $702 in the 45-to-49 age group and then receded to $513 for the 60 or older group. A similar pattern is indicated for existing-home buyers—from $461 in the youngest group to a high of $658 in the 40 to 44 group and declining to $569 for the elderly group.

Housing Expense by Mortgagor's Monthly Income.—A basic consideration in the determination of mortgage risk under the FHA underwriting procedure is the relationship between the mortgagor's income and his prospective housing expense. Table III–57 indicates that typical housing expense rises with increases in mortgagor's income, but at a slower rate as the income grows larger. Housing expense for new-home purchasers ranged from $88 for those with the lowest incomes to $175 for those with effective incomes of $1,200 or more monthly. For existing-home buyers, the housing expense varied over a slightly wider area, ranging from $83 to $177 for the same income categories. In all income ranges except the $1,200-or-more class, new-home buyers had somewhat higher housing expense than did comparable existing-home mortgagors. It is estimated that only 9 percent of the new-home buyers contemplated housing expense of less than $100, although about 17½ percent of the existing-home purchasers fell into this category. In addition, relatively equal proportions of the transactions—37 percent for new and 40 percent for existing homes—assumed housing expense of $100 to $129 a month. It is significant to note that almost 39 percent of the new and 31-percent of the existing-home mortgage transactions had estimated pro-

Table III-57.—*Housing expense by mortgagor's income, 1-family homes,*[1] *Sec. 203, 1961*

Mortgagor's effective monthly income	Percentage distribution	Median monthly housing expense	Monthly housing expense—percentage distribution: Less than $70	$70 to $79	$80 to $89	$90 to $99	$100 to $109	$110 to $119	$120 to $129	$130 to $139	$140 to $159	$160 to $179	$180 to $199	$200 or more
NEW HOMES														
Less than $300	0.5	$88.16	8.6	18.0	28.6	32.0	7.5	1.5	0.8	0.4	1.5	1.1	-------	-------
$300 to $349	1.7	93.56	1.1	10.9	25.1	36.0	19.3	5.8	1.6	.1	.1	-------	-------	-------
$350 to $399	4.0	101.83	.1	3.1	13.2	27.6	32.5	17.6	5.1	.6	.2	-------	-------	-------
$400 to $449	8.4	111.07	(2)	.9	4.9	15.7	25.2	30.8	17.5	3.9	1.1	(2)	-------	-------
$450 to $499	9.9	118.33	.1	.3	2.5	8.8	16.1	26.7	27.4	14.1	3.9	.1	(2)	-------
$500 to $549	12.9	125.51	-------	.2	1.7	5.4	9.9	18.3	26.3	23.7	13.9	.5	0.1	(2)
$550 to $599	10.4	133.27	(2)	.1	.9	3.1	6.2	11.8	19.3	26.1	29.8	2.5	.2	(2)
$600 to $649	10.4	137.96	-------	(2)	.9	2.7	5.4	9.8	14.5	21.0	38.1	7.0	.6	(2)
$650 to $699	8.9	142.23	-------	(2)	.5	2.1	4.8	8.3	12.9	17.2	37.6	14.9	1.5	0.2
$700 to $749	7.1	145.64	-------	.1	.4	1.6	4.3	8.2	11.0	14.7	34.6	20.5	4.3	.3
$750 to $799	6.1	149.64	-------	.1	.3	1.4	2.6	5.9	11.2	13.9	30.3	25.0	8.1	1.2
$800 to $849	5.2	152.39	-------	.1	.5	1.0	2.3	4.9	9.3	13.3	30.1	24.0	11.5	3.0
$850 to $899	3.7	153.63	-------	-------	.1	.3	1.7	4.7	8.6	13.3	31.3	22.7	12.1	5.2
$900 to $999	4.5	157.05	-------	.1	.3	.7	1.4	3.6	6.9	10.7	30.8	23.0	14.5	8.0
$1,000 to $1,199	4.3	167.76	-------	.2	.2	.4	1.0	3.0	4.2	6.7	23.8	27.1	19.5	13.9
$1,200 or more	2.0	175.36	-------	.1	.5	.3	1.0	2.6	3.2	5.3	19.8	22.5	21.4	23.3
Total	100.0	132.46	.1	.6	2.3	5.9	9.0	13.1	15.3	15.2	22.5	10.1	4.0	1.9
Median income	$610.68	-------	$296.74	$356.44	$406.19	$439.61	$473.43	$510.91	$547.70	$601.66	$679.02	$789.75	$892.53	$1,030.05
EXISTING HOMES														
Less than $300	0.9	$83.21	11.2	28.4	32.4	16.9	6.0	1.5	1.0	0.7	0.9	0.2	0.4	0.4
$300 to $349	2.8	91.32	4.1	14.3	27.5	31.5	16.0	5.4	1.2	(2)	-------	(2)	-------	-------
$350 to $399	5.8	98.79	1.2	6.0	17.7	28.6	26.9	14.0	4.3	1.0	.3	(2)	-------	(2)
$400 to $449	10.7	106.06	.7	3.2	9.7	20.2	26.8	22.2	12.4	3.9	.9	(2)	(2)	-------
$450 to $499	11.1	113.35	.3	1.8	6.2	13.4	20.3	23.8	19.4	10.7	3.9	.2	(2)	-------
$500 to $549	12.8	120.80	.1	1.0	4.1	9.1	14.7	19.3	20.3	17.3	13.2	.8	.1	-------
$550 to $599	9.7	128.11	.2	.9	3.1	6.6	10.7	14.3	17.5	19.5	24.0	3.0	.2	(2)
$600 to $649	9.3	133.25	.2	.6	2.3	5.1	9.4	11.8	15.0	17.1	31.0	6.7	.7	.1
$650 to $699	7.7	138.21	.1	.4	1.9	4.7	7.8	10.8	12.5	14.4	31.3	14.3	1.5	.3
$700 to $749	6.2	140.63	.1	.2	1.6	3.9	7.1	9.8	12.0	13.5	27.6	19.4	4.3	.5
$750 to $799	5.3	142.87	.1	.3	1.0	2.8	6.2	8.7	10.4	12.8	27.0	21.3	8.1	1.3
$800 to $849	4.6	144.29	.1	.2	.9	2.4	5.1	7.6	11.0	11.7	25.8	20.7	11.4	3.1
$850 to $899	3.1	145.59	(2)	.3	.6	2.8	4.7	7.2	9.5	12.0	23.2	21.0	13.1	4.7
$900 to $999	4.0	148.52	(2)	.1	.7	1.9	3.9	6.1	7.7	9.6	23.4	24.1	14.3	8.2
$1,000 to $1,199	4.1	166.11	-------	.1	.3	1.1	2.7	4.1	5.5	7.8	21.2	23.3	18.6	15.3
$1,200 or more	1.9	177.54	-------	.2	.4	.9	1.8	3.3	4.4	5.9	16.1	19.4	19.2	28.4
Total	100.0	124.39	.5	1.9	5.3	9.7	13.0	13.9	13.1	11.7	17.1	8.4	3.5	1.0
Median income	$580.88	-------	$363.85	$393.39	$426.76	$450.62	$485.50	$519.53	$556.06	$602.74	$671.89	$787.72	$892.35	$1,065.55

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

spective monthly housing expense in excess of $140. As the table indicates, there is a fairly broad distribution of housing expense at all income levels. The situation is shown clearly in Chart III–25, which portrays the range of housing expense by monthly effective income for buyers of new and existing homes. 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–24 shows the general stability of the average relationship of housing expense and mortgagor's income around the 20 percent level for the period 1950–61. (See Chart III–23 for the relationship of mortgage payment to housing expense.)

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

The typical acquisition cost of a new home was $14,872, or 9 percent more than the typical cost of $13,594 reported for existing-home mortgagors. Moreover, throughout the whole income range the acquisition cost of new-property owners was greater than for existing-home buyers at comparable income levels. As would be expected, the price of the house purchased generally reflected the level of the family income. The median acquisition cost for new homes ranged from $9,920 for families with incomes less than $300 a month to $15,524 for those with incomes around $600, to a peak of $19,994 for families earning over $1,200 monthly. Despite the regularity in the relationship of median cost to income level, it is significant that for both new- and existing-home purchasers a wide range of house prices were paid in all income classes. Such diversity reflects varying needs and desires of families in the same income range, as well as differences in accumulated resources available for home purchases.

Chart III–22

AGE OF PRINCIPAL MORTGAGOR, 1961

Single family home mortgages, Section 203

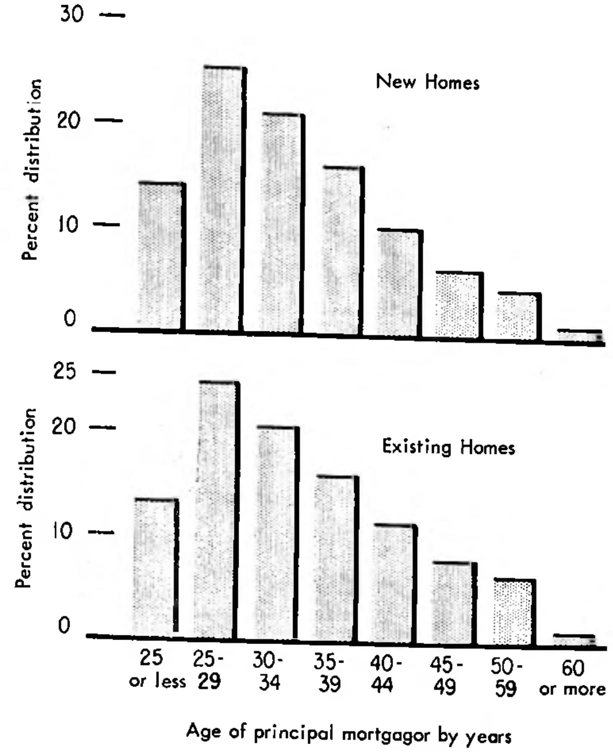


Chart III–24

RATIO OF HOUSING EXPENSE TO INCOME, 1950–61

Single family home mortgages, Section 203

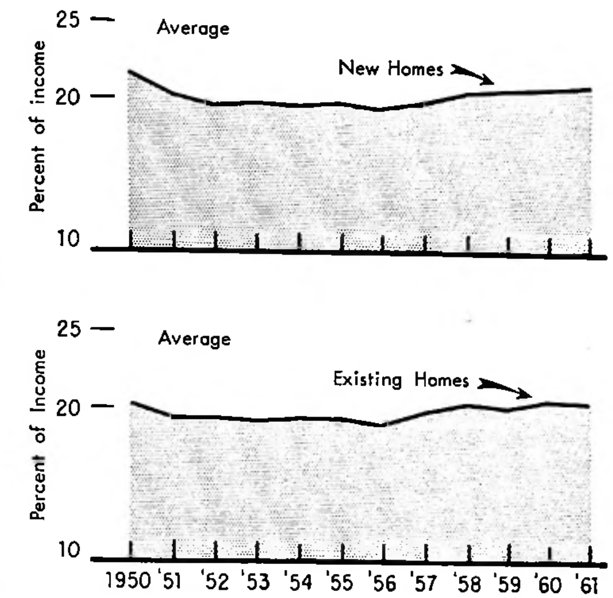


Chart III–23

MORTGAGE PAYMENT AND HOUSING EXPENSE, 1961

Single family home mortgages, Section 203

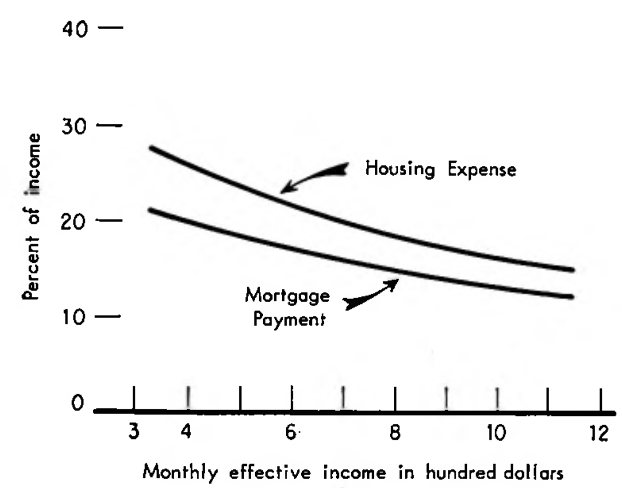


Chart III–25

HOUSING EXPENSE RANGE BY MONTHLY INCOME, 1961

Single family home mortgages, Section 203

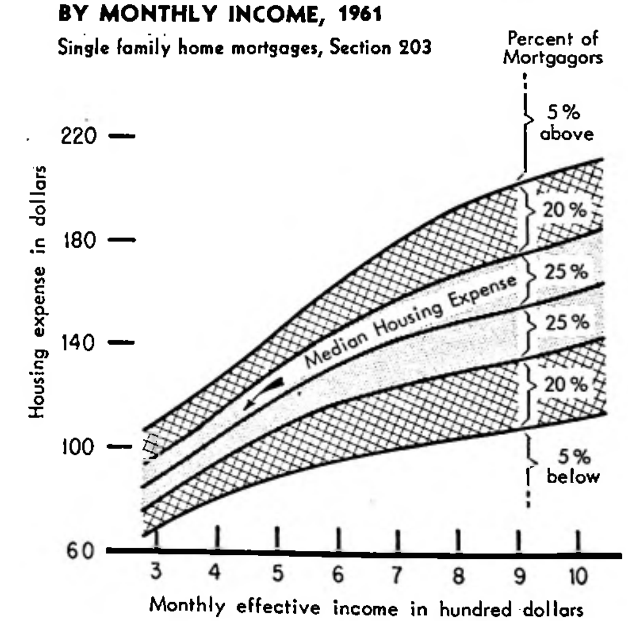


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TABLE III–58.—*Total acquisition cost by mortgagor's income, 1-family homes,[1] Sec. 203, 1961*

Mortgagor's effective monthly income	Percentage distribution	Median total acquisition cost	Total acquisition cost—percentage distribution											
			Less than $9,000	$9,000 to $9,999	$10,000 to $10,999	$11,000 to $11,999	$12,000 to $12,999	$13,000 to $13,999	$14,000 to $14,999	$15,000 to $15,999	$16,000 to $16,999	$17,000 to $17,999	$18,000 to $19,999	$20,000 or more
NEW HOMES														
Less than $300	0.5	$9,920	32.1	19.1	25.2	13.3	3.0	2.3	0.8	0.8	1.1	0.8	0.8	0.4
$300 to $349	1.7	10,202	17.1	27.8	25.1	16.4	8.1	3.2	1.6	.5	.2			
$350 to $399	4.0	11,198	5.9	15.6	23.2	26.6	17.2	7.0	3.1	.7	.4	.1	.1	.1
$400 to $449	8.4	11,276	1.9	7.2	13.4	21.5	24.0	16.2	10.3	3.6	1.2	.4	.2	.1
$450 to $499	9.9	13,136	1.0	3.8	7.7	14.4	20.2	21.3	16.7	8.8	4.0	1.4	.6	.1
$500 to $549	12.9	14,027	.5	2.3	4.8	8.9	14.2	18.8	20.4	15.2	9.3	3.5	1.8	.3
$550 to $599	10.4	14,910	.4	1.4	2.7	5.5	8.7	14.3	18.7	19.5	15.2	8.1	4.8	.7
$600 to $649	10.4	15,524	.2	1.1	2.7	4.2	7.7	11.1	15.2	16.7	17.0	11.9	10.1	2.1
$650 to $699	8.9	15,937	.2	.8	1.9	3.8	6.1	9.2	13.7	15.2	15.8	13.8	14.2	5.3
$700 to $749	7.1	16,441	.1	.8	1.5	3.5	5.7	8.0	10.8	12.9	15.3	13.7	17.9	9.8
$750 to $799	6.1	16,902	.2	.6	1.2	2.4	4.4	6.8	10.0	12.0	13.7	13.6	19.6	15.5
$800 to $849	5.2	17,223	.2	.8	.7	1.7	4.0	6.3	9.7	10.9	13.0	12.2	19.0	21.5
$850 to $899	3.7	17,467		.3	.5	1.4	3.3	6.0	7.9	10.4	14.2	12.8	17.4	25.8
$900 to $999	4.5	17,850	.1	.3	.7	1.3	2.6	4.0	7.8	10.1	12.0	12.4	19.4	28.7
$1,000 to $1,199	4.3	18,988	.2	.2	.5	1.2	1.8	3.1	4.9	7.2	9.1	10.7	21.3	39.8
$1,200 or more	2.0	19,994	.1	.3	.8	.7	1.6	2.9	4.4	6.9	7.3	7.5	17.6	49.9
Total	100.0	14,872	1.2	3.0	5.0	7.8	10.2	11.6	12.9	11.8	10.7	8.0	9.3	8.5
EXISTING HOMES														
Less than $300	.9	8,090	71.9	12.0	7.5	3.1	1.2	1.2	.6	.5	.6	.5	.3	.6
$300 to $349	2.8	9,041	49.1	21.4	14.8	8.1	3.8	1.9	.5	.3	.1	(2)	(2)	(2)
$350 to $399	5.8	10,130	28.0	19.2	21.8	14.8	9.2	4.7	1.5	.5	.2	(2)	(2)	.1
$400 to $449	10.7	11,113	15.8	13.9	18.3	17.6	15.6	10.3	5.2	2.1	.8	.3	.1	(2)
$450 to $499	11.1	12,120	10.0	9.6	13.4	15.0	16.8	15.1	10.3	5.9	2.5	1.0	.3	.1
$500 to $549	12.8	13,139	6.4	6.3	9.2	11.7	14.2	15.8	13.8	11.3	6.4	3.1	1.6	.2
$550 to $599	9.7	14,054	5.2	4.3	6.4	8.6	10.9	13.8	15.0	14.0	10.5	6.3	4.2	.8
$600 to $649	9.3	14,674	3.8	3.7	5.4	7.1	9.4	11.7	13.1	13.6	12.9	9.3	7.7	2.3
$650 to $699	7.7	15,264	2.9	3.4	5.0	6.3	8.2	9.9	11.1	12.1	12.3	11.8	12.3	4.7
$700 to $749	6.2	15,718	2.5	3.0	4.3	5.3	7.4	9.4	10.0	11.3	11.4	10.9	15.4	9.1
$750 to $799	5.3	16,381	1.5	1.8	3.4	5.2	7.0	7.8	9.2	9.8	11.3	12.0	17.8	13.2
$800 to $849	4.6	16,562	1.4	1.5	3.0	4.3	5.9	8.3	9.4	10.2	10.7	9.7	17.5	18.1
$850 to $899	3.1	16,946	1.5	1.5	3.1	3.5	5.4	8.0	8.1	9.1	10.3	10.2	17.3	22.0
$900 to $999	4.0	17,628	.8	1.2	2.2	3.1	4.5	6.2	7.7	8.9	9.3	9.7	17.9	28.5
$1,000 to $1,199	4.1	18,719	.4	.8	1.4	1.8	3.0	4.3	5.5	7.3	9.0	9.2	18.2	30.1
$1,200 or more	1.9	19,955	.5	.7	.8	1.9	2.9	3.7	4.3	4.9	6.2	8.1	16.3	49.7
Total	100.0	13,594	8.8	6.7	8.8	9.3	10.2	10.5	9.5	8.6	7.3	5.9	7.3	7.1

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

Purchase Transaction Characteristics

The predominant purpose underlying the origination of a Section 203 insured mortgage in 1961 was to finance the purchase of a home for personal long-term occupancy. During 1961, almost 98 percent of the new-home and 95 percent of the existing-home transactions involved purchases by occupant mortgagors.

Total Acquisition Cost.—Table III–59 shows the distribution of total acquisition costs in 1961, with comparable data for selected earlier years. In brief, the total acquisition cost to the mortgagor is the entire cost of the transaction, excluding such prepayable expenses as accrued taxes and insurance premiums. During the decade for which data are included in the table, the typical acquisition cost grew at an average rate of 5 percent per year for new-home and about 3 percent for existing-home buyers. In 1951, the median acquisition cost of a new home was $9,725; this advanced 23 percent over the next 4 years to $12,003, and another 24 percent to $14,872 in 1961. For existing-home mortgagors, as already indicated, the growth was not quite as marked, ranging from $10,274 in 1951 to $13,594 in 1961.

During 1961, the average cost of purchasing a new home was $15,184, about 9 percent greater than the acquisition cost of an existing home—$13,937. In that year, almost 16 percent of the existing homes but only 4 percent of the new homes were purchased with acquisition costs totaling less than $10,000. The bulk of the cases had total costs in the $12,000 to $16,999 range, accounting for 57 percent of the new- and 46 percent of the existing-home transactions. Roughly 4 percent of Section 203 transactions required $22,000 or more to complete the purchase.

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

Total acquisition cost	Percentage distribution				
	1961	1960	1959	1955	1951
NEW HOMES					
Less than $8,000	0.1	(2)	0.1	3.2	19.7
$8,000 to $8,999	1.0	0.6	.7	9.9	16.7
$9,000 to $9,999	3.0	2.3	3.0	13.7	18.8
$10,000 to $10,999	5.1	5.7	6.9	11.8	14.0
$11,000 to $11,999	7.8	8.4	9.0	11.3	9.7
$12,000 to $12,999	10.2	11.0	10.9	11.1	7.3
$13,000 to $13,999	11.6	13.3	14.4	10.4	4.8
$14,000 to $14,999	12.9	14.4	13.3	8.2	3.0
$15,000 to $15,999	11.8	12.3	10.3	7.0	2.0
$16,000 to $16,999	10.7	9.5	9.0	5.0	1.3
$17,000 to $17,999	8.0	7.1	7.2	3.0	.8
$18,000 to $18,999	5.7	5.2	4.6	2.0	.6
$19,000 to $19,999	3.6	3.5	3.2	1.3	.4
$20,000 to $21,999	4.3	3.8	3.9	1.2	.4
$22,000 to $24,999	3.0	2.2	2.4	.6	.3
$25,000 and over	1.2	.7	.5	.3	.2
Total	100.0	100.0	100.0	100.0	100.0
Average	$15,184	$14,939	$14,727	$12,367	$10,250
Median	$14,872	$14,606	$14,333	$12,003	$9,725
EXISTING HOMES					
Less than $8,000	3.9	4.0	4.3	6.7	24.8
$8,000 to $8,999	4.9	5.3	5.9	9.1	11.2
$9,000 to $9,999	6.7	7.2	7.7	11.2	11.2
$10,000 to $10,999	8.8	9.6	9.7	12.0	11.6
$11,000 to $11,999	9.3	10.4	10.2	10.9	9.7
$12,000 to $12,999	10.2	10.9	10.7	10.9	8.4
$13,000 to $13,999	10.5	10.9	10.4	9.7	6.8
$14,000 to $14,999	9.5	9.8	9.0	7.6	4.9
$15,000 to $15,999	8.6	8.2	7.9	5.8	3.9
$16,000 to $16,999	7.3	6.7	6.6	4.5	2.6
$17,000 to $17,999	5.9	5.2	5.0	3.3	1.6
$18,000 to $18,999	4.4	3.8	3.7	2.4	1.1
$19,000 to $19,999	2.9	2.4	2.4	1.5	.7
$20,000 to $21,999	3.4	2.8	3.0	1.9	.7
$22,000 to $24,999	2.6	2.0	2.6	1.6	.4
$25,000 and over	1.1	.8	.9	.9	.4
Total	100.0	100.0	100.0	100.0	100.0
Average	$13,937	$13,579	$13,560	$12,558	$11,351
Median	$13,594	$13,227	$13,130	$12,013	$10,274

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

Characteristic by Total Acquisition Cost.—Table III–60 presents information about property characteristics of homes within total acquisition cost ranges. An average new house in the $13,000 cost range was appraised by FHA at $13,528 and constructed on a site worth $2,221. The house had a floor area of 1,056 square feet and included about five rooms, of which three were bedrooms. It most probably was a one-story home, with some possibility that it had more than one bath. There was also some possibility that a basement was included, and it probably had some sort of garaging facility.

Since the downpayments generally come from savings accumulated from current income, it is of interest to note the relationship of current investments required of home buyers to their incomes (Table III–61). In 1961, current investments averaged about 16 percent of income for new-home purchasers and almost 19 percent for existing-home mortgagors, ranging from a low of 10 percent for buyers of new homes costing less than $8,000 to 38 percent for the highest cost level. The corresponding range for 1960 was 9 to 46 percent, showing the effect of the higher loan-to-value limitations made available by recent legislation. During 1961, the range of current investments for existing-home buyers was greater than for corresponding new-home purchasers—varying from 11 percent of income for homes costing less than $8,000 to 45 percent in the $25,000-or-more class.

Not only did the amount of current investment (downpayment plus closing costs) increase as total acquisition costs advanced, but the ratio of investment to income also rose steadily, due to the regulations governing downpayment requirements. For new-home transactions, current investment averaged $1,207, or 8 percent of the acquisition cost, and varied from $447, or 6 percent of cost, in the lowest price category to $4,880—18 percent—in those transactions requiring $25,000 or more in acquisition costs. Comparatively the average existing-home buyer invested a larger amount—$1,393—ranging from $572 (8 percent) to $5,906 (22 percent) in corresponding cost ranges.

The level of closing costs is related to the amount of the mortgage and the number and amount of items included, such as financing charges, recording fees and taxes, cost of credit reports surveys, title examination, insurance, and other charges and fees customary to a particular locality. Also affecting the levels of closing costs is the practice of some builders of absorbing part or all of the closing costs in the sale price in order to promote sales.

Closing costs, derived by differencing total acquisition cost and sale price, were slightly higher for existing-home buyers. The average closing costs for existing-home mortgagors was $307, compared with $290 for new-home buyers. Both averages were above those paid in 1960. Closing costs for new-home mortgagors varied from $233 for the lowest acquisition cost category to $741 in the $25,000-or-over class. For existing homes, the buyers' closing costs ranged from $229 to $1,066. With a few exceptions, the cost of closing a transaction was higher for existing-home purchasers in all acquisition cost ranges.

Table III-60.—*Property characteristics by total acquisition cost, 1-family homes,[1] Sec. 203, 1961*

Total acquisition cost	Percentage distribution	Average		Price of site as percent of value	Average			Percent of structure with—				
		Property value	Market price of site		Calculated area (sq. ft.)	Number of rooms	Number of bedrooms	More than 1 bath	1 story	Full or part basement	Garage	Carport
NEW HOMES												
Less than $8,000	0.1	$7,588	$1,425	18.8	781	4.4	2.4	....	89.1	6.3	18.5	12.3
$8,000 to $8,999	1.0	8,798	1,574	17.9	819	4.6	2.8	5.0	98.1	1.0	16.1	32.4
$9,000 to $9,999	3.0	9,591	1,692	17.6	882	4.9	2.8	12.4	98.8	2.0	29.7	32.8
$10,000 to $10,999	5.1	10,682	1,790	16.8	936	5.0	2.9	26.2	94.7	6.0	36.0	31.9
$11,000 to $11,999	7.8	11,617	1,896	16.3	989	5.1	2.9	29.4	91.4	14.7	38.8	29.1
$12,000 to $12,999	10.2	12,575	2,054	16.3	1,018	5.2	2.9	30.6	91.6	26.3	44.6	25.1
$13,000 to $13,999	11.6	13,528	2,221	16.4	1,056	5.3	3.0	38.7	93.3	33.9	47.2	21.9
$14,000 to $14,999	12.9	14,472	2,419	16.7	1,094	5.4	3.0	49.3	91.4	34.7	49.8	20.7
$15,000 to $15,999	11.8	15,429	2,584	16.7	1,139	5.5	3.0	58.8	89.9	38.7	55.3	19.4
$16,000 to $16,999	10.7	16,368	2,823	17.2	1,188	5.6	3.0	68.6	87.7	41.5	60.1	18.1
$17,000 to $17,999	8.0	17,321	3,019	17.4	1,249	5.8	3.1	76.5	84.4	40.7	65.6	18.1
$18,000 to $18,999	5.7	18,228	3,224	17.7	1,305	5.9	3.1	82.8	81.9	38.0	69.6	17.7
$19,000 to $19,999	3.6	19,200	3,425	17.8	1,345	6.0	3.2	88.7	82.3	35.9	70.1	17.7
$20,000 to $21,999	4.3	20,703	3,960	19.1	1,429	6.2	3.3	93.3	82.1	30.9	72.8	16.2
$22,000 to $24,999	3.0	22,795	4,406	19.3	1,537	6.4	3.3	95.3	81.0	30.4	74.0	16.5
$25,000 and over	1.2	26,139	4,621	17.7	1,647	6.6	3.4	89.8	79.8	30.7	69.9	19.5
Total	100.0	15,125	2,599	17.2	1,139	5.5	3.0	54.3	89.2	31.0	53.3	21.7
EXISTING HOMES												
Less than $8,000	3.9	6,996	1,115	15.9	954	5.0	2.4	3.1	65.4	42.8	35.6	7.7
$8,000 to $8,999	4.9	8,434	1,388	16.5	951	5.0	2.4	3.0	78.4	32.7	49.3	8.8
$9,000 to $9,999	6.7	9,420	1,566	16.6	990	5.1	2.5	5.6	78.4	35.9	50.4	10.6
$10,000 to $10,999	8.8	10,386	1,780	17.1	1,010	5.1	2.6	7.1	80.4	37.7	55.8	10.9
$11,000 to $11,999	9.3	11,347	1,975	17.4	1,029	5.2	2.6	9.6	80.6	40.8	58.5	10.0
$12,000 to $12,999	10.2	12,323	2,202	17.9	1,055	5.3	2.7	15.1	80.9	41.8	60.7	11.3
$13,000 to $13,999	10.5	13,265	2,406	18.1	1,083	5.3	2.8	19.8	81.5	43.1	63.8	10.3
$14,000 to $14,999	9.5	14,205	2,618	18.4	1,118	5.4	2.8	24.8	79.8	46.3	66.9	10.1
$15,000 to $15,999	8.6	15,166	2,834	18.7	1,152	5.5	2.9	32.9	78.0	48.6	69.5	9.2
$16,000 to $16,999	7.3	16,101	3,044	18.9	1,199	5.6	2.9	40.8	75.6	52.7	71.4	8.9
$17,000 to $17,999	5.9	17,053	3,258	19.1	1,243	5.8	3.0	48.2	74.2	54.3	74.2	9.5
$18,000 to $18,999	4.4	17,990	3,473	19.3	1,295	5.9	3.0	57.6	72.8	55.0	74.6	10.1
$19,000 to $19,999	2.9	18,897	3,639	19.3	1,345	6.0	3.0	65.9	71.4	56.1	77.0	9.9
$20,000 to $21,999	3.4	20,301	3,968	19.5	1,415	6.1	3.1	73.3	69.3	56.7	79.1	10.2
$22,000 to $24,999	2.6	22,370	4,412	19.7	1,514	6.3	3.2	84.5	66.6	55.3	80.7	10.9
$25,000 and over	1.1	25,381	4,924	19.4	1,618	6.5	3.2	84.2	62.1	60.2	80.4	10.7
Total	100.0	13,661	2,503	18.3	1,123	5.4	2.8	26.8	77.3	45.3	63.5	10.1

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

Table III-61.—*Transaction characteristics by total acquisition cost, 1-family homes,[1] Sec. 203, 1961*

Total acquisition cost	Percentage distribution	Average								Mortgage as percent of		Current investment as percent of income
		Total acquisition cost	Sale price	Property value	Market price of site	Property replacement cost	Mortgage amount	Mortgagor's annual income	Current investment [2]	Property value	Total acquisition cost	
NEW HOMES												
Less than $8,000	0.1	$7,477	$7,244	$7,588	$1,425	$8,330	$7,030	$4,373	$447	92.6	94.0	10.2
$8,000 to $8,999	1.0	8,569	8,302	8,708	1,574	9,423	8,215	4,921	354	93.4	95.9	7.2
$9,000 to $9,999	3.0	9,507	9,368	9,591	1,692	10,213	9,004	5,404	413	94.8	95.7	7.6
$10,000 to $10,999	5.1	10,561	10,333	10,682	1,790	11,229	10,064	5,663	497	94.2	95.3	8.8
$11,000 to $11,999	7.8	11,530	11,288	11,617	1,896	12,132	10,950	6,003	571	94.3	95.0	9.5
$12,000 to $12,999	10.2	12,514	12,261	12,575	2,054	13,060	11,846	6,432	668	94.2	94.7	10.4
$13,000 to $13,999	11.6	13,495	13,231	13,528	2,221	14,047	12,723	6,886	772	94.0	94.3	11.2
$14,000 to $14,999	12.9	14,486	14,214	14,472	2,419	14,972	13,552	7,318	934	93.6	93.6	12.8
$15,000 to $15,999	11.8	15,475	15,193	15,429	2,584	15,986	14,363	7,832	1,112	93.1	92.8	14.2
$16,000 to $16,999	10.7	16,470	16,165	16,368	2,823	16,946	15,138	8,302	1,332	92.5	91.9	16.0
$17,000 to $17,999	8.0	17,471	17,148	17,321	3,019	17,913	15,983	8,835	1,488	92.3	91.5	16.8
$18,000 to $18,999	5.7	18,461	18,128	18,228	3,224	18,818	16,701	9,338	1,760	91.6	90.5	18.8
$19,000 to $19,999	3.6	19,441	19,080	19,200	3,425	19,790	17,325	9,886	2,116	90.2	89.1	21.4
$20,000 to $21,999	4.3	20,894	20,516	20,703	3,960	21,295	18,300	10,383	2,504	88.4	87.6	25.0
$22,000 to $24,999	3.0	23,285	22,852	22,795	4,406	23,285	19,812	11,019	3,473	86.9	85.1	20.9
$25,000 and over	1.2	27,186	26,445	26,139	4,621	26,692	22,306	12,938	4,880	85.3	82.0	37.7
Total	100.0	15,184	14,894	15,125	2,599	15,670	13,977	7,728	1,207	92.4	92.1	15.6
EXISTING HOMES												
Less than $8,000	3.9	7,061	6,832	6,996	1,115	10,405	6,489	5,098	572	92.8	91.9	11.2
$8,000 to $8,999	4.9	8,517	8,283	8,434	1,388	11,188	7,918	5,477	599	93.9	93.0	10.9
$9,000 to $9,999	6.7	9,504	9,259	9,420	1,566	12,063	8,843	5,765	661	93.9	93.0	11.5
$10,000 to $10,999	8.8	10,496	10,240	10,386	1,780	12,827	9,743	6,034	753	93.8	92.8	12.5
$11,000 to $11,999	9.3	11,483	11,215	11,347	1,975	13,574	10,634	6,358	849	93.7	92.6	13.4
$12,000 to $12,999	10.2	12,490	12,217	12,323	2,202	14,428	11,511	6,696	979	93.4	92.2	14.6
$13,000 to $13,999	10.5	13,486	13,197	13,265	2,406	15,205	12,370	7,081	1,116	93.3	91.7	15.8
$14,000 to $14,999	9.5	14,470	14,166	14,205	2,618	16,076	13,156	7,486	1,314	92.6	90.9	17.6
$15,000 to $15,999	8.6	15,468	15,153	15,166	2,834	16,958	13,935	7,874	1,533	91.9	90.1	19.5
$16,000 to $16,999	7.3	16,468	16,131	16,101	3,044	17,914	14,721	8,357	1,747	91.4	89.4	20.9
$17,000 to $17,999	5.9	17,459	17,116	17,053	3,258	18,852	15,488	8,851	1,971	90.8	88.7	22.3
$18,000 to $18,999	4.4	18,455	18,085	17,990	3,473	19,862	16,249	9,441	2,206	90.3	88.0	23.4
$19,000 to $19,999	2.9	19,432	19,039	18,897	3,639	20,762	16,937	9,858	2,495	89.6	87.2	25.3
$20,000 to $21,999	3.4	20,892	20,493	20,301	3,968	22,136	17,900	10,613	2,992	88.2	85.7	28.2
$22,000 to $24,999	2.6	23,229	22,807	22,370	4,412	24,130	19,407	11,638	3,822	86.8	83.5	32.8
$25,000 and over	1.1	27,342	26,276	25,381	4,924	27,348	21,436	13,135	5,906	84.5	78.4	45.0
Total	100.0	13,937	13,630	13,661	2,503	15,783	12,544	7,431	1,393	91.8	90.0	18.7

[1] In this table, data are based on 1-family occupant purchase cases.
[2] Total acquisition cost less mortgage amount.

CHARACTERISTICS OF MULTIFAMILY HOUSING MORTGAGE TRANSACTIONS

The descriptions of multifamily housing mortgages and projects presented in this report are based on commitments issued by FHA in 1961 for insurance of mortgages on newly constructed rental housing projects and management-type cooperative housing projects. FHA issued 610 commitments on multifamily housing projects during the year, covering 64,100 dwelling units. The general analysis covers 57,300 of these units—31,000 units in newly constructed rental housing available for general occupancy, 11,600 Section 803 units restricted to occupancy by military personnel and their dependents, and 7,500 units in Section 213 management-type cooperative projects. FHA rental housing for general occupancy includes the regular rental housing projects under Section 207 (25,100 units), urban renewal projects under Section 220 (4,100 units), and relocation housing under Section 221 (1,800 units). The analysis of the special occupancy rental programs under Section 231 (7,100 units) housing for the elderly and Section 232 nursing homes is also presented here. Section 232 activity, discussed in terms of number of beds, is not included in the multifamily total.

In view of the fact that the Section 207 regular rental housing program predominates in the general occupancy segment of FHA's rental project insurance operations, the detailed analysis of rental housing characteristics is generally limited to this section. It should be pointed out, however, that even though Section 207 data are considered to be the most representative of the FHA rental market operations, they are not necessarily the most representative in every part of the country.

Not included in the analysis of multifamily housing characteristics are newly constructed sales-type cooperative projects (which in effect are projects of home properties, 2,000 units), mobile home courts (1,600 spaces), and all projects involving existing construction (3,200 units).

Trends of Typical Section 207 Rental Housing Transactions

A summary of some of the more significant trends for typical Section 207 rental projects approved for FHA mortgage insurance are presented in Table III–62 for selected years 1950 through 1961.

The typical project covered by commitments issued in 1961 contained 105 units, compared with the alltime high of 117 units in 1960. This was the first recorded decline in the median size of projects committed under this section since 1955. (It should be noted that, although project size is reported on the basis of the number of dwelling units covered by individual project mortgages, the individual mortgages sometimes cover sections or parts of larger multiproject developments.) The average project size in units also declined from 147 units in 1960 to 136 units in 1961. The general increases in both the median and average size of Section 207 projects since 1950 have resulted mainly from the increased number of units in the larger elevator-type structures, which in 1961 averaged 162 units per project, compared with 81 units for walkups.

The effect of the type of structure on project size is more clearly illustrated when the percentage of projects and units in walkup, elevator, or one-family structures for 1961 is compared to 1960. The percentage of projects with elevator structures dropped from 73 percent to 67 percent (units from 83 percent to 79 percent), while the percentage of projects with walkup structures increased from 26 percent to 32 percent (units from 16 percent to 19 percent). As indicated in Table III–62, one-family structures have accounted for only a small percentage of Section 207 projects and units in recent years.

The average number of rooms per unit (4.9), the median monthly rental per unit ($186.79), and the average ($15,881) and median ($16,002) mortgage amounts per unit all increased over 1960, reaching the highest levels in FHA's history. The median ratios of mortgage amount to replacement cost and to FHA's estimate of value for Section 207 projects both declined by a percentage point in 1961 to 85 percent and 88.5 percent respectively.

Even though the average mortgage amount per unit increased in 1961, the average mortgage amount per room decreased from $3,346 to $3,235, primarily because the average number of rooms per unit has increased disproportionately to the average mortgage amount. The average monthly rental per room increased to $41.62.

A more detailed analysis of most of these trends is presented in subsequent discussions of Section 207 specific characteristics.

Table III–62.—*Characteristics of mortgages and projects in rental housing transactions, Sec. 207, selected years*

Item	Year									
	1961	1960	1959	1958	1957	1956	1955	1954	1952	1950
Projects:										
Median size (in units) [1]	105.0	117.0	109.0	92.0	66.0	44.0	49.2	76.0	34.5	31.3
Average size (in units)	136.4	146.8	120.1	120.8	88.7	60.8	76.2	108.0	68.2	66.9
Percent with—										
Walkup structures	32.2	25.8	38.1	42.3	46.3	70.0	55.3	58.2	58.5	74.7
Elevator sturctures	66.7	72.5	61.0	52.6	31.7	15.0	34.1	31.3	13.4	2.4
1-family structures	1.1	1.7	.9	5.1	22.0	15.0	10.6	10.5	28.1	22.0
Units:										
Average number of rooms [2]	4.9	4.4	4.3	4.2	4.3	4.5	4.3	4.2	3.9	3.9
Median monthly rental	$186.79	$171.31	$154.98	$150.81	$144.16	$92.02	$120.27	$115.60	$81.15	$71.13
Average mortgage amount [3]	$15,881	$14,567	$12,708	$12,462	$11,882	$7,967	$8,212	$7,900	$6,510	$6,232
Median mortgage amount [3]	$16,002	$14,088	$12,384	$12,000	$11,618	$7,431	$8,506	$8,031	$6,554	$6,366
Median mortgage-cost ratio	85.0	86.2	86.2	87.9	87.6	78.0	79.0	72.9	79.6	82.9
Median mortgage-value ratio	88.5	89.6	88.7	89.1	90.0	88.7	80.0	74.4	83.0	85.6
Percent in—										
Walkup structures	19.1	16.1	26.5	21.5	23.5	67.0	36.6	38.9	59.2	59.1
Elevator structures	79.0	83.2	73.0	76.8	61.4	20.3	56.3	54.5	24.0	7.1
1-family structures	1.9	.7	.5	1.7	15.1	12.7	7.1	6.6	16.8	33.8
Rooms:										
Average monthly rental	$41.62	$41.06	$36.13	$36.35	$35.77	$23.36	$27.47	$26.76	$21.63	$18.76
Average mortgage amount	$3,235	$3,346	$2,928	$2,950	$2,746	$1,783	$1,904	$1,880	$1,657	$1,618

The following footnotes apply to this and to all subsequent tables in this section of the report:
[1] By inspection, 1956–61.
[2] Number of rooms per unit includes baths, foyers, terraces, balconies, and porches, but excludes closets, halls, and similar spaces.
[3] Amount of mortgage allocable to dwelling use.

Type of Structure—Section 207

Section 207 multifamily housing projects, as well as most other FHA multifamily projects, are classified into three principal types of structures: walkup, elevator, and one-family (row, semi-detached, and detached houses). Projects composed of more than one type of structure are categorized according to the structural type accounting for the greatest number of dwelling units. Elevator structures accounted for nearly four-fifths of the Section 207 dwelling units approved for insurance in 1961, while walkup structures accounted for most of the remainder. Table III–63 shows the trend in types of structure for selected years, 1950 through 1961. The trend toward elevator apartment units has been rather spectacular, the proportion of all units accounted for by these structures rising from 7 percent in 1950 to a high of 83 percent in 1960, before declining to 79 percent in 1961. This rise has been reflected in declines in the proportions of units reported for both walkup and one-family structures, the latter having accounted for a negligible number of units in recent years. Over 90 percent of Section 207 rental housing units insured by FHA have been located in metropolitan areas, with almost one-third in the New York City area.

Table III–63.—*Type of structure, rental housing, Sec. 207, selected years*

Type of structure	1961	1960	1959	1955	1950
Percentage distribution of projects:					
Walkup	32.2	25.8	38.1	55.3	74.7
Elevator	66.7	72.5	61.0	34.1	2.4
1-family	1.1	1.7	.9	10.6	22.9
All projects	100.0	100.0	100.0	100.0	100.0
Percentage distribution of dwelling units:					
Walkup	19.1	16.1	26.5	36.6	59.1
Elevator	79.0	83.2	73.0	56.3	7.1
1-family	1.9	.7	.5	7.1	33.8
All units	100.0	100.0	100.0	100.0	100.0

Size of Dwelling Units—Section 207

The size of dwelling units in Section 207 rental housing projects is determined under criteria established to take into account the area, function, and arrangement of living space. In August 1960, FHA room-count standards were revised to bring uniformity among various FHA project programs and simplicity to the procedure for measuring dwelling unit size. This involved assigning uniform minimum area requirements to all rooms being counted, coupled with the addition to room count of certain amenity spaces not previously included. For example, individual rooms which, when meeting the minimum square-foot area and least-dimension requirements, are allowed a full room count include living rooms, dining rooms, kitchens, bedrooms, and any other habitable rooms. The amenity rooms that are now given partial counts are kitchenettes and bathrooms (one-half room count each), and half baths, foyers, and terraces (one-fourth room count each). These room counts are adjusted for rooms used for such combined functions as living room-dining area or living room-bedroom area, etc.

The net effect of allowing partial room counts for previously uncounted areas was to increase somewhat the average number of rooms per unit reported for multifamily housing units approved for mortgage insurance in 1961 compared with earlier years. The distribution of the size of Section 207 dwelling units by the number of rooms per unit is shown in Table III–64 for selected years, 1950 through 1961. This table shows a rather sharp rise from a 4.4-room average per unit in 1960 to 4.9 in 1961, with larger percentages appearing in the 5-, 6-, and 7- or more room categories.

Table III–64.—*Size of dwelling units, multifamily housing, Sec. 207, selected years*

Rooms per unit [1]	Percentage distribution of dwelling units				
	1961	1960	1959	1955	1950
Less than 3	3.0	2.8	4.3	4.2	13.2
3	14.9	24.4	20.4	16.6	17.8
4	31.1	40.2	38.0	50.6	58.1
5	30.2	25.1	32.1	25.1	10.5
6	15.0	6.2	5.1	3.5	.4
7 or more	5.8	1.3	.1		
Total	100.0	100.0	100.0	100.0	100.0
Average	4.9	4.4	4.3	4.3	3.9

[1] Represents room count determined by current FHA underwriting processing and reflects credit for certain amenities, when included. Significant modifications of room definitions became effective in 1958 and in 1960. In this table, units containing fractional room counts are included with those of whole numbers (e.g., 3 and any fractional number of rooms are shown as 3 rooms).

Table III–65.—*Number of bedrooms by type of structure, rental housing, Sec. 207, 1961*

Number of bedrooms	Percentage distribution of dwelling units			
	All projects	Walkup	Elevator	1-family
0	17.4	6.5	20.4	------
1	45.7	22.4	52.2	14.9
2	33.0	62.5	24.9	70.2
3	3.8	8.6	2.4	14.9
4 or more	.1	------	.1	------
Total	100.0	100.0	100.0	100.0
Average	1.2	1.7	1.1	2.0

Table III–65 shows the average number of bedrooms for Section 207 projects for 1961. For all projects the average was 1.2 bedrooms, and by type of structure 1.7 for walkups, 1.1 for elevators, and 2 for the one-family type.

Mortgage Allocable to Dwelling Units—Section 207

During 1961, the typical Section 207 rental project dwelling unit approved for mortgage insurance secured a mortgage of $16,002. This amount, representing that portion of the total mortgage allocated to dwelling use, was $1,914 more than for 1960. The part of the mortgage amount that covered garages, stores, and other nondwelling but income-producing parts of the project is excluded from this figure and from other data pertaining to project mortgages.

Table III–66 shows the percentage distribution of Section 207 project units by average unit mortgage amount for selected years from 1950 through 1961. As can be seen, the trend toward larger unit mortgage amounts since 1950 has been very marked. Although in 1950 there were no average unit amounts exceeding $9,000, in 1961 less than 5 percent were below that figure. Increased construction costs and increases in the proportions of elevator projects largely account for higher unit mortgage amounts, but FHA's rules and regulations based on statutory changes in maximum mortgage amounts permitted for these projects (the amounts allowed per family unit or per room) and definitional changes in room counts indirectly influence the design of projects and the amount of mortgage allocated to dwelling use. Section 207 mortgages are generally based on a limitation for walkups of $9,000 per unit if they average fewer than four rooms, otherwise $2,500 per room, and for elevator-type structures $9,400 per unit if less than a four-room average, otherwise $3,000 per room. For either type of apartment, up to $1,250 extra per room is allowed in high-cost areas. Most Section 207 projects exceed the four-room average and are located in high-cost areas, so the maximum amounts apply. Since these limitations have been the same since September 1959, the upward shift of mortgage amounts from 1960 to 1961 is principally a reflection of modification of room counts in 1960 to give room counts to bathrooms, half baths, kitchenettes, foyers, and terraces (all of which were formerly excluded), and to reduce the room count for porches from one-half room to one-fourth room. As noted previously, the average number of rooms per unit allowable for mortgage amount increased between 1960 and 1961 from 4.4 to 4.9.

The percentage distributions by mortgage amounts in Table III–66 reflect the types of structure involved. The averages per unit for walkups all fall below $17,000, the median being $9,850, while almost half of the elevator-type units average more than $17,000, with a median of $16,932.

Table III–66.—*Amount of mortgage allocable to dwellings, rental housing, Sec. 207, selected years*

Average amount of mortgage per dwelling unit[1]	Percentage distribution of dwelling units				
	1961	1960	1959	1955	1950
Less than $7,000	2.0	0.7	1.6	23.5	76.9
$7,000 to $7,999	.1	1.6	1.0	25.9	22.7
$8,000 to $8,999	2.6	2.6	9.2	18.3	.4
$9,000 to $9,999	6.0	1.4	3.2	24.2	------
$10,000 to $10,999	2.0	3.9	7.7	5.1	------
$11,000 to $11,999	5.2	10.7	19.8	3.0	------
$12,000 to $12,999	6.8	11.8	16.6	------	------
$13,000 to $13,999	8.0	16.0	6.0	------	------
$14,000 to $14,999	10.1	11.8	13.7	------	------
$15,000 to $15,999	7.1	9.0	15.8	------	------
$16,000 to $16,999	11.2	8.9	1.5	------	------
$17,000 to $17,999	5.9	8.5	2.9	------	------
$18,000 to $18,999	8.4	7.8	1.0	------	------
$19,000 to $19,999	9.0	.4	------	------	------
$20,000 to $21,999	10.6	2.6	------	------	------
$22,000 or more	5.0	2.3	------	------	------
Total	100.0	100.0	100.0	100.0	100.0
Median	$16,002	$14,088	$12,384	$8,506	$6,366

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

Ratios of Mortgage Amount to Value and Replacement Cost—Section 207

The maximum Section 207 project mortgage is limited by law to 90 percent of FHA's estimated value, rather than to a percentage of the replacement cost as for most other project programs. There are other criteria involved in determining maximum insurable mortgages, such as the mortgage amount applied for, statutory dollar limit, limitation on debt-service ratio, and limitation per room or per family unit, which, when applied individually or in combination with one other, act to delimit the amount of the insurable mortgage.

The ratio of loan to value for Section 207 projects for selected years 1950 through 1961 is presented in Table III–67. It shows that the median ratio declined from 89.6 percent in 1960 to 88.5 percent in 1961. Since the 87.5 to 89.9 percent ratio group did not change, the decrease in the median ratio was due to a substantial drop in the proportion of mortgages in the maximum 90 percent group and an almost corresponding increase in the percentage in the 85 to 87.4 percent group. The drop from 1950 to 1955 in the median ratio of mortgage amount to value resulted mainly from the limitation in force during 1955 which allowed a maximum of only 80 percent in the loan-to-value ratio except when the unit contained more than two bedrooms. Since the maximum ratio of 90 percent has been in effect since 1956, however, fluctuations that have occurred in this ratio since then may reflect principal variations in the specific limitations that happen to be controlling in the determination of maximum mortgage amounts at any one time.

Table III–67.—*Ratio of amount of mortgage to value, rental housing, Sec. 207, selected years*

Mortgage as a percent of value	Percentage distribution of dwelling units				
	1961	1960	1959	1955	1950
70 to 74.9	------	------	2.4	1.8	7.2
75 to 79.9	------	2.0	1.1	8.0	8.4
80	------	------	------	64.8	4.7
80.1 to 82.4	3.0	2.1	4.6	------	5.4
82.5 to 84.9	4.2	3.5	6.0	------	15.7
85 to 87.4	20.2	10.0	13.2	4.8	18.9
87.5 to 89.9	38.8	38.8	46.6	13.0	19.7
90	33.8	43.6	26.1	7.6	20.0
Total	100.0	100.0	100.0	100.0	100.0
Median	88.5	89.6	88.7	80.0	85.6

Since the estimated value may not exceed replacement cost, the median ratios of mortgage to replacement cost must average less than the ratios of mortgage to value for the same commitments. In Table III–68, which shows the ratio of mortgage amount to replacement cost for Section 207 in selected years from 1950 through 1961, all of the median ratios average slightly less than those for the loan-to-value ratios for the corresponding years.

Table III–68.—*Ratio of amount of mortgage to replacement cost, rental housing, Sec. 207, selected years*

Mortgage as a percent of replacement cost	Percentage distribution of dwelling units				
	1961	1960	1959	1955	1950
Less than 70	1.3	------	3.0	5.3	12.5
70 to 74.9	1.1	1.7	2.9	29.7	14.4
75 to 79.9	7.1	6.4	2.9	18.8	11.0
80 to 82.4	13.0	8.4	8.8	25.6	9.6
82.5 to 84.9	27.3	18.9	19.1	4.8	14.3
85 to 87.4	25.4	29.3	28.5	6.4	5.8
87.5 to 89.9	17.7	26.8	29.3	6.9	16.4
90	7.1	8.5	5.5	2.5	16.0
Total	100.0	100.0	100.0	100.0	100.0
Median	85.0	86.2	86.2	79.0	82.9

Land Costs—Section 207

Replacement cost represents FHA's estimate of the cost of completing a project. A major item involved in this cost is land. Table III–69 shows the distribution of the ratio of land cost to replacement cost for the different types of Section 207 projects for 1961. The typical land cost for walkups amounted to 15 percent of replacement cost, while that of the elevator type represented just 10 percent. The median one-family project land cost represented 11 percent of the replacement cost, but the sample used included only two projects. Despite the lower percentage of land cost for elevator projects, cost per dwelling unit was higher ($1,975) for elevator structures in 1961 than for walkup structures ($1,767), as indicated in Table III–70. The lower percentage of land cost is thus to be attributed to the greater total cost per unit for elevator structures.

Table III–69.—*Ratio of land cost to replacement cost, rental housing, Sec. 207, 1961*

Land cost as a percent of replacement cost	Percentage distribution of dwelling units			
	All projects	Walkup	Elevator	1-family
Less than 6	10.2	------	12.9	------
6 to 7.9	16.1	8.8	18.2	------
8 to 9.9	17.7	5.4	21.2	------
10 to 11.9	11.2	9.8	9.4	100.0
12 to 13.9	12.1	20.3	10.4	------
14 to 15.9	12.7	11.2	13.4	------
16 to 17.9	7.4	6.8	7.7	------
18 to 19.9	7.3	23.6	3.4	------
20 or more	5.3	14.1	3.4	------
Total	100.0	100.0	100.0	100.0
Median	11.1	15.0	9.8	11.0

Table III–70.—*Land cost by type of structure, rental housing, Sec. 207, 1961*

Average land cost per dwelling unit[1]	Percentage distribution of dwelling units			
	All projects	Walkup	Elevator	1-family
Less than $1,000	9.6	17.8	7.9	------
$1,000 to $1,499	20.2	21.0	18.3	90.9
$1,500 to $1,999	24.0	21.0	25.1	9.1
$2,000 to $2,499	11.1	12.4	11.0	------
$2,500 to $2,999	7.9	6.1	8.5	------
$3,000 to $3,499	10.1	6.1	11.3	------
$3,500 to $3,999	3.9	3.9	4.0	------
$4,000 to $4,499	4.6	6.8	4.2	------
$4,500 to $4,999	7.2	1.7	8.7	------
$5,000 or more	1.4	3.2	1.0	------
Total	100.0	100.0	100.0	100.0
Median	$1,921	$1,767	$1,975	$1,275

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

Monthly Rentals—Section 207

Data on monthly rentals for Section 207 dwelling units are shown in Table III–71 for selected years 1950 through 1961. These rental distributions relate to estimates made in the underwriting analysis prepared at the time of loan commitment and expected to prevail when the projects were occupied. The actual rent schedules of completed projects may not be the same, however, because of intervening modifications of plans, construction costs, or operating costs.

The typical Section 207 dwelling unit in 1961 was expected to rent for $186.79. This is a continuation of an upward trend that has seen typical rents for new Section 207 projects rise more than one and one-half times since 1950. Increases in capital costs, financing costs, and operating costs have all contributed to the steady uptrend reported over this period. Higher construction costs

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TABLE III-71.—*Monthly rental, rental housing, Sec. 207, selected years*

Monthly rental per dwelling unit	Percentage distribution of dwelling units				
	1961	1960	1959	1955	1950
Less than $60					16.1
$60 to $79.99	0.6	(1)	0.6	10.0	51.6
$80 to $99.99	2.6	2.6	7.2	22.9	26.0
$100 to $119.99	6.4	7.0	13.0	16.8	5.3
$120 to $139.99	10.6	14.1	14.5	22.9	1.0
$140 to $159.99	14.5	18.3	19.1	16.6	
$160 to $179.99	11.8	17.0	18.2	7.2	
$180 to $199.99	10.7	11.5	6.6	2.6	
$200 to $219.99	13.0	11.5	9.0	.6	
$220 to $239.99	7.5	5.1	4.7	.4	
$240 to $259.99	6.1	2.4	2.8		
$260 to $279.99	4.3	3.1	2.1	(1)	
$280 to $299.99	2.7	3.0	.9		
$300 or more	9.2	4.4	1.3		
Total	100.0	100.0	100.0	100.0	100.0
Median	$186.79	$171.31	$154.98	$120.27	$71.13

[1] Less than 0.05 percent.

and increasing proportions of units contained in higher cost elevator structures have resulted in marked increases in capital costs. A rise in debt service resulting from increases in the interest rates has compounded the rise in annual costs resulting from increased capital expenditures and higher operating costs reflecting general increases in prices as well as the higher proportion of elevator units add further to increased rental levels.

A further insight into the typical monthly rental for 1961 can be gained from Table III-72, which shows the distribution by rental ranges for Section 207 dwelling units by number of bedrooms. As can be seen, the great majority (46 percent) of these apartments are of the one-bedroom type and most of the units with rents ranging from $180 to $240 are of this type. The table also shows that about 17 percent of FHA apartment units are efficiencies and that two-thirds of the apartments that rent for $60–$80 are of this type. The two- and three-bedroom apartment units show some bimodal distributions in the rent

TABLE III-72.—*Monthly rental by number of bedrooms, rental housing, Sec. 207, 1961*

Monthly rental per dwelling unit	Average number of bedrooms	Percentage distribution of dwelling units					
		All units	Number of bedrooms				
			0	1	2	3	4 or more
$60 to $79.99	0.7	0.6	0.4		0.2		
$80 to $99.99	1.2	2.6	.7	0.7	1.2		
$100 to $119.99	1.4	6.4	1.6	1.6	2.5	0.7	
$120 to $139.99	.9	10.6	5.6	1.1	3.8	.1	
$140 to $159.99	.9	14.5	4.7	6.4	3.0	.4	
$160 to $179.99	.9	11.8	3.5	6.4	1.7	.2	
$180 to $199.99	1.1	10.7	.9	7.5	2.3	(1)	
$200 to $219.99	1.2	13.0	(1)	10.8	2.0	.2	
$220 to $239.99	1.3	7.5		5.4	2.0	.1	
$240 to $259.99	1.5	6.1		3.6	2.3	.2	
$260 to $279.99	1.6	4.3		2.0	2.2	.1	
$280 to $299.99	2.0	2.7		.2	2.4	.1	
$300 to $319.99	2.0	3.3		(1)	3.1	.2	
$320 to $339.99	2.1	1.5		(1)	1.3	.2	
$340 to $359.99	2.1	2.4		(1)	2.1	.3	
$360 or more	2.6	2.0		(1)	.9	1.0	0.1
Total	1.2	100.0	17.4	45.7	33.0	3.8	.1

[1] Less than 0.05 percent.

ranges, mainly because the two- and three-bedroom apartment units are more evenly divided than smaller units between the lower-rental walk-ups and the more expensive elevator types.

Cooperative Housing

Characteristics covered in the following discussion apply to management-type cooperative projects with commitments in 1961 for mortgage insurance under Section 213. There are important differences between cooperative and rental projects in type of ownership and in the nature of monthly payments by project occupants—cooperatives being nonprofit organizations whose ownership of housing projects is financed by the occupants through the purchase of shares by means of monthly payments in lieu of rent.

Monthly payments by the occupants include not only prorated amounts to cover amortization of the mortgage, with the usual interest, taxes, hazard insurance, and mortgage insurance premium, but also the prorated costs of operation, management, maintenance, etc.

In 1961, elevator structures constituted considerably more than half of the management-type cooperative projects and provided more than three-fourths of the total dwelling units. These proportions continued the previous record of the predominance of elevator structures over other types. Single-family units attained prominence in 1961 at the expense of units in walkup structures, which in most previous years were second in importance to elevator units.

Type of structure	1961	1960	1959	1955	1951
Percentage distribution of projects:					
Walkup	11.3	33.3	19.2	53.8	40.6
Elevator	56.3	61.6	69.2	38.5	53.1
1-family	32.4	5.1	11.6	7.7	6.3
All projects	100.0	100.0	100.0	100.0	100.0
Percentage distribution of dwelling units:					
Walkup	3.7	28.5	4.3	50.2	42.7
Elevator	76.6	69.2	84.3	39.6	56.6
1-family	19.7	2.3	11.4	10.2	.7
All units	100.0	100.0	100.0	100.0	100.0

In terms of number of bedrooms, elevator apartments were smaller than either walkup apartments or single-family units. More than half of the units in elevator structures were efficiency or one-bedroom apartments. In contrast, more than half of the units in the other two structure types had two or more bedrooms (Table III-73).

The average amount of mortgage per dwelling unit, based on the average unit amount per project, displayed considerable dispersion in 1961 as compared with previous years. In 1951 and in 1955, all cooperative units averaged less than $12,000 in mortgage amount. In 1959, 85 percent fell between $12,000 and $15,999, and in 1960 there were 60 percent between $14,000 and $17,999. In

TABLE III-73.—*Number of bedrooms by type of structure, cooperative housing, Sec. 213 management type, 1961*

Number of bedrooms	Percentage distribution of dwelling units			
	All projects	Walkup	Elevator	1-family
0	3.6		4.7	
1	48.8	28.6	50.0	44.6
2	36.1	36.4	36.9	36.3
3	9.8	7.1	8.0	17.1
4	1.7	27.9	.4	2.0
Total	100.0	100.0	100.0	100.0
Average	1.6	2.3	1.6	1.8

1961, these averages continued an upward trend—66 percent of the units averaging more than $16,000—but with less concentration within any narrow range (Table III-74).

TABLE III-74.—*Amount of mortgage allocable to dwellings, cooperative housing, Sec. 213 management type, selected years*

Average amount of mortgage per dwelling unit [1]	Percentage distribution of dwelling units				
	1961	1960	1959	1955	1951
$8,000 to $8,999				8.9	99.2
$9,000 to $9,999	11.2	3.2		23.8	.3
$10,000 to $10,999	2.8	6.3	0.9	48.9	.5
$11,000 to $11,999	.5	2.3	6.1	18.4	
$12,000 to $12,999	6.4	4.3	20.3		
$13,000 to $13,999	5.0		28.8		
$14,000 to $14,999	2.6	11.1	20.9		
$15,000 to $15,999	5.1	18.2	14.8		
$16,000 to $16,999	14.8	20.9	5.2		
$17,000 to $17,999	12.7	10.3			
$18,000 to $18,999	2.0	2.6			
$19,000 to $19,999	8.7	5.4	3.0		
$20,000 to $20,999	6.6	11.4			
$21,000 to $21,999	14.0	4.0			
$22,000 or more	7.6				
Total	100.0	100.0	100.0	100.0	100.0
Median	$17,124	$16,211	$13,789	$10,248	$8,550

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

The ratios of mortgage amounts to replacement costs reflect increased liberalization of requirements over the years represented (Table III-75). In 1951, mortgages were limited to 83 percent of the replacement cost, with higher ratios for projects predominantly occupied by veterans. In

TABLE III-75.—*Ratio of amount of mortgage to replacement cost, cooperative housing, Sec. 213 management type, selected years*

Mortgage as a percent of replacement cost	Percentage distribution of dwelling units				
	1961	1960	1959	1955	1951
Less than 70				5.8	
70 to 74.9					0.1
75 to 79.9	1.1		0.6	24.0	
80 to 82.4	0.9		6.4	13.5	
82.5 to 84.9	3.2		4.2	8.4	49.8
85 to 87.4	.5	1.7	47.5		34.5
87.5 to 89.9	2.4	3.1	.9	11.4	15.6
90	47.4	62.4	15.6	36.9	
90.1 to 92.4	10.0	3.6	13.7		
92.5 to 94.9	6.8	2.4	5.5		
95 to 96.9	5.4	4.2	3.7		
97	10.3	22.6	1.9		
Total	100.0	100.0	100.0	100.0	100.0
Median	90.0	90.0	85.0	84.5	85.0

1955, the maximum ratios were set at 90 percent for nonveterans and 95 percent for veterans. In 1959 the maximums continued at 90 and 95 percent, with additional representations at 85 percent for investor-sponsored projects, first authorized in 1956. In 1960 and 1961 the highest permissible ratios were 97 percent for management-sponsored projects and 90 percent for investor-sponsored projects.

Land costs per dwelling unit were generally lower for elevator apartments, the averages in 1961 for 86 percent of such units falling below $3,000. Two-thirds of the site costs per unit for one-family structures averaged between $2,500 and $2,999, but 18 percent were $3,500 or more. Units in walkup structures showed concentrations in cost classes of $5,000 or more (41 percent) and $3,500 to $3,999 (34 percent), with the remainder all below $3,000 (Table III-76).

TABLE III-76.—*Land cost by type of structure, cooperative housing, Sec. 213 management type, 1961*

Average land cost per dwelling unit [1]	Percentage distribution of dwelling units			
	All projects	Walkup	Elevator	1-family
Less than $1,000	5.0		6.6	
$1,000 to $1,499	20.6		26.2	2.6
$1,500 to $1,999	13.5	17.1	13.1	14.4
$2,000 to $2,499	15.5		20.2	
$2,500 to $2,999	28.2	8.6	19.8	64.7
$3,000 to $3,499	2.4		3.1	
$3,500 to $3,999	8.4	33.6	7.9	5.7
$4,000 to $4,499	.4			2.0
$4,500 to $4,999	2.0		2.1	2.0
$5,000 or more	4.0	40.7	1.0	8.6
Total	100.0	100.0	100.0	100.0
Median	$2,351	$3,862	$2,100	$2,755

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

More economical use of land by elevator apartments is also demonstrated by the 1961 ratios of land cost to replacement cost. All elevator units occupied land representing less than a fifth of the total replacement cost. In contrast, 36 percent of the walkup and 71 percent of the single-family units were in structures on land exceeding this ratio (Table III-77).

TABLE III-77.—*Ratio of land cost to replacement cost, cooperative housing, Sec. 213 management type, 1961*

Land cost as a percent of replacement cost	Percentage distribution of dwelling units			
	All projects	Walkup	Elevator	1-family
Less than 6	10.5		13.7	
6 to 7.9	15.5		20.2	
8 to 9.9	8.4		10.3	2.6
10 to 11.9	8.3	17.1	10.0	
12 to 13.9	20.4		22.9	14.4
14 to 15.9	12.5	8.6	15.9	
16 to 17.9	1.5	10.0	1.5	
18 to 19.9	7.6	27.9	5.5	12.0
20 to 21.9	.5	12.8		
22 to 23.9	5.7			20.0
24 to 25.9	3.3			17.0
26 or more	5.8	23.6		25.0
Total	100.0	100.0	100.0	100.0
Median	12.7	19.0	11.1	23.4

Urban Renewal and Relocation

Mortgage insurance is available for housing projects built as a part of the redevelopment or rehabilitation of slum and other areas cleared under federally aided programs. To meet a different aspect of this same problem, mortgage insurance is also available for projects built to relocate families displaced from renewal areas and from other areas cleared by governmental actions, as, for example, highway development.

A comparison of the characteristics of projects insured under the urban renewal program, Section 220, and under the relocation program, Section 221, shows that, in general, larger and more expensive projects are built under Section 220 than under Section 221, reflecting both the high land values of the central-city locations where redevelopment generally occurs and efforts to market these units to families of higher incomes. The resulting rents in redeveloped areas usually exceed the amounts which displaced families are able to pay. Projects especially designed for low- and moderate-income families are built and insured under Section 221.

Urban Renewal Projects.—Four-fifths of the projects with insurance commitments issued under Section 220 in 1961 were in elevator structures, providing 95 percent of the total number of dwelling units covered by this program. This predominance of elevator apartments is evidence of the intensive use of the sites cleared by urban renewal. Walkup structures comprised the remaining one-fifth of the projects and provided the remaining 5 percent of the dwelling units. There were no projects composed of single-family homes.

About three-fifths of the units in both walkup and elevator structures contained one bedroom. Two-bedroom units accounted for only 24 percent of the elevator units, as against 36 percent in walkup structures, while elevator structures contained a greater number of efficiency apartments and a limited number of three-bedroom units, as shown below:

Number of bedrooms	Percentage distribution of dwelling units		
	All projects	Walkup	Elevator
0	12.5	3.1	13.1
1	59.8	60.7	59.7
2	24.9	36.2	24.2
3	2.8	------	3.0
Total	100.0	100.0	100.0
Average	1.2	1.3	1.2

Almost 70 percent of the dwelling units committed under Section 220 had a project mortgage amount of between $15,000 and $17,000 per unit. An additional 24 percent of the mortgages per unit were $18,000 or more, and only 7 percent of the mortgages per unit were less than $15,000. These relatively high amounts are generally based on $2,500 per room limitations in walkup structures, or $3,000 per room in elevator buildings, with allowances in most cases for areas of high construction cost, rather than the $9,000 per unit or $9,400-per-unit maximum mortgages allowable for walkup and elevator units averaging less than four rooms.

Less than 27 percent of the dwelling units were in projects expected to have mortgages at the maximum of 90 percent of replacement cost. Projects accounting for 40 percent of the units were to be mortgaged for from 87.5 to 89.9 percent of replacement cost. Twenty percent of the units had mortgage to replacement cost ratios under 85 percent.

Nearly three-fourths of the apartments were expected to rent between $120 and $200 per month. Efficiency apartments were to rent mainly between $120 and $160 per month. One-bedroom unit rentals ranged upward to $260, with the greatest numbers renting between $120 and $200 per month. For the two-bedroom units, proposed rentals were widely scattered, with the biggest concentration between $240 and $260 and above $300 monthly (Table III-78).

Table III-78.—*Monthly rental by number of bedrooms, Sec. 220, 1961*

Monthly rental per dwelling unit	Average number of bedrooms	Percentage distribution of dwelling units				
		All units	Number of bedrooms			
			0	1	2	3
$80 to $99.99	0.2	1.0	0.8	0.2	------	------
$100 to $119.99	.8	1.9	.8	.6	0.5	------
$120 to $139.99	.9	17.4	2.6	14.8	(1)	------
$140 to $159.99	.6	20.1	8.3	11.1	.7	------
$160 to $179.99	1.2	15.7	------	11.9	3.8	------
$180 to $199.99	1.2	19.3	------	16.6	1.5	1.2
$200 to $219.99	1.3	3.7	------	2.7	1.0	------
$220 to $239.99	1.2	1.7	------	1.4	.3	------
$240 to $259.99	1.9	8.1	------	.5	7.6	------
$260 to $279.99	2.0	.8	------	------	.8	------
$280 to $299.99	2.4	3.0	------	------	1.7	1.3
$300 or more	2.1	7.3	------	------	7.0	.3
Total	1.2	100.0	12.5	59.8	24.9	2.8

[1] Less than 0.05 percent.

Relocation Projects.—Three-fourths of the projects and 86 percent of the dwelling units covered by Section 221 mortgage insurance commitments issued in 1961 were in walkup structures. The remaining fourth were projects consisting of one-family homes and accounting for 14 percent of the total dwelling units. There were no elevator apartments committed under Section 221.

Over 29 percent of the walkup units contained one bedroom, 58 percent contained two, and 13 percent contained three. The single-family structures were divided between two- and three-bedroom units in the ratio of 3 to 1.

Number of bedrooms	Percentage distribution of dwelling units		
	All projects	Walkup	1-family
1	25.1	29.3	------
2	60.5	58.1	74.9
3	14.4	12.6	25.1
Total	100.0	100.0	100.0
Average	1.9	1.8	2.3

The average amount of mortgage per unit for relocation projects did not show the wide variation that occurred for urban renewal projects. Ten percent of the units averaged less than $7,000 in mortgage amounts; 40 percent between $7,000 and $7,999; 39 percent between $8,000 and $8,999; and 12 percent between $9,000 and $9,999.

Although almost three-fourths of the relocation units were in projects sponsored by nonprofit organizations for which mortgages up to the complete replacement cost would be permissible, only 1 percent of all units represented 100 percent of replacement cost. Another 39 percent had mortgages between 97.5 and 99.9 percent of replacement cost, and 12 percent had mortgage-to-cost ratios above 90 percent but below 97.5 percent. The fact that 49 percent of all units were in projects that had mortgages at or below 90 percent of replacement cost indicates that a relatively large number of nonprofit units were in projects covered by mortgages with less than the maximum permitted for profit-motivated projects.

Only 4 percent of the relocation units were to rent for less than $60 per month. These were all in a single nonprofit project, the only project to qualify for below-market-rate interest under provisions of the 1961 Housing Act. Five-sixths of all units were to rent between $60 and $100. All rents on one-bedroom units were to be under $100 (Table III-79).

Table III-79.—*Monthly rental by number of bedrooms, rental housing, Sec. 221, 1961*

Monthly rental per dwelling unit	Average number of bedrooms	Percentage distribution of dwelling units			
		All units	Number of bedrooms		
			1	2	3
Less than $60	1.0	4.3	4.3	------	------
$60 to $79.99	1.7	37.4	10.5	16.4	4.5
$80 to $99.99	2.0	45.9	4.3	35.3	6.3
$100 to $119.99	2.0	8.7	------	8.7	------
$120 to $139.99	3.0	3.7	------	.1	3.6
Total	1.9	100.0	25.1	60.5	14.4

Housing for the Elderly

Section 231 housing for the elderly was added by the Housing Act of 1959, superseding the former special provisions under Section 207 for the insurance of mortgages on elderly housing projects. Any person who has reached the age of 62, or a family or couple including such a person, is eligible for occupancy in an FHA elderly housing project. The primary purpose of these projects is to provide shelter, even though in many cases they offer facilities and special services that are associated with institutional care. For this reason, elderly projects differ but little from other rental projects, except for such amenities as extra handrails, nonskid floors, doors wide enough to accommodate wheelchairs, and certain other structural characteristics designed for the varying degrees of infirmity accompanying old age.

Since elderly housing projects of more than one story generally have elevator service, the structures are classified in FHA records as elevator or nonelevator type. In 1961, both the projects and the dwelling units involved were almost equally divided between nonelevator- (51 percent) and elevator- (49 percent) type structures.

The average size of elderly housing projects in 1961 was 138 units, being virtually the same for both elevator and nonelevator projects. One-third of the units approved are to be in projects containing more than 250 units each.

The dwelling units designed for the elderly ranged in size from one room (combination of bedroom and living room) to six rooms, with three rooms the most common size for housekeeping units and two rooms the most common for nonhousekeeping units. Any half-room counts are tallied with the nearest lower whole-room count. The units shown in the accompanying table which contain no kitchen facilities are considered nonhousekeeping quarters. (In actual practice, some units with cooking facilities may also be used in the same fashion, since the residents may elect to take advantage of common dining facilities or other special meal services.) Fifty-six percent of the units are classified as housekeeping and 44 percent as nonhousekeeping.

Rooms per unit	Percentage distribution of dwelling units		
	All units	Housekeeping units	Nonhousekeeping units
1	5.2	------	13.2
2	46.5	29.8	72.2
3	32.2	48.9	6.8
4	13.8	17.8	7.6
5	1.4	2.2	------
6	.9	1.3	.2
Total	100.0	100.0	100.0
Average	2.9	3.0	2.1

The typical dwelling unit (median) had a pro-rata share of the project mortgage in 1961 of $9,883, compared with $9,215 for 1960. The range of mortgage amounts per unit, based on the average unit amount per project, is shown in the table below:

Average amount of mortgage per dwelling unit [1]	Percentage of dwelling units	Average amount of mortgage per dwelling unit [1]	Percentage of dwelling units
Under $5,000	9.1	$9,000 to $9,999	14.0
$5,000 to $5,999	-------	$10,000 to $10,999	21.2
$6,000 to $6,999	4.0	$11,000 to $11,999	15.0
$7,000 to $7,999	3.8	$12,000 to $12,999	12.1
$8,000 to $8,999	20.8	Total	100.0

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

Monthly charges varied widely among projects, depending on the amount of entrance or founders' fees involved, the degree of subsidy in some projects supported by churches or other social-service agencies, the extent that the monthly charges include services not separable from shelter rent, etc. The table below shows rents on housekeeping units, along with charges per person in nonhousekeeping accommodations, even though the two are not strictly comparable. Per-unit charges on housekeeping units generally take the number of occupants into account only to a limited extent. Some housekeeping units also have meals and some medical care included in the monthly rental—factors which affect the charges for units capable of housing two or more occupants—but a separate tally is not available for these units. Withal, the typical monthly rental for housekeeping units was $113.75 in 1961, with 45 percent of the rentals occurring in the $80-to-$120 range and 90 percent between $60 and $160.

Monthly charge	Percentage of housekeeping units	Percentage of single nonhousekeeping units with charges including—			Percentage of double nonhousekeeping units with per-person charges including—		
		No meals	Meals	Meals and medical care	No meals	Meals	Meals and medical care
Less than $60	0.2	23.5	-------	-------	17.6	-------	-------
$60 to $79.99	12.2	8.6	1.9	-------	4.0	8.7	-------
$80 to $99.99	20.8	48.5	-------	-------	61.2	15.7	5.8
$100 to $119.99	24.3	1.4	4.3	40.6	7.2	15.3	47.8
$120 to $139.99	17.2	5.0	17.3	-------	5.2	.9	28.3
$140 to $159.99	15.4	-------	8.1	5.3	4.8	24.9	13.4
$160 to $179.99	.8	4.5	14.3	11.3	-------	25.8	4.7
$180 to $199.99	2.0	8.5	5.9	15.8	-------	7.0	-------
$200 to $219.99	1.6	-------	3.0	2.8	-------	-------	-------
$220 to $239.99	2.4	-------	38.5	1.6	-------	1.7	-------
$240 or more	3.1	-------	6.7	22.6	-------	-------	-------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	56.3	10.3	15.5	7.1	3.6	3.3	3.9
Median	$113.75	$87.38	$193.75	$167.32	$89.28	$147.54	$118.48

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

Single accommodations accounted for three-fourths of the nonhousekeeping units for which detailed data were reported. Nearly half of the single rooms were with meals only, while about one-third provided shelter only, and the remainder provided shelter, meals, and medical or nursing care. The typical single nonhousekeeping unit showed a rent of $87.38; those with meals, $193.75; and those with meals and medical care, $167.32.

The double nonhousekeeping units were about equally divided among those without meal service, those with meals, and those with meals and medical care provided. The typical monthly charge per person for these units was $89.28 for shelter only, $147.54 for shelter and meals, and $118.48 for shelter, meals, and medical or nursing care. The wide range of charges and the lower monthly charges for both single and double nonhousekeeping units providing both meals and medical care than those providing meals only may reflect to some extent support for projects from their sponsoring organizations.

Nursing Homes

Commitments issued under Section 232 in 1961, the second complete year of operations of the nursing home program, were of sufficient volume to provide a better basis for generalization concerning the characteristics of FHA-insured nursing homes than has been possible heretofore. Many of these characteristics are determined not only by FHA regulations but also by nursing home regulations of State and local governments under which they are required to operate to be eligible for FHA mortgage insurance.

Nursing homes under FHA commitment in 1961 ranged in size from 39- to 150-patient capacity, the median being 72. FHA regulations require a minimum of 20 beds. FHA regulations, reinforcing most State or local license requirements, also require elevators in all structures of more than one story. One-story nursing homes in 1961 accounted for 71 percent of the projects committed and for 66 percent of the accommodations. Structures with elevators accounted for the remaining 29 percent of the projects and for 34 percent of the accommodations.

Mortgage amounts prorated according to the number of beds resulted in a median mortgage per bed of $5,744. Almost 8 percent of the beds had average mortgage amounts of $9,000 to $10,000, while about 1 percent averaged less than $3,000. A complete distribution appears below:

Average amount of mortgage per bed [1]	Percentage distribution of beds	Average amount of mortgage per bed [1]	Percentage distribution of beds
$2,000 to $2,999	1.1	$7,000 to $7,999	11.3
$3,000 to $3,999	10.0	$8,000 to $8,999	-------
$4,000 to $4,999	16.1	$9,000 to $9,999	7.6
$5,000 to $5,999	30.6	Total	100.0
$6,000 to $6,999	23.3		

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

An upward trend in mortgage amounts per bed results in part from changes in the Housing Act

of 1961 in the maximum mortgages allowable. The new legislation raised the maximum ratio of mortgage amount to estimated value from 75 percent to 90 percent. Thirty percent of the accommodations had average mortgage amounts of 75 percent of estimated value. Thirty-six percent were committed for 90 percent of value, the new maximum. The remaining 34 percent, ranging in averages between 80 and 90 percent, were committed under provisions of the new legislation but at less than the maximum permissible.

Monthly charges per patient varied from $165 to more than $500 per month, varying generally according to the number of beds per room (Table III-80). In semiprivate (two-bed) rooms, accounting for 82 percent of the accommodations, monthly charges ranged from $180 to more than $500 per bed. Nine percent of the beds were in private rooms. Charges for these varied from $220 per month to more than $500. Accommodations in wards of four or more beds made up 5 percent of all accommodations and ranged in monthly charges from $200 to $340 per bed. Three-bed rooms accounted for 4 percent of the total accommodations and had monthly charges from $160 to $380. The relatively higher cost of private rooms is most clearly in evidence in the median cost of $422 for these accommodations, compared with $315 for semiprivate, $285 for three-bed rooms, and $275 for rooms of four or more beds.

TABLE III-80.—*Monthly charge, nursing homes, Sec. 232, 1961*

Monthly charge per patient	Percentage distribution by type accommodation				
	All types	1-bed	2-bed	3-bed	4 or more beds
$160 to $179.99	0.1	-------	-------	3.8	-------
$180 to $199.99	1.1	-------	1.3	-------	-------
$200 to $219.99	5.1	-------	5.2	-------	17.8
$220 to $239.99	.8	1.5	.3	-------	8.9
$240 to $259.99	6.9	-------	4.9	40.4	13.3
$260 to $279.99	11.7	.9	13.1	-------	13.3
$280 to $299.99	2.0	.9	1.1	21.2	4.5
$300 to $319.99	28.4	6.8	32.7	1.9	20.0
$320 to $339.99	7.9	2.7	8.1	1.9	22.2
$340 to $359.99	5.0	2.1	6.0	-------	-------
$360 to $379.99	17.0	16.8	17.6	30.8	-------
$380 to $399.99	3.0	8.0	2.8	-------	-------
$400 to $419.99	3.3	9.5	3.0	-------	-------
$420 to $439.99	.7	7.4	-------	-------	-------
$440 to $459.99	4.0	23.1	2.4	-------	-------
$460 to $479.99	.3	3.5	-------	-------	-------
$480 to $499.99	1.4	2.9	1.4	-------	-------
$500 or more	1.3	13.9	.1	-------	-------
Total	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	9.1	81.9	4.2	4.8
Median	$315.68	$422.40	$314.71	$285.45	$275.00

Armed Services Housing

Section 803 of the Housing Act was established in 1949 ("Wherry Act" program) to provide mortgage insurance for rental projects built on or near military bases for armed services personnel and their dependents. In 1955 a substantial modification of the program was adopted in the "Capehart" program of Section 803.

The projects differ in nature from those in FHA's other rental housing programs in that most of the dwelling units are single-family homes—96 percent in 1961. Even in the early years, as shown in the accompanying table, the majority of the units were in one-family structures, but to a lesser degree. Very few of these projects were ever built as elevator structures, and none in recent years.

Type of structure	1961	1960	1959	1955	1950
Percentage distribution of projects:					
Walkup	4.0	7.4	0.7	22.2	29.5
Elevator	-------	-------	-------	-------	1.3
1-family	96.0	92.6	99.3	77.8	69.2
All projects	100.0	100.0	100.0	100.0	100.0
Percentage distribution of dwelling units:					
Walkup	4.3	8.0	0.3	14.3	28.0
Elevator	-------	-------	-------	-------	.7
1-family	95.7	92.0	99.7	85.7	72.3
All units	100.0	100.0	100.0	100.0	100.0

Since the projects consist mostly of single-family homes, the average size of the individual unit has always been larger than that of the other project programs. In 1961, the average size reached 6.3 rooms. A revision of FHA room count standards in early 1961 accounts for at least part of the increase in the average size from 5.7 rooms in 1960.

The average unit amount of mortgage per project declined slightly in 1961, and this was reflected in the decline in the typical mortgage amount per unit from $16,006 in 1960 to $15,781 in 1961. The distribution of these averages is shown for selected years 1950 through 1961 in the table below.

Average amount of mortgage per dwelling unit [1]	Percentage distribution of dwelling units				
	1961	1960	1959	1955	1950
Less than $7,000	-------	-------	-------	12.1	6.3
$7,000 to $7,999	-------	-------	-------	72.2	26.8
$8,000 to $8,999	-------	-------	-------	15.7	66.9
$9,000 to $12,999	-------	-------	-------	-------	-------
$13,000 to $13,999	4.1	0.8	5.6	-------	-------
$14,000 to $14,999	13.3	13.6	13.1	-------	-------
$15,000 to $15,999	41.8	35.3	33.3	-------	-------
$16,000 to $16,999	27.9	34.7	32.0	-------	-------
$17,000 to $17,999	8.7	8.8	9.6	-------	-------
$18,000 to $18,999	4.2	6.4	3.7	-------	-------
$19,000 to $19,999	-------	.4	.6	-------	-------
$20,000 or more	-------	-------	2.1	-------	-------
Total	100.0	100.0	100.0	100.0	100.0
Median	$15,781	$16,006	$15,963	$7,622	$8,088

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

After 1955, Section 803 mortgage amounts could be as high as 100 percent of replacement cost, but only 18 percent were this high in 1961. The percent of mortgages in the 95- to 100-percent mortgage-to-replacement cost ratio groups declined slightly in 1961, which resulted in a typical mortgage amount to replacement cost ratio of 96.2 percent—down from the record high of 98.1 percent in 1960.

No monthly rentals are available for these projects, which are owned and managed by the Department of Defense.

CHARACTERISTICS OF TITLE I PROPERTY IMPROVEMENT LOANS

Loans granted in 1961 by approved financial institutions to borrowers under the Title I improvement loan program had typical net proceeds of $696, the largest amount on record. Amortization of the face amount of the loan was to be made in 37 monthly installments of $21.21, which included payment to interest and principal. By type of structure, improvements to single-family dwellings have accounted for 9 out of every 10 loans insured since 1957. In 1961 this pattern was continued, with additions and alterations being the most prevalent type of improvement.

Amount of Loans

Percentage distributions by size of loan of the number and related net proceeds of Title I improvement loans insured in 1961 and selected earlier years are presented in Table III–81. Also shown are the averages and medians that demonstrate the sustained increases in the size of loans insured since 1950.

The typical 1961 property improvement loan involved $696 in net proceeds, an increase of 5 percent over 1960 and 97 percent more than the median of $354 reported for 1950. More significant is the increase in the proportion of loans having net proceeds of over $1,500. In 1950, these loans accounted for only 4 percent of the total number of loans insured and for 18 percent of the aggregate net proceeds, compared with 23 percent of the total number and 54 percent of the total net proceeds in 1961. In contrast, during the same period the number of insured loans under $600 decreased from 75 to 45 percent and the proportion of the total proceeds from 47 to 15 percent.

Duration of Loan

Prior to August 1956, over 97 percent of all Title I improvement loans contemplated repayment in 36 months or less. As of that date, an amendment to the Title I regulations extended the maximum permissible duration for loans over $600 to 5 years. In September 1961, this regulation was revised so that all loans became eligible for a maximum term of 5 years of 60 monthly installments. Table III–82 indicates that in 1961 loans with a modal repayment term exceeding 36 months accounted for 29 percent of the total number and 53 percent of the proceeds, compared with less than 1 percent of the loans and 3 percent of the net proceeds in 1950. The average repayment period of loans insured in 1961, based on the distribution of net proceeds, was 38 months, a substantial increase over the 31 months reported for 1950.

Type of Property and Improvement

The percentage distributions of insured Title I improvement loans by type of property and type of improvement, with related average net proceeds for each type of expenditure, are presented in Table III–83.

By type of structure, almost nine-tenths of the loans, accounting for 84 percent of the net proceeds, were made to improve single-family dwellings. Improvements to multifamily dwellings were responsible for an additional 7 percent of the loans and 11 percent of the proceeds. Approximately 3 percent of the loans and less than 5 percent of the proceeds were used on the three remaining categories.

In regard to the distribution by type of improvement it may be noted that lending institutions classify the loans according to the major expenditure involved. For example, loans reported for additions and alterations might well include allied minor work such as heating, insulation, or roofing. For the fourth consecutive year, additions and alterations was the most frequently reported type of improvement. In 1961, loans for this type of work accounted for 21 percent of the total number and 31 percent of the dollar amount. Another 15 percent of the loans were for insulation, but they involved less than 7 percent of the proceeds because of their low average amount of $438. The average amount of loans varied from this low to a high of $1,446 for additions and alterations.

TABLE III–81.—*Amount of Title I improvement loans, selected years*

Net proceeds of individual loan	Number of loans—percentage distribution					Net proceeds—percentage distribution				
	1961	1960	1959	1955	1950	1961	1960	1959	1955	1950
Less than $200	6.1	6.5	7.1	12.6	21.2	0.9	1.0	1.2	2.9	6.8
$200 to $299	10.8	11.3	12.6	15.8	20.5	2.7	2.9	3.5	6.2	11.3
$300 to $399	11.8	12.6	13.5	15.0	15.4	4.1	4.4	5.1	8.1	10.9
$400 to $499	8.5	8.6	8.9	10.4	9.6	3.7	3.9	4.3	7.3	8.8
$500 to $599	7.5	7.4	7.8	9.4	8.0	4.0	4.1	4.6	8.0	8.8
$600 to $799	10.6	10.6	10.7	11.7	9.1	7.3	7.5	8.1	12.8	13.0
$800 to $999	7.2	7.3	7.1	7.1	5.0	6.5	6.0	6.9	9.9	9.2
$1,000 to $1,499	14.4	14.6	13.7	9.9	7.1	17.2	17.8	17.8	18.3	13.3
$1,500 to $1,999	8.7	8.3	7.4	4.1	2.0	14.8	14.3	13.7	10.7	6.8
$2,000 to $2,499	4.9	4.7	4.2	1.8	1.0	10.8	10.6	10.1	6.2	4.2
$2,500 to $2,999	3.7	3.4	3.2	1.9	1.0	9.9	9.3	9.3	7.9	5.2
$3,000 to $3,999	4.4	4.3	3.5	.2	.1	15.4	14.9	13.1	.8	.9
$4,000 to $4,999	.2	.2	.1	.1	(1)	.8	.8	.7	.4	.4
$5,000 or more	1.2	.2	.2	(1)	(1)	1.9	1.9	1.6	.5	.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$696	$660	$604	$464	$354					
Average						$999	$971	$900	$630	$479

[1] Less than 0.05 percent.

TABLE III–82.—*Term of Title I improvement loans, selected years*

Term in months		Number of loans—percentage distribution				Net proceeds—percentage distribution			
Modal term	Interval	1961	1960	1959	1950	1961	1960	1959	1950
6	6 to 8	0.5	0.5	0.6	0.8	0.2	0.2	0.2	0.5
12	9 to 14	8.8	8.8	9.1	10.1	3.1	3.2	3.4	4.9
18	15 to 20	5.0	5.0	5.2	6.0	2.1	2.1	2.2	3.4
24	21 to 26	13.0	13.0	12.5	10.2	7.2	7.3	7.1	7.1
30	27 to 32	2.3	2.1	2.1	9.8	1.5	1.3	1.3	9.8
36	33 to 41	41.8	44.2	47.0	62.5	33.1	35.5	38.8	71.1
48	42 to 53	3.1	2.6	2.1	(1)	4.8	4.1	3.5	.1
60	54 to 63	25.1	23.3	21.1	.4	45.9	43.9	41.7	1.7
	Over 63	.4	.5	.3	.2	2.1	2.4	1.8	1.4
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median		37.4	36.7	36.6	30.4				
Average						38.0	37.6	36.8	30.7

[1] Less than 0.05 percent.

Amount of Loan by Type of Property

Title I improvement loans, distributed in Table III–84 by type of property improved, averaged highest ($1,749 in net proceeds) for loans involving commercial and industrial properties. Nearly 7 out of every 10 of these loans involved proceeds of over $1,000. In contrast, loans for single-family dwellings involved the lowest average amount of net proceeds—$914—with 4 out of 10 being less than $500. Loans to improve the three other classes of properties averaged over $1,000, with each class having the largest concentration, about 16 percent, in the $1,000-to-$1,499 loan amount group.

TABLE III–83.—*Type of improvement by type of property for Title I improvement loans, 1961*

Major type of improvement	Total	Type of property improved				
		Single-family dwellings	Multifamily dwellings	Commercial and industrial	Farm homes and buildings	Other
Percentage distribution of number of loans:						
Additions and alterations	20.8	21.2	17.4	22.6	12.2	22.1
Exterior finish	12.6	12.5	15.8	7.9	11.2	10.2
Interior finish	10.3	10.2	13.7	13.1	4.6	8.2
Roofing	6.0	5.8	7.5	7.2	6.7	8.6
Plumbing	9.0	8.0	8.0	7.6	19.4	13.1
Heating	11.6	11.1	17.7	15.6	8.2	15.4
Insulation	14.7	15.2	11.5	7.2	9.5	5.6
New nonresidential construction	3.5	3.1	1.1	9.3	25.3	8.6
Miscellaneous	11.5	12.0	7.3	9.5	2.9	8.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	89.7	7.1	1.1	1.8	.3
Percentage distribution of net proceeds:						
Additions and alterations	30.9	27.6	2.3	.5	.4	.1
Exterior finish	16.4	14.0	1.0	.1	.3	.1
Interior finish	12.7	10.7	1.6	.3	.1	(1)
Roofing	4.0	3.3	.5	.1	.1	(1)
Plumbing	6.1	4.6	1.1	.1	.2	.1
Heating	11.3	8.5	2.3	.3	.1	.1
Insulation	6.6	5.9	.5	.1	.1	(1)
New nonresidential construction	4.9	3.7	.1	.2	.9	(1)
Miscellaneous	7.1	5.9	.9	.2	(1)	.1
Total	100.0	84.2	11.2	1.9	2.2	.5
Average net proceeds:						
Additions and alterations	$1,446	$1,409	$1,836	$2,169	$1,514	$1,719
Exterior finish	1,266	1,225	1,504	1,904	1,421	1,672
Interior finish	1,187	1,132	1,601	1,974	1,094	1,402
Roofing	650	626	887	1,100	700	1,106
Plumbing	653	557	1,858	1,253	684	1,286
Heating	940	831	1,773	1,672	900	1,450
Insulation	438	425	618	711	464	710
New nonresidential construction	1,378	1,273	1,382	2,334	1,814	1,275
Miscellaneous	602	535	1,723	1,544	944	1,659
Total	999	914	1,531	1,749	1,178	1,438

[1] Less than 0.05 percent.

TABLE III–84.—*Amount of Title I improvement loans by type of property, 1961*

Net proceeds of individual loan	Total	Type of property improved				
		Single-family dwellings	Multifamily dwellings	Commercial and industrial	Farm homes and buildings	Other
Percentage distribution of number of loans:						
Less than $200	6.3	6.7	2.9	1.3	3.1	0.8
$200 to $299	11.1	11.7	5.9	2.9	8.1	4.5
$300 to $399	12.2	12.7	7.2	5.2	10.0	10.5
$400 to $499	8.6	8.9	6.1	4.2	8.5	4.1
$500 to $599	7.7	7.8	6.8	4.4	6.7	5.2
$600 to $799	10.6	10.7	10.5	7.0	10.9	8.2
$800 to $999	7.2	7.1	8.0	5.8	7.0	7.9
$1,000 to $1,499	14.4	14.2	15.9	15.4	16.0	17.2
$1,500 to $1,999	8.6	8.4	10.1	12.1	9.7	12.4
$2,000 to $2,499	4.8	4.6	6.8	8.4	6.2	7.9
$2,500 to $2,999	3.6	3.4	5.6	11.4	4.5	9.7
$3,000 to $3,999	4.5	3.8	8.3	21.8	9.3	11.6
$4,000 to $4,999	.2	(1)	2.6	------	------	------
$5,000 or more	.2	(1)	3.3	.1	------	------
Total	100.0	100.0	100.0	100.0	100.0	100.0
Median	$696	$642	$1,084	$1,656	$877	$1,255
Average	$999	$914	$1,531	$1,749	$1,178	$1,438

[1] Less than 0.05 percent.

Table III–85 presents distributions of loan amounts by type of improvement, showing 57 percent of all loans having proceeds less than $800. By type of improvement, loans below this amount included 91 percent of those for insulation; miscellaneous, 81 percent; plumbing, 79 percent; and roofing, 76 percent. Of the aggregate net proceeds of all loans, 53 percent was advanced in loans of $1,500 or more. Loans of this size comprised 71 percent of the net proceeds of additions and alterations loans, 62 percent of the interior finishing loans, and 58 percent of the loans for exterior finish.

TABLE III–85.—*Amount of Title I improvement loans by type of improvement, 1961*

Net proceeds of individual loan	Total	Major type of improvement: Additions and alterations	Exterior finish	Interior finish	Roofing	Plumbing	Heating	Insulation	New nonresidential construction	Miscellaneous
Percentage distribution of number of loans:										
Less than $200	6.3	2.3	1.7	3.2	6.6	7.3	3.0	14.5	0.8	14.7
$200 to $399	23.3	9.3	9.2	14.8	34.7	40.9	12.7	46.5	4.2	38.9
$400 to $599	16.3	11.1	11.2	14.3	22.6	22.7	18.9	20.9	6.9	19.0
$600 to $799	10.6	9.4	10.2	10.8	12.0	7.8	19.1	8.7	10.0	8.4
$800 to $999	7.2	7.1	9.3	7.3	5.6	4.6	14.4	3.3	11.4	4.0
$1,000 to $1,499	14.4	18.2	24.5	18.1	9.3	7.4	17.5	3.7	30.5	6.7
$1,500 to $1,999	8.6	13.5	16.7	11.4	4.2	3.7	6.6	1.3	17.6	3.2
$2,000 to $2,499	4.8	9.6	8.0	6.9	2.0	1.9	2.6	.6	7.0	1.7
$2,500 to $2,999	3.6	8.1	4.8	5.7	1.4	1.5	1.9	.2	4.3	1.3
$3,000 to $3,999	4.5	10.9	4.1	7.0	1.6	1.5	2.3	.3	7.2	1.7
$4,000 to $4,999	.2	.2	.2	.3	(1)	.2	.5	----	.1	.1
$5,000 or more	.2	.3	.1	.2	(1)	.5	.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	$606	$1,296	$1,172	$989	$477	$416	$760	$353	$1,230	$382
Average	$999	$1,446	$1,266	$1,187	$659	$653	$949	$438	$1,378	$602
Percentage distribution of net proceeds:										
Less than $200	1.0	.2	.2	.4	1.5	1.7	.5	5.0	.1	3.7
$200 to $399	7.0	1.9	2.1	3.5	15.5	19.0	4.0	31.3	.9	18.4
$400 to $599	8.0	3.7	4.2	5.7	16.3	16.3	9.7	22.4	2.4	15.0
$600 to $799	7.3	4.3	5.5	6.0	12.3	7.9	13.8	13.4	5.0	9.3
$800 to $999	6.4	4.3	6.5	5.3	7.5	6.2	13.3	6.7	7.3	5.7
$1,000 to $1,499	17.2	14.5	23.4	17.2	16.1	12.7	21.4	9.9	26.4	12.7
$1,500 to $1,999	14.7	15.4	22.4	15.6	10.5	9.3	11.4	4.9	21.3	8.7
$2,000 to $2,499	10.6	14.1	13.8	12.3	6.3	6.1	5.8	2.8	10.8	5.9
$2,500 to $2,999	9.7	14.5	10.0	12.3	5.3	6.0	5.2	1.4	8.2	5.6
$3,000 to $3,999	15.4	25.1	10.9	19.7	7.8	7.6	8.0	1.9	17.4	9.4
$4,000 to $4,999	.8	.6	.6	1.0	.3	1.4	2.3	----	.2	1.0
$5,000 or more	1.9	1.4	.4	1.0	.6	5.8	4.6	.3	----	4.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Less than 0.05 percent.

Claims Paid by Type of Property and Improvement

Table III–86 presents the distribution of claims paid in 1961 by type of property and type of improvement, together with the corresponding average claim payments. Claims paid to all financial institutions averaged $633, representing an increase of 8 percent over 1960. Since 1958, approximately four out of five of the defaulted loans, accounting for $9 out of every $10 paid in claims each year, had made fewer than 24 payments preceding the submission of claim applications. (See Table III–33.)

During this period each type of structure has been responsible, within 1 percent, for the same proportion of claims as for loans insured. For example, single-family dwellings in 1961 accounted for 90 percent of the defaulted loans and 85 percent of the dollar volume of claims, compared with 90 percent of the insured loans and 84 percent of the volume insured. Multifamily dwellings, accounting for another 7 percent of the defaults and 11 percent of the amount paid in claims, were responsible for the same share of loans insured.

Average claim amounts ranged from $598 for loans to improve single-family dwellings to $1,059 for commercial and industrial properties. Comparison by type of improvement shows some variation in relative distribution of loans insured and claims paid, with the greatest relative excess of claims for insulation of single-family homes, for exterior repairs to such structures, and for heating repairs in multifamily structures.

TABLE III–86.—*Type of improvement by type of property for claims paid on Title I improvement loans, 1961*

Major type of improvement	Total	Type of property improved: Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Other
Percentage distribution of number of claims paid:						
Additions and alterations	18.0	18.3	14.4	23.8	13.1	21.8
Exterior finish	14.3	14.5	13.4	8.5	13.9	9.1
Interior finish	7.9	7.6	12.7	11.3	2.7	9.1
Roofing	4.2	4.0	5.8	5.0	4.6	5.5
Plumbing	8.2	8.2	7.2	6.9	15.8	9.1
Heating	10.7	9.9	20.6	15.7	8.3	9.1
Insulation	19.9	20.4	18.7	6.9	6.7	3.6
New nonresidential construction	3.4	3.0	.6	10.0	32.2	20.1
Miscellaneous	13.4	14.1	6.6	11.3	2.7	3.6
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	90.1	7.1	1.2	1.4	.2
Percentage distribution of amount of claims paid:						
Additions and alterations	27.3	24.4	2.1	.5	.2	.1
Exterior finish	20.4	18.3	1.5	.2	.3	.1
Interior finish	9.6	8.0	1.4	.2	(1)	(1)
Roofing	3.3	2.7	.5	.1	(1)	(1)
Plumbing	5.2	4.2	.7	.1	.2	(1)
Heating	10.9	7.7	2.8	.3	.1	(1)
Insulation	10.1	9.1	.9	(1)	.1	(1)
New nonresidential construction	5.1	3.8	.1	.3	.8	.1
Miscellaneous	8.1	7.2	.6	.2	.1	(1)
Total	100.0	85.4	10.6	1.9	1.8	.3
Average claims paid:						
Additions and alterations	$954	$932	$1,269	$1,200	$806	$843
Exterior finish	897	885	979	1,296	1,027	1,334
Interior finish	770	743	944	1,005	763	362
Roofing	493	459	770	706	450	675
Plumbing	404	360	903	997	478	942
Heating	643	546	1,190	952	542	956
Insulation	320	313	421	383	228	467
New nonresidential construction	942	876	1,226	1,439	1,217	721
Miscellaneous	384	358	845	1,032	813	1,103
Total	633	598	931	1,059	830	816

[1] Less than 0.05 percent.

Actuarial Analysis of Insuring Operations

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

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

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

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

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

ANALYSIS OF RESERVES OF INSURANCE FUNDS

FHA operates 15 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. The National Housing Act, which authorized the creation of the Federal Housing Administration, provides for establishment of each of the insurance funds. The first, the Mutual Mortgage Insurance Fund, was provided for in the original National Housing Act, approved June 27, 1934. Funds most recently established, provided for in the Housing Act of 1961 amendments, approved June 30, 1961, include the Section 203 Home Improvement Account, the Section 220 Home Improvement Account, the Experimental Housing Insurance Fund, and the Apartment Unit Insurance Fund. The following listing presents FHA's insurance funds, gives the statutory dates on which they were established, and identifies by title and section of the act the insurance programs under which contracts of insurance are assigned to particular funds:

Insurance fund	Date established	Insurance program
Title I Housing Insurance Fund	Apr. 20, 1950	Title I, Sec. 8.
Mutual Mortgage Insurance Fund	June 27, 1934	Title II, Secs. 203, 207,[1] and 225.
Sec. 203 Home Improvement Account	June 30, 1961	Title II, Sec. 203(k).
Housing Insurance Fund	Feb. 3, 1938	Title II, Secs. 207–210, 213, 231, and 232.
Sec. 220 Housing Insurance Fund	Aug. 2, 1954	Title II, Sec. 220.
Sec. 220 Home Improvement Account	June 30, 1961	Title II, Sec. 220(b).
Sec. 221 Housing Insurance Fund	Aug. 2, 1954	Title II, Sec. 221.
Servicemen's Mortgage Insurance Fund	Aug. 2, 1954	Title II, Sec. 222.
Experimental Housing Insurance Fund	June 30, 1961	Title II, Sec. 233.
Apartment Unit Insurance Fund	June 30, 1961	Title II, Sec. 234.
War Housing Insurance Fund	Mar. 28, 1941	Title VI, Secs. 603, 603–610, 608, 608–610, 609, and 611.
Housing Investment Insurance Fund	Aug. 10, 1948	Title VII.
Armed Services Housing Mortgage Insurance Fund.	Aug. 8, 1949[2]	Title VIII, Secs. 803, 809, and 810.
National Defense Housing Insurance Fund	Sept. 1, 1951	Title IX, Secs. 903 and 908.
Title I Insurance Fund	June 3, 1939	Title I, Sec. 2.

[1] Insured prior to Feb. 3, 1938.
[2] For predecessor fund, Military Housing Insurance Fund. Successor fund established Aug. 11, 1955.

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

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

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

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

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

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

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

Another noteworthy feature of the reserve requirements is that they take into account the fact

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

Attention is invited to the adjustment in the estimated reserve requirements. This adjustment is for the unearned premiums estimated to be retained by the fund after refunds of unearned premiums upon prepayment of insured mortgages prior to maturity. FHA's accounting system is on an accrual basis and, consequently, earned surplus figures do not include unearned premiums. To take these unearned premiums into account for reserve purposes, the reserve requirements are adjusted by the amounts of unearned premiums estimated to be retained by the fund. The insurance reserves of each fund also are exclusive of the amounts contributed by that fund to establish and operate other insurance funds. Twelve of the 14 mortgage insurance funds have received capital contributions in the amount of $23,310,000 through June 30, 1961. Over 90 percent of this amount, or $21,310,000, was contributed by the War Housing Insurance Fund. To establish four insurance funds created by the Housing Act of 1961 amendments, referred to in an earlier paragraph, the War Housing Insurance Fund contributed to each $1 million.

The results of the 1961 fiscal-year valuation of reserve requirements of the mortgage insurance funds are presented in Tables III-87 and III-88. The former, in addition to showing their reserve positions at the end of June 1961, shows the midyear outstanding balances of the insurance contracts in force assigned to the separate funds. The latter also shows comparative reserve positions of the funds on the basis of the 1959 and 1960 calendar-year valuations.

The June 30, 1961 valuation of reserve requirements for all mortgage insurance funds combined shows an improvement in the combined reserve position over that for the year-end valuation as of December 31, 1960. At that time, the valuation showed a deficiency in insurance reserves of approximately $50.5 million in meeting reserve requirements. By the following midyear, at June 30, 1961, the reserve deficiency was reduced to approximately $46 million. During this period the insurance in force in the mortgage insurance funds increased at an annual rate of 9.2 percent and their reserve requirements increased at an annual rate of 13.4 percent. The improvement in the combined reserve position of the mortgage insurance funds is attributable to an annual

TABLE III-87.—*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 June 30, 1961			
	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	$127,424,683	$6,236,934	$4,252,656	$1,984,278
Mutual Mortgage Insurance Fund	25,009,331,141	[3] 648,709,096	675,961,285	−27,252,189
Sec. 203 Home Improvement Account		1,000,000		1,000,000
Housing Insurance Fund	1,815,424,756	5,758,267	67,872,012	−62,113,745
Sec. 220 Housing Insurance Fund	332,197,870	4,018,330	21,649,966	−17,631,636
Sec. 220 Home Improvement Account		1,000,000		1,000,000
Sec. 221 Housing Insurance Fund	261,080,951	−808,871	12,126,969	−12,935,840
Servicemen's Mortgage Insurance Fund	1,136,181,555	14,940,637	39,739,326	−24,798,689
Experimental Housing Insurance Fund		1,000,000		1,000,000
Apartment Unit Insurance Fund		1,000,000		1,000,000
War Housing Insurance Fund	2,757,343,517	203,209,895	61,266,742	141,943,153
Housing Investment Insurance Fund		921,355		921,355
Armed Services Housing Mortgage Insurance Fund	2,226,759,553	16,969,612	[4] 45,946,474	−28,976,862
National Defense Housing Insurance Fund	360,261,737	−13,770,782	7,359,255	−21,130,037
Total, all mortgage insurance funds	34,116,005,763	890,184,473	936,174,685	−45,990,212
Title I Insurance Fund	1,600,801,765	[5] 92,069,840	(6)	
Total, all funds	35,725,807,528	982,254,313		

[1] Includes earned surplus of certain insurance funds transferred to other FHA insurance funds as capital contributions in the amount of $23,310,000.

[2] For mortgage insurance contracts in force. Adjusted for estimated unearned premiums in 9 mortgage insurance funds in the amount of $41,382,082 to be retained after refunds of unearned premiums upon prepayment.

[3] Includes $176,201,014, as of June 30, 1961, 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 $27,035,781 as of June 30, 1961.

[6] Reserve requirements are not estimated for the Title I Insurance Fund. The maximum potential liability under this fund was $417,886,960 as of June 30, 1961, 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–88.—*Insurance reserves and estimated reserve requirements in the insurance funds of the Federal Housing Administration, as of Dec. 31, 1959–60 and June 30, 1961*

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, 1959	Dec. 31, 1960	June 30, 1961	Dec. 31, 1959	Dec. 31, 1960	June 30, 1961	Dec. 31, 1959	Dec. 31, 1960	June 30, 1961
Title I Housing Insurance Fund	$5,191,071	$5,885,246	$6,236,934	$5,462,219	$4,601,506	$4,252,656	−$271,148	$1,283,740	$1,984,278
Mutual Mortgage Insurance Fund	[3] 515,202,350	[3] 603,164,201	[3] 648,709,096	529,341,973	620,994,297	675,961,285	−14,139,623	−26,830,096	−27,252,189
Sec. 203 Home Improvement Account			1,000,000						1,000,000
Housing Insurance Fund	13,738,244	14,716,389	5,758,267	43,194,550	56,605,094	67,872,012	−29,456,312	−41,888,705	−62,113,745
Sec. 220 Housing Insurance Fund	2,141,184	3,270,478	4,018,330	13,628,319	18,535,939	21,640,966	−11,487,135	−15,265,461	−17,631,636
Sec. 220 Home Improvement Account			1,000,000						1,000,000
Sec. 221 Housing Insurance Fund	1,329,799	−66,012	−808,871	6,883,628	10,565,732	12,126,969	−5,553,829	−10,631,744	−12,935,840
Servicemen's Mortgage Insurance Fund	8,480,302	12,273,868	14,940,637	29,683,694	37,001,566	39,739,326	−21,203,392	−24,727,698	−24,798,689
Experimental Housing Insurance Fund			1,000,000						1,000,000
Apartment Unit Insurance Fund			1,000,000						1,000,000
War Housing Insurance Fund	173,599,092	185,651,640	203,209,895	84,118,822	68,729,561	61,266,742	89,480,270	116,922,079	141,943,153
Housing Investment Insurance Fund	919,021	913,692	921,355				919,021	913,692	921,355
Armed Services Housing Mortgage Insurance Fund	13,858,546	15,268,766	16,969,612	[4] 59,241,734	[4] 42,809,391	[4] 45,946,474	−45,383,188	−27,540,625	−28,976,862
National Defense Housing Insurance Fund	−5,981,384	−14,262,872	−13,770,782	10,850,154	8,468,030	7,359,255	−16,831,538	−22,730,902	−21,130,037
Total, all mortgage insurance funds	728,478,225	826,815,396	890,184,473	782,405,099	877,311,116	936,174,685	−53,926,874	−50,495,720	−45,990,212
Title I Insurance Fund	84,642,167	95,286,026	92,069,840	(5)	(5)	(5)			
Total, all funds	813,120,392	922,101,422	982,254,313						

[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, 1959 and Dec. 31, 1960, and $23,310,000 as of June 30, 1961.

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

[3] Includes $176,201,014, as of June 30, 1961, 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, 1959 is $136,723,560, and for Dec. 31, 1960 is $161,820,950.

[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 $22,677,292 as of Dec. 31, 1959, $25,942,135 as of Dec. 31, 1960, and $27,035,781 as of June 30, 1961. The maximum potential liability under this fund representing the balance of reserves available to qualified lending institutions for the payment of claims was $359,895,509 as of Dec. 31, 1959, $386,816,386 as of Dec. 31, 1960, and $417,886,966 as of June 30, 1961. This potential liability was calculated at 10 percent of net proceeds of insurance less claims paid and reserve adjustments.

rate of increase in insurance reserves of 15.4 percent, a rate of change which exceeded the increase in reserve requirements.

Between the last two reserve valuation dates, the net increase in outstanding balances of insurance in force in the mortgage insurance funds was at an annual rate of $3 billion. This figure takes into account new insurance written and the reduction in outstanding balances on old insurance, including that in three insurance funds, the Title I Housing Insurance Fund, the War Housing Insurance Fund, and the National Defense Housing Insurance Fund, under which new insurance has not for some time been authorized to be written. Under five insurance funds, on June 30, 1961, no insurance had as yet been written. They include the four insurance funds established under the Housing Act of 1961 amendments as recently as June 30, 1961, and the Housing Investment Insurance Fund. For the mortgage insurance funds with insurance in force, the current valuation shows two funds with a balance status, i.e., where the insurance reserves equal or exceed estimated reserve requirements. These are the Title I Housing Insurance Fund and the War Housing Insurance Fund.

Among the remaining mortgage insurance funds, with insurance in force, which do not show a balance status currently, the most important in terms of insurance in force is the Mutual Mortgage Insurance Fund. The reserve deficiency, i.e., where insurance reserves are less than estimated reserve requirements, amounts to $27.3 million, or only slightly higher than the comparable figure of $26.8 million at the previous calendar-year valuation. This fund first attained a balance status with the 1954 calendar-year valuation, and a reserve deficiency developed in the 1959 valuation. Reserve deficiencies in recent valuations of the reserve liabilities of this fund reflect a combination of factors: record and near-record amounts of new insurance written and the increasing proportions of mortgages with longer maturities in the distribution of new business. As was pointed out in an earlier paragraph in this section, reserve requirements are highest for new insurance written and they decline as this insurance ages. Moreover, mortgages with longer maturities command higher reserve requirements than do mortgages with shorter maturities.

Second in importance in terms of insurance in force is the War Housing Insurance Fund, which first attained a balance status with the 1957 valuation. Emergency home and project mortgage insurance contracts written under Title VI during the defense preparedness and war periods of World War II and during the postwar period of the veterans' emergency housing program were assigned to this fund. The reserve position of this fund has shown steady improvement since the 1954 valuation. With the current valuation, the excess of insurance reserves over estimated reserve requirements amounts to almost $142 million, an increase of $25 million over the excess disclosed in the 1960 calendar-year reserve position.

The other fund with the reserve position in a balance status is the Title I Housing Insurance Fund. This fund was established by the statutory amendment of April 20, 1950 which authorized a separate insurance program "to assist in providing adequate housing for families of low and moderate income, particularly in suburban and outlying areas." This authority was terminated by the amendment of August 2, 1954, which also authorized a similar program of insurance within the Mutual Mortgage Insurance Fund. (The Housing Act of 1961 amendments also authorized an insurance program under Section 221 "to assist private industry in providing housing for low- and moderate-income families.") With the December 31, 1960 valuation of reserve requirements, this fund attained a balance status for the first time. This favorable reserve position, which further improved in the current fiscal-year valuation, reflects a decline in reserve requirements as a result of the aging and termination of insurance in force and an increase in insurance reserves.

There are six other mortgage insurance funds which have not yet attained a balance status. This is either because they were recently established or because the bulk of the insurance covered by them is of recent origin. Consequently, these funds have not had sufficient time to accumulate the necessary earned surplus. They are (1) the Housing Insurance Fund for multifamily rental housing under Section 207 of the Act, for cooperative housing mortgages under Section 213, for supplementary cooperative housing loans under Sections 207 and 213, for mortgages on housing for the elderly under Section 231, and for mortgages on nursing homes under Section 232; (2) the Section 220 Housing Insurance Fund for mortgages on urban renewal housing and property improvements in urban renewal areas; (3) the Section 221 Housing Insurance Fund for mortgages on housing for low- and moderate-income families and families displaced from urban renewal areas or as a result of governmental action; (4) the Section 222 Servicemen's Mortgage Insurance Fund for mortgages on housing for personnel in the U.S. Armed Forces and Coast Guard on active duty for more than 2 years; (5) the Armed Services Housing Mortgage Insurance Fund covering mortgages on housing for military and essential civilian employees at installations of the Armed Services, and research and development installations of the Armed Services, the National Aeronautics and Space Administration, their contractors, and the Atomic Energy Commission, under Sections 803, 809, and 810; and (6) the National Defense Housing Insurance Fund for mortgages on programed housing for Korean emergency defense workers provided for by Sections 903 and 908.

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 14 of the funds as assistance may be required. They are the Title I Insurance Fund, the Title I Housing Insurance Fund, the Section 203 Home Improvement Account, the Housing Insurance Fund, the War Housing Insurance Fund, the Housing Investment Insurance Fund, the Armed Services Housing Mortgage Insurance Fund, the National Defense Housing Insurance Fund, the Section 220 Housing Insurance Fund, the Section 220 Home Improvement Account, the Section 221 Housing Insurance Fund, the Experimental Housing Insurance Fund, the Apartment Unit Insurance Fund, and the Servicemen's Mortgage Insurance Fund. Only the Mutual Mortgage Insurance Fund is not authorized by Section 219 to transfer or receive assets from other funds. The total insurance reserves as of June 30, 1961 in these 14 funds which are authorized to provide mutual financial assistance are $333.5 million. The Title I Insurance Fund, which, by the Housing Act of 1961 amendments, was added to the group of insurance funds authorized to provide mutual assistance, contributed to this total approximately $92 million.

Tables III–87 and III–88 also show figures on the outstanding balances of insurance in force and the insurance reserves for the Title I Insurance Fund. The fiscal provisions of one of FHA's several property modernization and improvement programs 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 June 30, 1961 amounted to $119,105,621. With outstanding balances on loan insurance in force amounting to $1,609,801,765, the insurance reserves and unearned premiums represented 7.40 percent of the outstanding balance of insurance in force as compared with 7.53 percent as of December 31, 1960.

The maximum potential liability under this fund at June 30, 1961 was $417,886,966, 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, 1960 was $386,816,386. 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 June 30, 1961, prior to any recoveries on defaulted notes, amounted to 1.69 percent of the net proceeds of loans insured. Actual losses (after recoveries) and reserves for future losses on such notes represent a little less than 1 percent of the net proceeds of notes insured. The maximum claim rate under Title I amounted to 4.04 percent of net proceeds of the notes insured during the period from mid-1934 to mid-1939. After recoveries from collection efforts, the actual losses for this period of insurance amounted to 1.89 percent of notes insured.

ANALYSIS OF TERMINATION EXPERIENCE

The estimated life expectancy of one- to four-family home mortgages insured under Section 203 is estimated to be 9.62 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 25-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 1959 and exposed to their policy anniversaries in 1960.

This estimate of life expectancy on the basis of the 1935–60 termination experience is about a fourth of a year higher than the comparable figure of 9.33 years shown in the 1960 annual report.

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

The life expectancies for mortgages of various maturity classes included in the 1935–60 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 5.84 years. Mortgages with maturities of 13 through 17 years have an estimated life expectancy of 7.44 years. The life expectancy for mortgages with maturities of 18 through 22 years is 9.25 years. For mortgages in the 23- through 25-year maturity class, the estimated life expectancy is 11.28 years and is based on cumulative termination experience observed over a 22-year period and a projection of that experience through the 25-year period. Life expectancies for mortgages of various maturity classes are calculated by the standard actuarial method described as "the complete expectation of life." An estimate of life expectancy for mortgages in the longest maturity class was not made, since the period of observation was too short. Mortgages with terms of 30 years were first endorsed for insurance beginning in 1949. There are no termination data as yet for mortgages with terms of 35 years, which were first authorized under Section 203 by the Housing Act of 1961 amendments.

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 1948–60 period was analyzed to determine whether or not life expectancies are longer in the postwar period than in the 1935–60 period. On the basis of this limited termination experience, the indication is that longer life expectancies are in process of developing for the 20- and 25-year maturities.

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 1959 and exposed to policy anniversaries in 1960 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	0.0235147	2,351	12th	35,971	0.1205364	4,336
2d	97,649	.0385676	3,766	13th	31,635	.1229644	3,890
3d	93,883	.0575073	5,399	14th	27,745	.1300004	3,607
4th	88,484	.0742397	6,569	15th	24,138	.1680514	4,056
5th	81,915	.0908062	7,438	16th	20,082	.1548199	3,109
6th	74,477	.1069992	7,969	17th	16,973	.1248952	2,120
7th	66,508	.1113783	7,408	18th	14,853	.1206319	1,792
8th	59,100	.1125468	6,652	19th	13,061	.1638205	2,140
9th	52,448	.1157914	6,073	20th	10,921	.4299627	4,696
10th	46,375	.1168292	5,418	21st	6,225	.3048894	1,898
11th	40,957	.1217343	4,986	22d	4,327	.1085868	470

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

The data on the 1935–60 termination experience for all mortgages are organized as a survivorship table which is presented in Actuarial Schedule 1. It is from this schedule that the estimate of life expectancy for all home mortgages is made. Among the things that the schedule shows for the one- to four-family 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 1935–60 termination experience of Section 203 mortgages produces an overall annual rate of termination of 0.0235147 in the first policy year. When the 100,000 mortgage entrants, the initial hypothetical group, are multiplied by this first-policy-year rate, the product of 2,351 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 97,649 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 0.0385676. When this rate is applied against the 97,649 surviving mortgages at the beginning of the second year, it gives 3,766 as the number of mortgages which can be expected to terminate during the second policy year. Subtracting this number of terminated mortgages from the number in force at the beginning of the second policy year leaves 93,883 mortgage survivors at the beginning of the third policy year.

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

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

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 1959 and exposed to policy anniversaries in 1960 or prior termination dates*

Policy year	Type of termination					
	Prepayments in full	Prepayments by supersession	Titles acquired by mortgagees: Retained by mortgagee	Titles acquired by mortgagees: Transferred to FHA	Others	Total
1st	0.0172103	0.0058769	0.0001039	0.0002973	0.0000263	0.0235147
2d	.0280648	.0093401	.0002087	.0009326	.0000214	.0385676
3d	.0425570	.0136386	.0003523	.0009294	.0000300	.0575073
4th	.0563380	.0166900	.0003594	.0007934	.0000589	.0742397
5th	.0709493	.0187909	.0003754	.0005396	.0001510	.0908062
6th	.0859614	.0201427	.0003220	.0003947	.0001784	.1069992
7th	.0916085	.0190106	.0003226	.0003057	.0001309	.1113783
8th	.0941852	.0175865	.0003014	.0002449	.0002288	.1125468
9th	.0970547	.0178815	.0002666	.0001605	.0004281	.1157914
10th	.0966865	.0167672	.0002591	.0000726	.0030438	.1168292
11th	.1043870	.0137446	.0001932	.0000379	.0033716	.1217343
12th	.1074194	.0102490	.0001021	.0000134	.0027525	.1205364
13th	.1122091	.0078825	.0000814	.0000035	.0027879	.1229644
14th	.1215621	.0059340	.0000658	-------	.0024385	.1300004
15th	.1359208	.0048126	.0000482	-------	.0272698	.1680514
16th	.1233602	.0039974	.0000466	-------	.0274157	.1548199
17th	.1166524	.0033362	.0000570	-------	.0048496	.1248952
18th	.1162191	.0033989	.0000290	-------	.0009849	.1206319
19th	.1508009	.0027248	.0000265	-------	.0102773	.1638295
20th	.2728099	.0025396	.0000233	-------	.1545899	.4299627
21st	.0842417	.0024136	-------	-------	.2182341	.3048894
22d	.1074316	.0007701	-------	-------	.0003851	.1085868

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

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 22 policy years in which prepayments obtain represent more than four-fifths of the total terminations. They account for about three-fourths in the first 5 policy years.

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

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

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

The rates of termination shown in the actuarial schedules from which survivors, decrements, and expectancies are estimated are "crude" or actual rates as distinguished from "graduated" or smoothed rates. They are based on numbers of mortgages only, and include mortgages with the various terms of financing eligible for insurance in accordance with administrative regulations for Title II, Section 203. Because this insurance program has not been in operation long enough for many of its long-term mortgages to mature, the rates of termination for later policy years are based on a smaller aggregate amount of experience than those for earlier years. The rates of termi-

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 1959 and exposed to policy anniversaries in 1960 or prior termination dates*

Policy year	Mortgage survivors at the beginning of policy year	Decrement by type of termination					
		Prepayments in full	Prepayments by supersession	Titles acquired by mortgagees: Retained by mortgagee	Titles acquired by mortgagees: Transferred to FHA	Others	Total
1st	100,000	1,721	588	10	30	2	2,351
2d	97,649	2,741	912	20	91	2	3,766
3d	93,883	3,995	1,281	33	87	3	5,399
4th	88,484	4,985	1,477	32	70	5	6,569
5th	81,915	5,812	1,539	31	44	12	7,438
6th	74,477	6,402	1,500	24	30	13	7,969
7th	66,508	6,093	1,264	22	20	9	7,408
8th	59,100	5,566	1,039	18	15	14	6,652
9th	52,448	5,090	938	14	8	23	6,073
10th	46,375	4,484	778	12	3	141	5,418
11th	40,957	4,275	563	8	2	138	4,986
12th	35,971	3,864	369	4	(1)	99	4,336
13th	31,635	3,550	249	3	(1)	88	3,890
14th	27,745	3,373	164	2	-------	68	3,607
15th	24,138	3,281	116	1	-------	658	4,056
16th	20,082	2,477	80	1	-------	551	3,109
17th	16,973	1,980	57	1	-------	82	2,120
18th	14,853	1,726	51	(1)	-------	15	1,792
19th	13,061	1,970	36	(1)	-------	134	2,140
20th	10,921	2,980	28	(1)	-------	1,688	4,696
21st	6,225	524	15	-------	-------	1,359	1,898
22d	4,327	465	3	-------	-------	2	470

[1] Less than 1.

Actuarial Schedule 4.—*Survivorship table for a group of 1- to 4-family home mortgages of various maturity classes based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1959 and exposed to policy anniversaries in 1960 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	97,649	94,816	96,194	96,644	98,752	99,500
3d	93,883	87,048	90,599	92,017	96,313	98,066
4th	88,484	78,521	83,030	85,866	92,484	95,765
5th	81,915	67,999	74,355	78,856	87,196	92,411
6th	74,477	56,818	65,207	71,513	80,316	88,124
7th	66,508	46,034	56,194	64,044	72,388	82,582
8th	59,100	36,461	47,667	56,848	65,489	78,159
9th	52,448	27,937	40,049	50,373	59,338	74,218
10th	46,375	20,036	33,629	44,531	53,473	69,892
11th	40,957	11,065	28,110	39,367	48,449	66,514
12th	35,971	4,642	23,547	34,797	43,605	63,110
13th	31,635	2,181	19,856	30,679	39,255	
14th	27,745		16,583	26,925	35,422	
15th	24,138		12,708	23,577	31,647	
16th	20,082		5,333	20,625	28,237	
17th	16,973		893	17,976	25,275	
18th	14,853			15,572	22,736	
19th	13,061			13,211	20,538	
20th	10,921			9,028	18,574	
21st	6,225			2,034	16,688	
22d	4,327			24	14,985	
23d	3,857				13,346	
Estimated life expectancy in years	9.62	5.84	7.44	9.25	[4] 11.28	([5])

[1] Based on aggregate termination experience for mortgages insured from 1935 through 1959 and exposed to policy anniversaries in 1960 or prior termination dates.
[2] Based on aggregate termination experience for mortgages insured from 1938 through 1959 and exposed to policy anniversaries in 1960 or prior termination dates.
[3] Based on aggregate termination experience for mortgages insured from 1949 through 1959 and exposed to policy anniversaries in 1960 or prior termination dates.
[4] Based on termination experience observed over a 22-year period and its projection to 25 years.
[5] Not estimated.

nation 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 1959. For the second policy year, they are based on the terminations from endorsements in each calendar year from 1935 through 1958.

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 relatively favorable periods of exposure. Accordingly, it must be emphasized that the pattern of termination rates shown in the actuarial schedules is only an emerging one and cannot be said to be definitive for total terminations or for the different types of terminations.

MUTUAL MORTGAGE PARTICIPATION PAYMENTS

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

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

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

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

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

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

Table III–89 shows selected participation shares for eligible mortgagors paying off their mortgages during the 6-month period ending December 31, 1961. Participation shares may in no event exceed the aggregate scheduled annual premiums on the mortgage to the year of termination of the insurance.

As of June 30, 1961, the account had $176,201,014 available for distribution to eligible mortgagors as participation payments. Since January 1, 1945, when participation payments were first made, a total of $121,169,983 has been distributed to 984,616 mortgagors. In the aggregate, these amounts equal 31 percent of total FHA premium collections through June 30, 1961 under this home mortgage insurance program. The average dividend was approximately $123.

The basis for distributing dividends or participation payments from the Participating Reserve Account is an adaptation of the method known in

Table III–89.—*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 July 1, 1961 and Dec. 31, 1961*

Year mortgage was endorsed for insurance	Maturity class of mortgage				
	10 years	15 years	20 years	25 years	30 years
1956	$1.90	$4.85	$5.29		
1954	5.34	9.92	12.47	$7.77	$2.39
1952	10.23	16.61	19.26	16.95	9.85
1950		26.03	28.55	25.11	16.03
1948		39.14	41.64	38.61	
1946		41.97	52.81	53.83	

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

The participation payment which an individual mortgagor receives when he pays off his mortgage is determined on the basis of the average insurance experience for his class of business and its respective reserve requirements. The characteristics identifying a class of business are maturity, i.e., the original term of the mortgage; and duration, i.e., the number of policy years a contract has been in force at the time of termination. For example, one class of business would be all 20-year mortgages which had been in force for 13 years. At the end of 1961, it would be made up of 20-year mortgage insurance contracts endorsed in 1949 and also all other 20-year mortgages endorsed for insurance in prior years which had had a 13th policy year of experience.

The insurance experience of a given class of business reflects the estimated combined fee, premium, and investment income as well as the initiation, maintenance, and settlement expenses and insurance losses of that class. In other words, the insurance experience of a class represents its estimated earned surplus. In the above example, it would be the combined earned surplus for all 20-year mortgages which had attained a 13th anniversary. When the combined earned surplus is related to the total amounts of insurance in force for businesses in a class, an average earned surplus per $1,000 of original amount of insurance in force is provided. Thus all classes of business are put on a comparable basis.

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

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

In the early durations mortgage classes do not on the average accumulate sufficient resources to meet insurance costs and reserve requirements. Consequently, mortgagors prepaying their mortgages within the early years after endorsement do not receive participation payments. Beyond these years, the payments made increase with duration; that is, the longer a mortgage insurance contract has been in force at the time of termination, the higher the participation payment. For many classes of business with durations of 15 years or more, participation payments currently are equal to the cumulative premiums paid by the mortgagor. The statute provides that no mortgagor with a mortgage insured under Section 203 has any vested right in the Participating Reserve Account of the Mutual Mortgage Insurance Fund.

The share amounts, of course, depend on the amount in the Participating Reserve Account and the amount of insurance in force. The size of the account is based on considerations of the reserve position of the fund, for, as the statute requires, the amount of net income which may be allocated to this account must be determined in accordance with sound actuarial and accounting practice.

These share amounts will vary from time to time, reflecting changes in insurance loss experience as well as changes in current reserve requirements because of fluctuations in new mortgage insurance volume. The share amounts have been relatively high because the Mutual Mortgage Insurance Fund has not been exposed to a serious economic reversal. As a consequence of the fund's favorable insurance experience, the semiannual allocations from the net income of the fund to the Participating Reserve Account have been relatively high. It should, therefore, be noted that, if adverse economic conditions of serious proportions were to develop, the attendant insurance loss experience of the fund could be such as to reduce or even eliminate income allocations to the account. Under such conditions, the levels of the share amounts would be reduced.

ANALYSIS OF DEBT RETIREMENT EXPERIENCE

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

Tables III–90 and III–91 present measures of gross debt retirement for all FHA-insured home and project mortgage programs. Retirements are estimated from insurance written and outstanding balances in force. Since the estimates of outstanding balances reflect scheduled amortization of principal and outstanding balances of all types of terminated mortgages, the retirements (1) include outstanding balances of mortgage default termination, 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

Table III–90.—*FHA-insured home mortgage debt retirements, 1940–61* [1]

[Dollar amounts in thousands]

Year	Insurance written during period [2]	Retirements during period	Average outstanding balance during period [3]	Percent retirements to average outstanding balance during period	Percent retirements to insurance written during period
1935-39	$2,007,776	$252,663			
1940	762,084	167,723	$2,030,747	8.26	22.01
1941	910,770	230,185	2,679,856	8.59	25.27
1942	973,271	260,846	3,397,476	7.68	26.80
1943	763,097	445,553	3,896,735	11.43	58.39
1944	707,363	577,488	4,150,922	13.91	81.64
1945	474,245	586,529	4,151,717	14.13	123.68
1946	421,949	807,245	3,932,811	20.53	191.31
1947	894,675	805,651	3,607,722	22.33	90.05
1948	2,116,043	628,139	4,454,546	14.10	29.68
1949	2,209,842	573,402	6,067,503	9.45	25.95
1950	2,492,367	834,747	7,986,363	10.45	33.49
1951	1,928,433	814,828	9,184,849	8.87	42.25
1952	1,942,307	849,088	10,155,407	8.36	43.72
1953	2,288,626	1,069,017	11,402,361	9.38	46.71
1954	1,942,266	1,153,208	12,409,193	9.29	59.37
1955	3,084,767	1,525,969	13,541,335	11.27	49.47
1956	2,638,226	1,470,281	14,967,555	9.82	55.73
1957	2,251,064	1,255,183	15,925,535	7.88	55.76
1958	4,551,483	1,327,343	17,888,985	7.42	29.16
1959	6,069,418	1,940,609	21,840,293	8.89	31.97
1960	4,600,506	1,707,867	25,258,003	6.76	37.12
1961	4,765,216	1,965,111	28,077,818	7.00	41.24

[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, 203(k), 213, 220, 221, 222, 225; Titles VI, Secs. 603, 603–610, 611; Title VIII, Sec. 809; Title IX, Sec. 903.

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

TABLE III-91.—*FHA-insured project mortgage debt retirements, 1940–61* [1]

[Dollar amounts in thousands]

Year	Insurance written during period [2]	Retirements during period	Average outstanding balance during period [3]	Percent retirements to average outstanding balance during period	Percent retirements to insurance written during period
1935–39	$114,428	$9,493			
1940	12,949	13,503	$105,467	12.80	104.28
1941	13,565	10,678	106,539	10.02	78.72
1942	21,215	4,261	116,617	3.65	20.08
1943	84,622	7,093	158,892	4.46	8.38
1944	56,096	17,328	222,961	7.77	30.89
1945	19,817	23,244	240,732	9.66	117.29
1946	13,175	36,837	223,703	16.47	279.60
1947	359,944	24,155	326,182	7.41	6.71
1948	608,711	15,599	871,253	1.79	2.56
1949	1,021,231	29,310	1,591,947	1.84	2.87
1950	1,156,681	72,258	2,681,150	2.70	6.25
1951	583,774	96,838	3,462,936	2.80	16.59
1952	321,911	107,489	3,818,915	2.81	33.39
1953	259,194	150,934	3,971,078	3.80	58.23
1954	234,022	151,786	4,072,972	3.73	64.86
1955	76,489	193,281	4,050,954	4.77	252.69
1956	130,247	186,175	3,948,493	4.72	142.94
1957	597,348	169,318	4,177,770	4.05	28.34
1958	908,671	242,881	4,682,627	5.19	26.73
1959	674,682	277,474	5,238,716	5.30	41.13
1960	723,501	264,860	5,595,749	4.73	36.61
1961	928,069	373,624	6,160,292	6.07	40.20

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

[2] Includes Title II, Secs. 207–210, 213, 220, 221, 231, 232; Title VI, Secs. 608, 608–610, 611; Title VIII, Sec. 803; Title IX, Sec. 908.

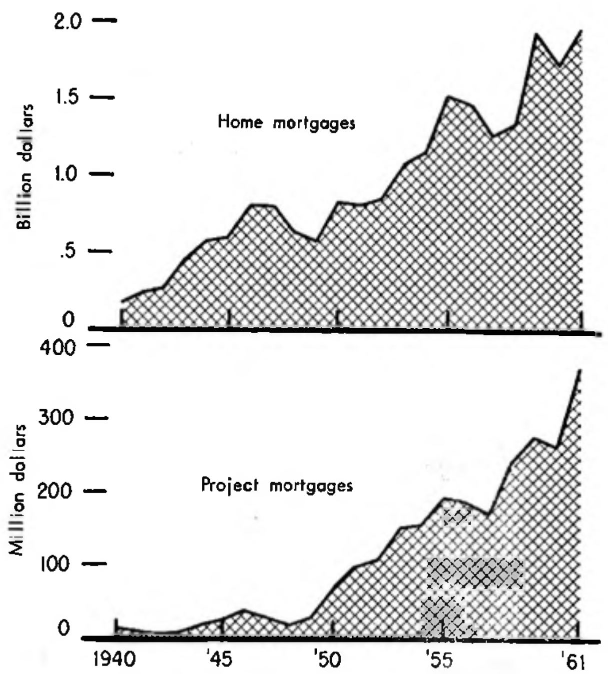
[3] Averages are based on estimated semiannual, quarterly, or monthly outstanding balances during the calendar year, depending on the availability of data.

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 there may be of retirement as repayments 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 $1,965 million in 1961. This 22-year record of retirements of home mortgages is illustrated in Chart III-26.

CHART III-26

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 1961.

The annual rates of debt retirement for home and project mortgages shown in the tables cover the period 1940 through 1961, and are based on the ratio of estimated retirements during the calendar year to estimated average outstanding balances during the calendar year. These averages are based on semiannual, quarterly, or monthly estimates of outstanding balances, depending on the availability of the data, of mortgages in force during the calendar year. For home mortgages insured under all sections, the pre-World War II retirement rates were about 8 percent, rising throughout the war period and reaching a peak rate in the postwar year of 1947 of over 22 percent, and then dropping to a lower level in subsequent years.

The prewar rate of retirement for 1940 means that, for all FHA-approved mortgagees holding insured mortgages in that year, about 8 percent of the average dollar amount of home mortgages in force was retired, principally by amortization or prepayment. At this rate the investment was

CHART III-27

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.

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 percent for 1961 would indicate an average life of an insured home mortgage dollar of a little more than 14¼ years. Chart III-27 shows the pattern of the annual rates of retirement over this 22-year period.

The tables on retirements also show relationships between estimated retirements and insurance written. In the prewar years, estimated home mortgage retirements represented about one-fourth of the insurance written. For 1945 and 1946, they exceeded the amount of insurance written in those years. Retirements of all home mortgages in the year of 1961 represented more than one-third of the amount of insurance written in that year.

Retirements of project mortgage indebtedness are comparatively less significant in amount than those of home mortgages. They approached the $100 million mark for the first time in 1951, but since then have exceeded that amount by substantial margins. The record amount reached in 1961 exceeded the $373 million mark. The bulk of project mortgage retirements since 1947 is accounted for by the mortgage retirements under Section 608. More than 55 percent of the $373 million in estimated project mortgage retirements in 1961 was on Sections 608 and 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-27 shows. This pattern shows retirements declining in 1942 to a rate of about 4 percent of the estimated average amount outstanding, climbing to a peak rate of over 16 percent in 1946, and then declining sharply to lower levels. Since 1948 the trend in these annual rates has been gradually upward. For the year 1961, the rate is 6.07 percent. This rate would indicate an estimated average life of 16½ years for the investments in the 1961 portfolio of insured project mortgages in force.

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

When estimated project mortgage retirements are related to insurance written, the resulting annual percentages over the 22-year period show fluctuations over a wide range. These percentages, presented in Table III–91, 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 1961, estimated retirements for project mortgages amounted to about 40 percent of insurance written in that year.

Accounts and Finance

The figures for 1960 and 1961 in the financial statements of this report are on an accrual basis and are shown for the fiscal year.

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, 1961 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 1961

Gross income of combined FHA funds for fiscal year 1961 under all insurance operations totaled $228,942,825 and was derived from fees, insurance premiums, and income on investments. Operating expenses of the FHA for the fiscal year 1961 totaled $60,077,099.

Cumulative Gross Income and Operating Expenses, by Fiscal Years

From the establishment of FHA in 1934 through June 30, 1961, gross income totaled $2,085,209,347 and operating expenses totaled $677,730,619. Gross income and operating expenses for each fiscal year are detailed below:

Income and operating expenses through June 30, 1961

Fiscal year	Income from fees, premiums, and investments	Operating expenses
1935	$539,609	$6,336,005
1936	2,503,248	12,160,487
1937	5,690,268	10,318,119
1938	7,874,377	9,297,884
1939	11,954,056	12,609,887
1940	17,880,296	13,206,522
1941	24,126,366	13,359,588
1942	28,316,764	13,471,496
1943	25,847,785	11,160,452
1944	28,322,415	11,148,381
1945	29,824,744	10,218,994
1946	30,729,072	11,191,492
1947	26,790,341	16,063,870
1948	51,164,456	20,070,722
1949	63,983,953	23,378,483
1950	85,705,342	27,457,924
1951	98,004,922	31,314,304
1952	103,021,039	30,622,486
1953	115,288,193	31,344,804
1954	125,223,448	31,395,060
1955	138,823,312	36,198,364
1956	145,532,774	40,643,940
1957	146,969,012	41,252,080
1958	157,158,560	45,992,863
1959	181,495,230	52,886,876
1960	203,516,940	54,551,557
1961	228,942,825	60,077,099
Total	2,085,209,347	677,730,619

The above income was derived from the following insurance operations: Title I Insurance Fund (property improvement loans), $240,648,717; Title I Housing Insurance Fund (home mortgages), $8,832,351; Title II Mutual Mortgage Insurance Fund (home mortgages), $1,290,451,390; Title II Housing Insurance Fund (homes and rental housing projects), $63,041,433; Title II, Section 220 Housing Insurance Fund (urban renewal housing), $6,522,071; Title II, Section 221 Housing Insurance Fund (relocation housing), $3,901,014; Title II Servicemen's Mortgage Insurance Fund (servicemen's housing), $18,006,514; Title VI War Housing Insurance Fund (war and veterans' emergency housing), $381,773,679; Title VII Housing Investment Insurance Fund (yield insurance), $217,893; Title VIII Armed Services Housing Mortgage Insurance Fund (home mortgages and rental housing projects), $49,467,049; and Title IX National Defense Housing Insurance Fund (home mortgages and rental housing projects), $22,347,236.

Salaries and Expenses

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

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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 1961 to cover operating costs and the purchase of furniture and equipment are as follows:

Salaries and expenses, fiscal year 1961 (July 1, 1960 to June 30, 1961)

Title and section	Amount	Percent
Title I:		
Sec. 2	$4,547,485	7.48
Sec. 8	108,854	.18
Title II:		
Sec. 203	44,906,956	73.85
Sec. 207-210	2,864,698	4.71
Sec. 213	1,494,399	2.46
Sec. 220	835,141	1.37
Sec. 221	777,895	1.28
Sec. 222	603,794	.99
Sec. 231	711,717	1.17
Sec. 232	405,342	.67
Title VI:		
Sec. 603	389,865	.64
Sec. 608	1,510,553	2.49
Sec. 611		
Title VII	14,494	.02
Title VIII:		
Sec. 803	691,808	1.14
Sec. 809	99,557	.16
Sec. 810	20,028	.03
Title IX:		
Sec. 903	767,201	1.26
Sec. 908	59,127	.10
Total	60,808,914	100.00

Capital and Statutory Reserves of Combined FHA Funds

The combined capital, including statutory reserve, of all FHA funds on June 30, 1961 amounted to $982,254,313, and consisted of $806,053,299 insurance reserves and $176,201,014 statutory reserve, as shown in Statement 1.

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1960 and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury	$60,984,696	$52,265,134	—$8,719,562
Investments:			
U.S. Government securities (amortized)	659,309,207	754,067,454	94,758,247
Other securities (stock in rental housing corporations)	459,960	465,060	5,100
Total investments	659,769,167	754,532,514	94,763,347
Loans receivable:			
Mortgage notes and contracts for deed	166,666,137	202,194,580	35,528,443
Less allowance for losses	5,202,866	5,839,392	636,526
Net loans receivable	161,463,271	196,355,188	34,891,917

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1960 and June 30, 1961*—Continued

	June 30, 1960	June 30, 1961	Increase or decrease (—)
ASSETS—continued			
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	$5,190,768	$5,424,027	$233,259
Accounts receivable—Other	965,417	786,047	—179,370
Total accounts and notes receivable	6,156,185	6,210,074	53,889
Accrued assets:			
Insurance premiums	31,347,134	41,084,137	9,737,003
Interest on U.S. Government securities	2,577,816	3,021,454	443,638
Other	1,831,542	1,763,681	—67,861
Total accrued assets	35,756,492	45,869,272	10,112,780
Land, structures, and equipment:			
Furniture and equipment	3,714,528	[1] 3,892,317	177,789
Less allowance for depreciation	1,903,804	2,128,643	224,839
Net furniture and equipment	1,810,724	1,763,674	—47,050
Acquired security:			
Real estate (at cost plus expenses to date)	184,664,987	304,948,793	120,283,806
Less allowance for losses	77,602,520	99,236,976	21,634,456
Net real estate	107,062,467	205,711,817	98,649,350
Mortgage notes acquired under terms of insurance	150,025,207	199,274,510	49,249,213
Less allowance for losses	54,268,377	60,064,097	5,795,720
Net mortgage notes acquired under terms of insurance	95,756,920	139,210,413	43,453,493
Defaulted Title I notes	43,576,188	46,258,643	2,682,455
Less allowance for losses	26,483,964	31,935,379	5,451,415
Net defaulted Title I notes	17,092,224	14,323,264	—2,768,960
Net acquired security	219,911,611	350,245,494	130,333,883
Other assets—held for account of mortgagors	4,221,959	4,229,313	7,354
Total assets	1,150,074,105	1,420,470,663	270,396,558
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	5,812,140	[2] 7,559,422	1,747,282
Group account participations payable	3,320,777	3,455,526	134,749
Total accounts payable	9,132,917	11,014,948	1,882,031
Accrued liabilities: Interest on debentures	2,702,640	5,697,318	2,994,678
Trust and deposit liabilities:			
Fee deposits held for future disposition	7,393,050	6,195,437	—1,197,613
Excess proceeds of sale	1,536,340	2,211,647	675,307
Deposits held for mortgagors, lessees, and purchasers	10,804,525	12,319,044	1,514,519
Due general fund of the U.S. Treasury	132	602	470
Employees' payroll deductions for taxes, etc	1,740,609	1,754,719	14,110
Total trust and deposit liabilities	21,474,656	22,481,449	1,006,793
Deferred and undistributed credits:			
Unearned insurance premiums	69,148,731	69,478,943	330,212
Unearned insurance fees	534,039	844,022	309,983
Other	1,861,254	1,799,531	—61,723
Total deferred and undistributed credits	71,544,024	72,122,496	578,472

See footnotes at end of table.

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1960 and June 30, 1961*—Continued

	June 30, 1960	June 30, 1961	Increase or decrease (—)
LIABILITIES—continued			
Bonds, debentures, and notes payable. Debentures payable	$176,946,850	$325,029,750	$148,082,900
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	1,624,958	1,870,389	245,431
Total liabilities	283,426,045	438,216,350	154,790,305
RESERVES			
Statutory reserve for participation payments and future losses	148,595,327	176,201,014	27,605,687
Insurance reserve—available for future losses and expenses	718,052,733	806,053,299	88,000,566
Total reserves	866,648,060	982,254,313	115,606,253
Total liabilities and reserves	1,150,074,105	1,420,470,663	270,396,558
Certificates of claim relating to properties on hand	8,570,982	13,197,331	4,626,349

[1] Excludes unfilled orders in the amount of $75,091.
[2] Excludes unfilled orders in the amount of $356,511.

The insurance reserves of $806,053,299 are available for future contingent losses and related expenses. The statutory reserve of $176,201,014 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	$92,069,840
Title I Housing Insurance Fund	6,236,934
Mutual Mortgage Insurance Fund	648,709,096
Sec. 203 Home Improvement Account	1,000,000
Housing Insurance Fund	5,758,267
Sec. 220 Housing Insurance Fund	4,018,330
Sec. 220 Home Improvement Account	1,000,000
Sec. 221 Housing Insurance Fund	—808,871
Servicemen's Mortgage Insurance Fund	14,940,637
Experimental Housing Insurance Fund	1,000,000
Apartment Unit Insurance Fund	1,000,000
War Housing Insurance Fund	203,209,895
Housing Investment Insurance Fund	921,355
Armed Services Housing Mortgage Insurance Fund	16,969,612
National Defense Housing Insurance Fund	—13,770,782
Total	982,254,313

In addition, the various insurance funds had collected or accrued $844,022 unearned insurance fees and $69,478,943 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		$27,035,781	$27,035,781
Housing Insurance Fund		311,038	311,038
Mutual Mortgage Insurance Fund		24,847,702	24,847,702
Sec. 203 Home Improvement Account			
Housing Insurance Fund	$767,603	4,469,506	5,237,109
Sec. 220 Housing Insurance Fund	58,964	837,657	896,621
Sec. 220 Home Improvement Account			
Sec. 221 Housing Insurance Fund	5,804	151,976	157,780
Servicemen's Mortgage Insurance Fund		691,582	691,582
Experimental Housing Insurance Fund			
Apartment Unit Insurance Fund			
War Housing Insurance Fund		7,078,522	7,078,522
Housing Investment Insurance Fund			
Armed Services Housing Mortgage Insurance Fund	11,651	3,106,175	3,117,826
National Defense Housing Insurance Fund		949,004	949,004
Total	844,022	69,478,943	70,322,965

Income, Expenses, and Losses

Total income from all sources during the fiscal year 1961 amounted to $239,883,055, while total expenses and insurance losses amounted to $76,864,372, leaving net income, before adjustment of valuation allowances, of $163,018,683. Increases in valuation allowances for the year amounted to $33,518,117, leaving $129,500,566 net income for the period. Cumulative income from June 30, 1934 through June 30, 1961 was $2,148,968,797, and cumulative expenses were $848,468,657, leaving net income of $1,300,500,140 before adjustment of valuation allowances.

STATEMENT 2.—*Combined statement of income and expenses for all FHA funds through June 30, 1960 and June 30, 1961*

	June 30, 1934 to June 30, 1960	July 1, 1960 to June 30, 1961	June 30, 1934 to June 30, 1961
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$134,335,739	$22,444,754	$156,780,493
Interest on mortgage notes and contracts for deed	210,495	12,405	222,900
Interest and other income on defaulted Title I notes	10,117,374	1,039,513	11,156,887
Interest—Other	40,294,722	8,106,485	48,401,207
Dividends on rental housing stock	28,327	2,398	30,725
	184,986,657	31,605,555	216,592,212
Insurance premiums and fees:			
Premiums	1,449,174,256	181,260,570	1,630,434,826
Fees	271,264,946	25,235,103	296,500,049
	1,720,439,202	206,495,673	1,926,934,875

STATEMENT 2.—*Combined statement of income and expenses for all FHA funds through June 30, 1960 and June 30, 1961*—Continued

	June 30, 1934 to June 30, 1960	July 1, 1960 to June 30, 1961	June 30, 1934 to June 30, 1961
Other income:			
Profit on sale of investments	$1,463,254		$1,463,254
Miscellaneous income	2,196,629	$1,781,827	3,978,456
	3,659,883	1,781,827	5,441,710
Total income	1,909,085,742	239,883,055	2,148,968,797
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)	608,018,483	[1] 59,873,374	667,891,857
Other expenses:			
Depreciation on furniture and equipment	3,057,723	273,170	3,330,893
Miscellaneous expenses	497,440	15,148	512,588
	3,555,163	288,318	3,843,481
Losses and charge-offs:			
Loss on acquired security	74,732,036	9,705,821	84,437,857
Loss (or profit −) on equipment	−56,907	−3,033	−59,940
Loss on defaulted Title I notes	64,969,981	6,999,892	71,969,873
	139,645,110	16,702,680	156,347,790
Total expenses	771,604,285	76,864,372	848,468,657
Net income before adjustment of valuation allowances	1,137,481,457	163,018,683	1,300,500,140
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−5,202,866	−636,526	−5,839,392
Allowance for loss on real estate	−77,602,520	−21,634,456	−99,236,976
Allowance for loss on mortgage notes acquired under terms of insurance	−54,268,377	−5,795,720	−60,064,097
Allowance for loss on defaulted Title I notes	−26,483,964	−5,451,415	−31,935,379
Net adjustment of valuation allowances	−163,557,727	−33,518,117	−197,075,844
Net income	973,923,730	129,500,566	1,103,424,296

[1] Excludes unfilled orders in the amount of $281,420.

STATEMENT 2.—*Combined statement of income and expenses for all FHA funds through June 30, 1960 and June 30, 1961*—Continued

ANALYSIS OF INSURANCE RESERVES

	June 30, 1934 to June 30, 1960	July 1, 1960 to June 30, 1961	June 30, 1934 to June 30, 1961
Distribution of net income:			
Statutory reserve—Participating reserve:			
Balance at beginning of period		$148,595,327	
Adjustments during the period			
Net income allocated for the period	$255,870,997	41,500,000	$297,370,997
	255,870,997	190,095,327	297,370,997
Participations in mutual earnings distributed	−107,275,670	−13,894,313	−121,169,983
Balance at end of period	148,595,327	176,201,014	176,201,014
Insurance reserve:			
Balance at beginning of period		718,052,733	
Adjustments during the period			
Net income for the period	718,052,733	88,000,566	806,053,299
	718,052,733	806,053,299	806,053,299
Capital contributions to other FHA insurance funds	−20,310,000	−3,000,000	−23,310,000
Capital contributions from other FHA insurance funds	20,310,000	3,000,000	23,310,000
Balance at end of period	718,052,733	806,053,299	806,053,299
Total reserves at end of period	866,648,060	982,254,313	982,254,313

Contributed Capital

Contributed capital of $23,310,000, 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 June 30, 1961 is shown in Statement 3.

STATEMENT 3.—*Analysis of capital contributions to FHA insurance funds from other FHA insurance funds, as of June 30, 1961*

Fund	Capital contributions: To establish insurance funds	Capital contributions: Pursuant to Sec. 219	Total contributions	Contributions returned	Contributed capital
TITLE I HOUSING INSURANCE					
From: Title I Insurance	$1,000,000		$1,000,000		$1,000,000
SEC. 203 HOME IMPROVEMENT					
From: War Housing Insurance	1,000,000		1,000,000		1,000,000
HOUSING INSURANCE					
From:					
Mutual Mortgage Insurance	1,000,000		1,000,000		1,000,000
National Defense Housing Insurance		$3,200,000	3,200,000	−$3,200,000	
Housing Investment Insurance		90,000	90,000	−90,000	
War Housing Insurance		4,400,000	4,400,000	−1,000,000	3,400,000
Total	1,000,000	7,690,000	8,690,000	−4,290,000	4,400,000
SEC. 220 HOUSING INSURANCE					
From: War Housing Insurance	1,000,000		1,000,000		1,000,000
SEC. 220 HOME IMPROVEMENT					
From: War Housing Insurance	1,000,000		1,000,000		1,000,000
SEC. 221 HOUSING INSURANCE					
From: War Housing Insurance	1,000,000		1,000,000		1,000,000
SERVICEMEN'S MORTGAGE INSURANCE					
From: War Housing Insurance	1,000,000		1,000,000		1,000,000
EXPERIMENTAL HOUSING INSURANCE					
From: War Housing Insurance	1,000,000		1,000,000		1,000,000
APARTMENT UNIT INSURANCE					
From: War Housing Insurance	1,000,000		1,000,000		1,000,000
HOUSING INVESTMENT INSURANCE					
From:					
National Defense Housing Insurance		1,000,000	1,000,000	−1,000,000	
War Housing Insurance		910,000	910,000		910,000
To: Housing Insurance		−90,000	−90,000	90,000	
Total		1,820,000	1,820,000	−910,000	910,000
ARMED SERVICES HOUSING MORTGAGE INSURANCE					
From: War Housing Insurance		1,900,000	1,900,000	−1,900,000	
NATIONAL DEFENSE HOUSING INSURANCE					
From: War Housing Insurance	10,000,000		10,000,000		10,000,000
To:					
Housing Insurance		−3,200,000	−3,200,000	3,200,000	
Housing Investment Insurance		−1,000,000	−1,000,000	1,000,000	
Total	10,000,000	−4,200,000	5,800,000	4,200,000	10,000,000
Grand total	19,000,000	7,210,000	26,210,000	−2,900,000	23,310,000

TITLE I: PROPERTY IMPROVEMENT LOANS

Loans Insured and Claims Paid

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

Loans aggregating 24,811,055 in number and $13,874,567,036 in amount (net proceeds) had been reported for insurance and 701,016 claims had been paid for $252,357,724 under this section through June 30, 1961. The total amount of claims paid represents approximately 1.82 percent of the total net proceeds of loans insured, as shown in Statement 4.

In fiscal year 1961, 913,358 loans were insured for an aggregate of $898,097,683, and 25,094 claims were paid for $15,637,230.

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 Disposition 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 June 30, 1961, there had been acquired under the terms of insurance a total of 590 real properties at a total cost of $1,666,857. All properties acquired had been sold at a net loss of $133,166, including all expenses (such as taxes, repairs, and sales commissions) incurred by FHA in acquiring, managing, and disposing of the properties.

Insurance losses and reserves for losses through June 30, 1961 amounted to $118,770,444. These losses and reserves represent .86 percent of the total amount of loans insured ($13,874,567,036). A summary of transactions through June 30, 1961 follows:

STATEMENT 4.—*Summary of Title I transactions for the period June 30, 1934 to June 30, 1961*

Fiscal 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 June 30, 1961
1934–39	$839,559,605	$21,499,306	$3,791,225		$3,653,335	$2,639,974	
1940–49	2,748,876,077	62,657,462	27,718,195	$770,662	705,417	32,460,801	
1950	662,405,207	18,888,090	4,224,678	−170	194	8,961,961	
1951	699,905,186	15,379,217	5,943,969	94,106	5,374	7,333,705	
1952	852,405,554	10,730,364	6,645,986	356,361	−6,886	7,962,274	
1953	880,694,582	13,049,520	7,656,512	84,423	15,295	6,448,978	
1954	1,272,424,935	19,461,206	7,180,340	26,750	−1,389	9,656,814	
1955	757,809,935	20,570,283	7,418,127	16,615	6,289	9,708,367	
1956	667,145,094	13,389,730	9,108,983	10,093	−5,446	2,582,631	
1957	765,329,916	10,537,410	9,428,960	32,275	67,036	7,520,687	
1958	865,102,646	9,506,917	8,317,281	11,348	3,105	2,282,385	
1959	950,368,643	10,261,214	7,538,038	−146	−822	1,790,667	
1960	1,014,441,973	10,789,776	6,935,029	559	−559	2,526,985	
1961	898,097,683	15,637,229	5,951,973	944	1,965	12,451,307	
Total	13,874,567,036	252,357,724	117,859,296	1,404,720	4,442,908	114,327,536	$14,323,264
Percent to claims paid		100.000	46.703	.556	1.761	45.304	5.070

[1] Includes reserve for losses on defaulted Title I notes in process of collection at June 30, 1961 in the amount of $31,935,379.

NOTES.—In addition to the above recoveries, $13,442,977 interest and other income on outstanding balance of Title I notes, and $262,811 interest on mortgage notes had been collected through June 30, 1961.

Included in the losses is $3,979,705 representing the cost (claim amount) of equipment repossessed by FHA and subsequently transferred to other Government agencies for their use and without the exchange of funds.

Title I Insurance Fund

The Title I Insurance Fund was established by amendment of June 3, 1939 to the National Housing Act, for the purpose of carrying out the provisions of Title I (Sec. 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 1961, net investments amounting to $16,215,000 (principal amount) were made for the account of this fund, and at June 30, 1961 the fund held United States Government securities in the principal amount of $103,523,000, yielding 3.52 percent as follows:

Investments of the Title I Insurance Fund, June 30, 1961

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1961	2½	$404,814	$422,000	$418,526
1962		1,372,108	1,395,000	1,374,840
1962	2	23,170,000	23,179,000	23,179,000
1962	3¾	3,870,937	3,800,000	3,821,796
1962	4	2,100,000	2,100,000	2,100,000
1963	3¼	400,000	400,000	400,000
1963	4⅞	14,745,875	14,750,000	14,747,453
1964	3	4,172,060	4,150,000	4,161,667
1964	3¾	8,257,125	8,298,000	8,267,426
1964	4¾	5,536,800	5,519,000	5,531,264
1964–60	2½	4,910,903	5,510,000	4,044,590
1965	2⅝	17,944,580	18,710,000	18,224,057
1965	4⅝	7,909,725	7,880,000	7,904,384
1965–70	2½	2,543,556	2,810,000	2,555,443
1966	3	2,177,344	2,250,000	2,190,418
1966	3¾	1,350,000	1,350,000	1,350,000
1967	3⅝	1,000,000	1,000,000	1,000,000
Average annual yield 3.52 percent		101,874,833	103,523,000	102,170,864

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

The total insurance reserve of the Title I Insurance Fund as of June 30, 1961 as shown in Statement 5 was $92,069,840, consisting entirely of earnings. In accordance with Public Law 5, 83d Congress, approved March 10, 1953, the amount of capital contributed to this fund by the United States Government, $8,333,314, was established as a liability of the fund as of June 30, 1953. On July 1, 1953, the entire amount was repaid and the liability liquidated.

STATEMENT 5.—*Comparative statement of financial condition, Title I Insurance Fund, as of June 30, 1960 and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$9,018,243	$1,815,928	−$7,202,315
Investments: U.S. Government securities (amortized)	86,626,206	102,170,864	15,544,658
Loans receivable:			
Mortgage notes and contracts for deed	326,508	293,967	−32,541
Less allowance for losses	4,898	4,410	−488
Net loans receivable	321,610	289,557	−32,053
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	2,147,689	2,038,920	−108,769
Accounts receivable—Interfund	225,340	222,020	−3,320
Total accounts and notes receivable	2,373,029	2,260,940	−112,089
Accrued assets:			
Interest on U.S. Government securities	473,738	536,448	62,710
Other	1,553	1,607	54
Total accrued assets	475,291	538,055	62,764
Acquired security:			
Real estate (at cost plus expenses to date)			
Less allowance for losses			
Net real estate			
Defaulted Title I notes	43,576,188	46,258,643	2,682,455
Less allowance for losses	26,483,964	31,935,379	5,451,415
Net defaulted Title I notes	17,092,224	14,323,264	−2,768,960
Net acquired security	17,092,224	14,323,264	−2,768,960
Total assets	115,906,603	121,398,608	5,492,005
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	1,484,712	2,280,894	796,182
Trust and deposit liabilities: Deposits held for mortgagors, lessees, and purchasers	9,968	9,344	−624
Deferred and undistributed credits:			
Unearned insurance premiums	24,554,451	27,035,781	2,481,330
Other	5,259	2,749	−2,510
Total deferred and undistributed credits	24,559,710	27,038,530	2,478,820
Total liabilities	26,054,390	29,328,768	3,274,378
RESERVE			
Insurance reserve—available for future losses and expenses	89,852,213	92,069,840	2,217,627
Total liabilities and reserve	115,906,603	121,398,608	5,492,005

For the fiscal year 1961, Title I Insurance Fund income totaled $19,270,781, while expenses and losses amounted to $11,641,434, leaving $7,629,347 net income before adjustment of valuation allowances. After the valuation allowances were increased by $5,450,927, there remained $2,178,420 net income for the year.

STATEMENT 6.—*Income and expenses, Title I Insurance Fund, through June 30, 1960 and June 30, 1961*

	June 3, 1939 to June 30, 1960	July 1, 1960 to June 30, 1961	June 3, 1939 to June 30, 1961
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$9, 244, 135	$3, 471, 406	$12, 715, 541
Interest on mortgage notes and contracts for deed	210, 495	12, 405	222, 900
Interest and other income on defaulted Title I notes	10, 117, 374	1, 039, 513	11, 156, 887
	19, 572, 004	4, 523, 324	24, 095, 328
Insurance premiums and fees:			
Premiums	212, 816, 671	14, 747, 201	227, 563, 872
Fees	369, 304		369, 304
	213, 185, 975	14, 747, 201	227, 933, 176
Other income: Miscellaneous income	37, 813	256	38, 069
Total income	232, 795, 792	19, 270, 781	252, 066, 573
Expenses:			
Administrative expenses:			
Operating costs (including adjustments for prior years)	49, 660, 958	4, 604, 018	54, 225, 965
Other expenses:			
Depreciation on furniture and equipment	244, 230	20, 761	264, 795
Miscellaneous expenses	438, 695	14, 540	453, 235
	682, 925	35, 301	718, 030
Losses and charge-offs:			
Loss on acquired security—properties	103, 770	2, 453	106, 223
Loss on equipment	37, 083	−230	36, 853
Loss on defaulted Title I notes	64, 969, 981	6, 999, 892	71, 969, 873
	65, 110, 834	7, 002, 115	72, 112, 949
Total expenses	115, 454, 717	11, 641, 434	127, 056, 944
Net income before adjustment of valuation allowances	117, 341, 075	7, 629, 347	125, 009, 629
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−4, 898	+488	−4, 410
Allowance for loss on real estate			

STATEMENT 6.—*Income and expenses, Title I Insurance Fund, through June 30, 1960 and June 30, 1961*—Con.

	June 3, 1939, to June 30, 1960	July 1, 1960, to June 30, 1961	June 3, 1939, to June 30, 1961
Allowance for loss on defaulted Title I notes	−$26, 483, 964	−$5, 451, 415	−$31, 935, 379
Net adjustment of valuation allowances	−26, 488, 862	−5, 450, 927	−31, 939, 789
Net income	90, 852, 213	2, 178, 420	93, 069, 840
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		89, 852, 213	
Adjustments during the period		+39, 207	
Net income for the period	90, 852, 213	2, 178, 420	93, 069, 840
	90, 852, 213	92, 069, 840	93, 069, 840
Capital contributions to other FHA insurance funds	−1, 000, 000		−1, 000, 000
Balance at end of period	89, 852, 213	92, 069, 840	92, 069, 840

The maximum amount of claims that a qualified institution may present for payment is limited to 10 percent of the eligible loans reported by that institution for insurance. Section 2(a) of the Act, as amended August 2, 1954, provides that with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954 the amount of any claim for loss on such individual loan, advance of credit, or purchase paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 90 percent of such loss. The coinsurance provision of Title I became effective October 1, 1954, and from that date the lender is required to bear 10 percent of the loss sustained on any one loan. As of June 30, 1961, the maximum possible liability of the Title I Insurance Fund for claims was $417,886,966.

Insurance reserves under Title I established, released, and outstanding at June 30, 1961, as provided under Secs. 2 and 6, National Housing Act

Item	Gross reserves established	Reserves released	Annual reserve adjustments	Claims paid	Outstanding contingent liability
Insurance reserves:					
Sec. 2:					
20 percent, original Act	$66, 331, 509	$50, 769, 729		$15, 561, 780	
10 percent, amendment Apr. 3, 1936	17, 257, 563	10, 647, 672		6, 609, 891	
10 percent, amendment Feb. 3, 1938	27, 302, 148	18, 041, 547		9, 260, 601	
10 percent, amendment June 3, 1939	86, 068, 194	65, 650, 691		20, 417, 503	
10 percent, reserve of July 1, 1944	85, 450, 557	61, 219, 350		24, 231, 207	
10 percent, reserve of July 1, 1947	163, 058, 938	112, 983, 262		46, 275, 439	$3, 800, 237
10 percent, reserve of Mar. 1, 1950	974, 992, 953		$438, 846, 839	127, 663, 966	408, 482, 148
Estimated loan reports in process	5, 604, 581				5, 604, 581
Sec. 6:					
20 percent, amendment Apr. 22, 1937	297, 366	246, 498		50, 808	
10 percent, amendment Apr. 17, 1936	11, 913	6, 339		5, 574	
Total	1, 426, 375, 722	319, 565, 088	438, 846, 839	250, 076, 829	417, 886, 966

Title I Claims Account

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

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

Funds accounted for at August 1, 1954 amounted to $40,541,285: $19,218,917 representing recoveries and interest on claims deposited in the general fund of the Treasury, and $21,322,368 representing expenses and losses, leaving a balance of $32,600 for transfer to the Title I Insurance Fund. This balance was represented by the net assets on hand at August 1, 1954, which consisted of $798 real property and $31,802 accounts and notes receivable.

TITLE I HOUSING INSURANCE FUND

An amendment of April 20, 1950 to the National Housing Act (Public Law 475, 81st Cong.) created the Title I Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Section 8 of Title I of the Act. This section provided for the insurance of mortgages to assist families of low and moderate income, particularly in suburban and outlying areas. The Housing Act of 1954 terminated the authority to insure under this section of the Act. 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, 1961 totaled $7,317,918, against which there were outstanding liabilities of $1,080,984, leaving $6,236,934 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 7.—*Comparative statement of financial condition, Title I Housing Insurance Fund, as of June 30, 1960 and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$538, 319	$352, 874	−$185, 445
Investments: U.S. Government securities (amortized)	2, 019, 892	2, 203, 157	183, 265
Loans receivable:			
Mortgage notes and contracts for deed	3, 458, 984	3, 862, 880	403, 896
Less allowance for losses	51, 885	57, 943	6, 058
Net loans receivable	3, 407, 099	3, 804, 937	397, 838
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	11, 275	14, 729	3, 454
Accounts receivable—Other	9	33	24
Accounts receivable—Interfund	1, 851	1, 776	−75
Total accounts and notes receivable	13, 135	16, 538	3, 403
Accrued assets:			
Interest on U.S. Government securities	4, 870	4, 870	
Other	17, 493	22, 915	5, 422
Total accrued assets	22, 363	27, 785	5, 422
Acquired security:			
Real estate (at cost plus expenses to date)	1, 005, 594	1, 131, 744	126, 150
Less allowance for losses	282, 202	219, 117	−63, 085
Net acquired security	723, 392	912, 627	189, 235
Total assets	6, 724, 200	7, 317, 918	593, 718
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	9, 925	10, 618	693
Accrued liabilities: Interest on debentures	13, 696	13, 679	−17
Trust and deposit liabilities:			
Fee deposits held for future disposition			
Excess proceeds of sale	29, 256	45, 812	16, 556
Deposits held for mortgagors, lessees, and purchasers	52, 586	60, 371	7, 785
Total trust and deposit liabilities	81, 842	106, 183	24, 341
Deferred and undistributed credits:			
Unearned insurance premiums	339, 136	311, 038	−28, 098
Other	17, 493	22, 915	5, 422
Total deferred and undistributed credits	356, 629	333, 953	−22, 676
Bonds, debentures, and notes payable: Debentures payable	710, 400	616, 551	−93, 849
Total liabilities	1, 172, 492	1, 080, 984	−91, 508
RESERVE			
Insurance reserve—available for future losses and expenses	5, 551, 708	6, 236, 934	685, 226
Total liabilities and reserve	6, 724, 200	7, 317, 918	593, 718
Certificates of claim relating to properties on hand	49, 788	56, 760	6, 972

The total income of the Title I Housing Insurance Fund for fiscal year 1961 amounted to $878,725, while expenses and losses totaled $251,313, leaving net income of $627,412 before adjustment of the valuation allowances. The valuation allowances were decreased $57,027, resulting in a net income of $684,439 for the year.

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STATEMENT 8.—*Income and expenses, Title I Housing Insurance Fund, through June 30, 1960 and June 30, 1961*

	Apr. 20, 1950 to June 30, 1960	July 1, 1960 to June 30, 1961	Apr. 20, 1950 to June 30, 1961
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$398,845	$49,626	$448,471
Interest—Other	246,689	101,586	348,275
	645,534	151,212	796,746
Insurance premiums and fees:			
Premiums	6,014,478	705,205	6,719,683
Fees	1,664,197		1,664,197
	7,678,675	705,205	8,383,880
Other income: Miscellaneous income	27,558	22,308	49,866
Total income	8,351,767	878,725	9,230,492
Expenses:			
Administrative expenses:			
Operating costs (including adjustments for prior years)	2,993,264	87,510	3,079,091
Other expenses: Depreciation on furniture and equipment	14,285	491	14,772
Losses and charge-offs:			
Loss on acquired security	458,595	163,317	621,912
Loss (or profit −) on equipment	−172	−5	−177
	458,423	163,312	621,735
Total expenses	3,465,972	251,313	3,716,498
Net income before adjustment of valuation allowances	4,885,795	627,412	5,513,994
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−51,885	−6,058	−57,943
Allowance for loss on real estate	−282,202	63,085	−219,117
Net adjustment of valuation allowances	−334,087	+57,027	−277,060
Net income	4,551,708	684,439	5,236,934
ANALYSIS OF INSURANCE RESERVE			
Distribution net income:			
Insurance reserve:			
Balance at beginning of period		5,551,708	
Adjustments during the period		+787	
Net income for the period	4,551,708	684,439	5,236,934
	4,551,708	6,236,934	5,236,934
Capital contributions from other FHA insurance funds	1,000,000		1,000,000
Balance at end of period	5,551,708	6,236,934	6,236,934

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 1961, $261,150 of debentures were redeemed in payment of mortgage insurance premiums and $602,800 were redeemed by debenture calls. During the fiscal year 1961, net investments amounting to $185,000 (principal amount) were made for the account of this fund, and at June 30, 1961 the fund held U.S. Government securities in the principal amount of $2,200,000 yielding 2.37 percent as follows:

Investments of the Title I Housing Insurance Fund, June 30, 1961

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1961		$208,250	$210,000	$208,828
1963	2	190,000	190,000	190,000
1964	3	351,382	350,000	350,794
1965	2	500,000	500,000	500,000
1967–72	2½	958,367	950,000	953,534
Average annual yield, 2.37 percent		2,207,999	2,200,000	2,203,156

Properties Acquired Under the Terms of Insurance

During fiscal year 1961, 151 properties insured under Title I, Section 8 were acquired by the Commissioner under the terms of insurance. Through June 30, 1961, a total of 1,033 homes had been acquired under the Title I Housing Insurance Fund at a total cost of $6,419,244, and 837 had been sold at prices which left a net charge against the fund of $621,912, or an average of $743 per case.

STATEMENT 9.—*Statement of profit and loss on sale of acquired properties, Title I Housing Insurance Fund, through June 30, 1961*

Items	Total TIHI Fund (837 properties)
Proceeds of sale:	
Sales price [1]	$4,665,588
Less commission and other selling expense	209,677
Net proceeds of sales	4,455,911
Income:	
Rental and other income (net)	35,762
Mortgage note income	547,784
Recovery prior to acquisition on defaulted notes	8,847
Total income	592,393
Total proceeds of sold properties	5,048,304
Expenses:	
Debentures and cash adjustments	4,572,537
Asset value acquired after default of purchase money mortgages	−41,563
Interest on debentures	502,292
Taxes and insurance	104,618
Additions and improvements	665
Maintenance and operating expense	384,237
Service charge	56,153
Miscellaneous	1,801
Total expenses	5,580,740
Net profit (or loss−) before distribution of liquidation profits	−532,436
Less distribution of liquidation profits:	
Certificates of claim	45,704
Increment on certificates of claim	1,291
Refunds to mortgagors	42,481
Loss (−) to Title I Housing Insurance Fund	−621,912

[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	61		$172,228		$172,228
Properties sold for cash and notes (or contracts for deed)	776	776	228,045	$4,265,315	4,493,360
Total	837	776	400,273	4,265,315	4,665,588

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

On June 30, 1961, there remained on hand 196 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 June 30, 1961

	Title I, Sec. 8 (196 properties)[1]
Expenses:	
Acquisition costs	$1,013,707
Interest on debentures	51,173
Taxes and insurance	24,244
Maintenance and operating	44,591
Additions and improvements	281
Miscellaneous	561
Accrued expenses payable	10,556
Total expenses	1,145,113
Income: Rent and other income (net)	13,369
Net acquired security on hand	1,131,744

[1] Includes 7 properties repossessed and carried at the asset value at time of repossession.

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

Certificates of claim issued in connection with the 837 Section 8 properties which had been acquired and sold through June 30, 1961 totaled $253,200. The amount paid or to be paid on these certificates of claim totaled $45,705. Certificates of claim totaling $207,495 had been or will be canceled.

There were excess proceeds on 172 of the 837 properties sold, amounting to $42,481 for refund to the mortgagors.

STATEMENT 10.—*Turnover of properties acquired under Sec. 8 of Title I contracts of insurance by years, and cumulative through Dec. 31, 1961*

Properties acquired		Properties sold, calendar years										Properties on hand, Dec. 31, 1961
Year	Number	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	
1952	2			1	1							
1953	55		7	46	1		1				−1	1
1954	25			8	14	2			−1	2		
1955	46				10	25	−1		−2	13		1
1956	141					75	48	11		2		5
1957	210						114	77	5	1	1	21
1958	155							78	58	8	4	7
1959	155								82	56	1	16
1960	146									60	53	33
1961	152										31	121
Total	1,096		7	55	26	102	162	166	142	142	89	205

NOTE.—On the 891 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 7.66 months. The number of properties sold has been reduced by 20 properties repossessed because of default on mortgage notes. Of these repossessions, 22 had been sold by Dec. 31, 1961.

TITLE II: MUTUAL MORTGAGE INSURANCE FUND

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

In accordance with Section 202 of the Act, the Mutual Mortgage Insurance Fund was originally allocated the sum of $10 million by the Federal Government. It has been credited with all income received in connection with insurance granted under Section 203, and that received with respect to insurance granted prior to February 3, 1938 under Section 207.

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

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

An amendment to Section 205 of the Act approved August 2, 1954 directed the Commissioner to establish as of July 1, 1954 a General Surplus Account and a Participating Reserve Account. The balance of the General Reinsurance Account, amounting to $64,198,363, was transferred to the General Surplus Account, whereupon the General Reinsurance Account was abolished. There was transferred from the various group accounts to the Participating Reserve Account as of July 1, 1954 $56,387,716, an amount equal to the aggregate amount which would have been distributed under the provisions of Section 205 in effect on June 30, 1954 if all outstanding mortgages in the group accounts had been paid in full on that date. All of the remaining balances of the group accounts, in the amount of $71,371,016, were transferred to the General Surplus Account, whereupon all of the group accounts were abolished.

The aggregate net income received or net loss sustained by the Mutual Mortgage Insurance Fund in any semiannual period is credited or charged to the General Surplus Account and/or the Participating Reserve Account in such manner and amount as the Commissioner may determine to be in accord with sound actuarial and accounting practice. Upon termination of the insurance obligation of the Mutual Mortgage Insurance Fund by payment of any mortgage insured thereunder, the Commissioner is authorized to distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice, except that a mortgagor may not receive an amount in excess of the aggregate scheduled annual premiums to the year of termination of the insurance.

As of June 30, 1961 the assets of the Mutual Mortgage Insurance Fund totaled $781,391,388, against which there were outstanding liabilities of $132,682,292, leaving $648,709,096 insurance reserves.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the capital contributed to this fund by the United States 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 11.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1960 and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury	$26,831,444	$25,227,700	—$1,603,744
Investments:			
U.S. Government securities (amortized)	501,713,889	554,691,544	52,977,655
Other securities (stock in rental housing corporations)	100	100	
Total investments	501,713,989	554,691,644	52,977,055
Loans receivable:			
Mortgage notes and contracts for deed	35,154,620	59,082,185	23,927,565
Less allowance for losses	542,302	900,867	358,565
Net loans receivable	34,612,318	58,181,318	23,569,000
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	2,147,861	2,432,092	284,231
Accounts receivable—Other	482	3,721	3,239
Accounts receivable—Interfund	1,458,635	1,424,132	—34,503
Total accounts and notes receivable	3,606,078	3,859,945	252,967

STATEMENT 11.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1960 and June 30, 1961*—Continued

	June 30, 1960	June 30, 1961	Increase or decrease (—)
ASSETS—continued			
Accrued assets:			
Insurance premiums	$28,834,043	$37,679,932	$8,845,889
Interest on U.S. Government securities	1,960,088	2,338,111	378,023
Other	139,426	256,506	117,080
Total accrued assets	30,933,557	40,274,549	9,340,992
Acquired security:			
Real estate (at cost plus expenses to date)	37,339,400	123,546,891	86,207,491
Less allowance for losses	13,917,565	24,412,659	10,495,094
Net acquired security	23,421,835	99,134,232	75,712,397
Other assets—Held for the account of mortgagors		22,000	22,000
Total assets	621,120,121	781,391,388	160,271,267
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	311,942	535,978	224,036
Group account participations payable	3,320,777	3,455,526	134,749
Total accounts payable	3,632,719	3,991,504	358,785
Accrued liabilities: Interest on debentures	459,710	1,836,665	1,376,955
Trust and deposit liabilities:			
Fee deposits held for future disposition	7,093,636	5,972,202	—1,121,434
Excess proceeds of sale	492,853	748,309	255,456
Deposits held for mortgagors, lessees, and purchasers	578,198	1,142,792	564,594
Total trust and deposit liabilities	8,164,687	7,863,303	—301,384
Deferred and undistributed credits:			
Unearned insurance premiums	27,719,598	24,847,702	—2,871,896
Other	146,141	273,268	127,127
Total deferred and undistributed credits	27,865,739	25,120,970	—2,744,769
Bonds, debentures, and notes payable: Debentures payable	22,741,200	93,869,850	71,128,650
Total liabilities	62,864,055	132,682,292	69,818,237
RESERVES			
Statutory reserve—for participation payments and future losses	148,595,327	176,201,014	27,605,687
Insurance reserve—available for future losses and expenses	409,660,739	472,508,082	62,847,343
Total reserves	558,256,066	648,709,096	90,453,030
Total liabilities and reserves	621,120,121	781,391,388	160,271,267
Certificates of claim relating to properties on hand	1,428,624	4,685,520	3,256,896

Income and Expenses

During fiscal year 1961 the income to the fund amounted to $163,905,655, while expenses and losses amounted to $49,001,444, leaving $114,904,211 net income before adjustment of valuation allowances. After the valuation allowances had been increased $10,853,659, the net income for the year was $104,050,552.

The cumulative income of the Mutual Mortgage Insurance Fund from June 30, 1934 to June 30, 1961 amounted to $1,294,610,908, and cumulative expenses amounted to $498,418,303, leaving $796,192,605 net income before adjustment of valuation allowances. After $25,313,526 had been allocated to valuation allowances, the cumulative net income amounted to $770,879,079.

STATEMENT 12.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1960 and June 30, 1961*

	June 30, 1934 to June 30, 1960	July 1, 1960 to June 30, 1961	June 30 1934 to June 30, 1961
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$103,043,069	$16,925.067	$119,968,136
Interest—other	1,484,822	944,763	2,429,585
Dividends on rental housing stock	286	25	311
	104,528,177	17,869,855	122,398.032
Insurance premiums and fees:			
Premiums	833,211,570	126,722,104	959,933,674
Fees	190,506,768	18,212,686	208,719,454
	1,023,718,338	144,934,790	1,168,653,128
Other income:			
Profit on sale of investments	1,829,815		1,829,815
Miscellaneous income	628,923	1,101,010	1,729,933
	2,458,738	1,101,010	3,559,748
Total income	1,130,705,253	163,905,655	1,294,610,908
Expenses:			
Interest expense: Interest on funds advanced by U.S. Treasury	17,059,847		17,059.847
Administrative expenses: Operating costs (including adjustments for prior years)	422,930,171	44,738,459	467,373,319
Other expenses:			
Depreciation on furniture and equipment	2,119,066	201,818	2,319,396
Miscellaneous expenses	17,764		17,764
	2,136,830	201,818	2,337,160
Losses and charge-offs:			
Loss on acquired security	7,651,023	4,063,408	11,714,430
Loss (or profit—) on equipment	—64,221	—2,241	—66,453
	7,586,802	4,061,167	11,647,977
Total expenses	449.713,650	49.001,444	498,418,303
Net income before adjustment of valuation allowances	680,991,603	114,904,211	796,192,605
Increase (—) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	—542,302	—358,565	—900,867
Allowance for loss on real estate	—13,917,565	—10,495,094	—24,412,659
Net adjustment of valuation allowances	—14,459,867	—10,853,659	—25,313,526
Net income	666,531,736	104,050,552	770,879,079

Statement 12.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1960 and June 30, 1961*—Continued

ANALYSIS OF INSURANCE RESERVE

	June 30, 1934 to June 30, 1960	July 1, 1960 to June 30, 1961	June 30, 1934 to June 30, 1961
Distribution of net income:			
Statutory reserve:			
Balance at beginning of period	....	$148,595,327	....
Adjustments during the period	....	....	....
Net income allocated for the period	$255,870,997	41,500,000	$297,370,997
	255,870,997	190,095,327	297,370,997
Participations in mutual earnings distributed	−107,275,670	−13,894,313	−121,169,983
Balance at end of period	148,595,327	176,201,014	176,201,014
Insurance reserve:			
Balance at beginning of period	....	409,660,739	....
Adjustments during the period	....	+296,791	....
Net income for the period	410,660,739	62,550,552	473,508,082
	410,660,739	472,508,082	473,508,082
Capital contributions to other FHA insurance funds	−1,000,000	....	−1,000,000
Balance at end of period	409,660,739	472,508,082	472,508,082
Total reserves at end of period	558,256,066	648,709,096	648,709,096

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 prices which will produce an investment yield of not less than the yield obtainable from other authorized investments.

During the fiscal year 1961, $21,640,200 in debentures was redeemed in payment of mortgage insurance premiums and $17,241,400 was redeemed by debenture calls or by reason of maturity.

Net purchases of U.S. Government securities made during the fiscal year increased the holdings of the fund by $551,145,000 (principal amount). These transactions increased the average annual yield from 3.14 to 3.17 percent. On June 30, 1961, the fund held U.S. Government securities in the amount of $562,716,350, principal amount, as follows:

Investments of the Mutual Mortgage Insurance Fund, June 30, 1961

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1961		$14,725,096	$14,830,000	$14,747,969
1961	2½	7,470,762	7,762,000	7,731,836
1961	3⅛	5,100,000	5,100,000	5,100,000
1962	2	15,109,000	15,109,000	15,109,000
1962–67	2½	5,000,000	5,000,000	5,000,000
1962	3¾	8,344,594	8,100,000	8,174,860
1963–68	4⅞	19,287,625	19,300,000	19,292,372
1964	2½	26,778,078	27,200,000	26,951,488
1964	3	16,636,870	16,400,000	16,515,657
1964	3¾	48,288,075	48,318,000	48,295,564
1964	4¾	12,200,600	12,117,000	12,171,066
1964–69	2½	77,062,079	81,660,000	78,011,216
1965	2⅝	24,466,516	26,550,000	25,207,104
1965	4⅝	39,870,916	39,820,000	39,861,682
1965–70	2½	41,575,359	43,050,000	41,910,038
1966	3	5,478,313	5,950,000	5,564,961
1966	3⅜	3,500,000	3,500,000	3,500,000
1966–71	2½	29,897,742	31,000,000	30,155,419
1967	3⅝	7,890,000	7,890,000	7,890,000
1967–72	2½	137,244,134	137,567,000	137,007,962
NDHI debentures	2½	3,227,700	3,227,700	3,227,700
Do	2¾	3,265,650	3,265,650	3,265,650
Average annual yield, 3.17 percent	....	552,419,109	562,716,350	554,691,544

Properties Acquired Under the Terms of Insurance

Ten thousand, seven hundred and sixty-seven homes insured under Section 203 were acquired by the Commissioner during the fiscal year 1961 under the terms of insurance. Through June 30, 1961 a total of 24,351 homes had been acquired under the Mutual Mortgage Insurance Fund at a total cost of $230,296,735. Statement 13 shows the turnover of Section 203 acquired properties since the acquisition of the first such property in 1936 through December 31, 1961.

Through June 30, 1961, 12,717 acquired properties insured under Section 203 had been sold at prices which left a net charge against the fund of $11,714,430, or an average of approximately $921 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 13.—*Turnover of properties acquired under Sec. 203 of Title II contracts of insurance, by years and cumulative through Dec. 31, 1961*

Properties acquired		Properties sold, by calendar years															Properties on hand Dec. 31, 1961
Year	Number	1936–47	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	
1936–47	4,067	4,067															
1948	4		2	2													
1949	37			17	19	1											
1950	225				65	102	25	11	8	7	1	4	1				1
1951	407					188	173	17	10	8	6	4		−1		−2	4
1952	282						142	86	13	20	5	8	7				1
1953	263							88	84	49	28	10	4				
1954	427								162	174	36	21			14	1	19
1955	485									190	213	20	9	7	7	1	29
1956	1,572										279	391	50	51	80	49	672
1957	910											372	273	34	17	35	179
1958	1,328												501	337	53	29	408
1959	1,828													648	682	116	382
1960	5,082														1,214	2,009	1,859
1961	15,118															2,246	12,872
Total	32,035	4,067	2	19	84	291	340	202	277	457	568	830	845	1,076	2,067	4,484	16,426

Note.—On the 15,609 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 7.73 months. The number of properties sold has been reduced by 162 properties repossessed because of default on mortgage notes. Of these repossessions, 105 had been sold by Dec. 31, 1961.

Statement 14.—*Statement of profit and loss on sale of acquired properties, Mutual Mortgage Insurance Fund, through June 30, 1961*

Item	Sec. 203 (12,717 properties)	Sec. 207, 1 property (265 units)	Total MMI Fund (12,718 properties)
Proceeds of sales:			
Sales price [1]	$95,035,414	$1,000,000	$96,035,414
Less commission and other selling expenses	4,329,794	....	4,329,794
Net proceeds of sales	90,705,620	1,000,000	91,705,620
Income:			
Rental and other income (net)	1,747,122	....	1,747,122
Mortgage note income	7,981,727	....	7,981,727
Recovery prior to acquisition on defaulted notes	94,724	....	94,724
Total income	9,823,573	....	9,823,573
Total proceeds of sold properties	100,529,193	1,000,000	101,529,193
Expenses:			
Debentures and cash adjustments	92,946,039	942,145	93,888,184
Asset value acquired after default of purchase money mortgages	−359,948	....	−359,948
Interest on debentures	9,185,349	18,387	9,203,736
Taxes and insurance	1,820,897	5,012	1,825,909
Additions and improvements	205,454	....	205,454
Maintenance and operating expense	5,733,513	....	5,733,513
Service charge	315,835	....	315,835
Miscellaneous expense	9,756	1,669	11,425
Total expenses	109,856,895	967,213	110,824,108
Net profit (or loss −) before distribution of liquidation profits	−9,327,702	32,787	−9,294,915
Less distribution of liquidation profits:			
Certificates of claim	1,349,609	31,532	1,381,141
Increment on certificates of claim	72,240	1,255	73,495
Refunds to mortgagors	964,879	....	964,879
Loss (−) to Mutual Mortgage Insurance Fund	−11,714,430	....	−11,714,430

[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	1,558	......	$10,143,052	....	$10,143,052
Properties sold for cash and notes (or contracts for deed)	11,160	11,092	5,914,401	$79,977,961	85,892,362
Total	12,718	11,092	16,057,453	79,977,961	96,035,414

On June 30, 1961, the FHA held 11,634 properties insured under the Mutual Mortgage Insurance Fund. The cost of these properties was:

Mutual Mortgage Insurance Funds, statement of properties on hand at June 30, 1961

	Sec. 203 (11,634 properties) [1]
Expenses:	
Acquisition costs	$116,098,110
Interest on debentures	4,494,054
Taxes and insurance	1,565,058
Additions and improvements	72,737
Maintenance and operating	2,551,239
Miscellaneous	3,928
Accrued expenses payable	461,426
Total expenses	125,246,552
Income: Rental and other income (net)	1,699,661
Net acquired security on hand	123,546,891

[1] Includes 44 properties repossessed and carried at the asset value at time of repossession.

Certificates of Claim and Refunds to Mortgagors

Section 204(f) of the Act provides that if the net amount realized from any property acquired by the FHA under the terms of insurance with respect to which Section 204(f) is applicable, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of debentures issued and cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee, and that any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim issued in connection with the Section 203 properties which had been acquired and sold through June 30, 1961 totaled $5,827,293. The amount paid or to be paid on these certificates of claim totaled $1,381,141 (approximately 25 percent), and certificates of claim totaling $4,446,152 (approximately 75 percent), had been or will be canceled.

In addition, there were excess proceeds on approximately 20 percent (or 2,291) of the 12,717 sold properties, amounting to $964,879, for refund to mortgagors. This amount represents $441,312 paid and $499,958 payable on 2,173 cases, and $23,609 held in trust for 118 payees whose whereabouts are unknown. The average refund per case amounted to $421.

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 17½ years following that date total payments of $121,169,983 were made or accrued on 984,616 insured loans. This amount represents $117,714,457 paid and $3,007,276 payable on 977,017 cases, and $448,250 held in trust for 7,599 payees whose whereabouts are unknown.

TITLE II: SECTION 203 HOME IMPROVEMENT ACCOUNT

The Section 203 Home Improvement Account was established by an amendment of June 30, 1961, Public Law 87–70, which authorized the insurance of home improvement loans on homes primarily located outside urban renewal areas (Sec. 203(k)). These insured loans are available to property owners or long-term lessees for the purpose of financing the cost of improvements on one- to four-family dwellings, and cannot exceed $10,000 per dwelling unit.

The purpose of the program is to provide financing to assist in the conservation, improvement, and alteration of housing. This is not a mutual account 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

On June 30, 1961, the assets and reserve of the Section 203 Home Improvement Account totaled $1 million, consisting entirely of a capital contribution in this amount from the War Housing Insurance Fund made in accordance with Public Law 70, 87th Congress, approved June 30, 1961.

STATEMENT 15.—*Comparative statement of financial condition, Sec. 203 Home Improvement Account, as of June 30, 1960 and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	----------	$1,000,000	$1,000,000
RESERVE			
Insurance reserve—available for future losses and expenses	----------	1,000,000	1,000,000

TITLE II: HOUSING INSURANCE FUND

The insurance risks on rental and group housing insured under Sections 207 and 210 after February 3, 1938 on cooperative housing insured under Section 213, on housing for the elderly insured under Section 231, and on nursing homes insured under Section 232 are liabilities of the Housing Insurance Fund, which was established by an amendment to the National Housing Act approved February 3, 1938.

Section 213, which was added to the Act by an amendment approved April 20, 1950, authorizes the insurance of mortgages on cooperative housing projects. To be eligible for insurance under Section 213, the mortgagor must be a nonprofit cooperative ownership housing corporation, the permanent occupancy of the dwellings being restricted to members, or a nonprofit corporation organized for the purpose of building homes for members, or a corporation intending to sell the housing 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.

The Housing Act of 1961, Public Law 87–70, extended the provisions of Section 213 to permit FHA to insure, under certain conditions, supplementary cooperative loans made with respect to management-type cooperative projects for improvements and repairs or necessary community facilities.

Sections 231 and 232 were added to the Act by an amendment approved September 23, 1959. Section 231 authorizes the insurance of project mortgages to assist in relieving the shortage of housing for elderly persons and to increase the supply of rental housing for elderly persons. Section 232 authorizes the insurance of project mortgages to assist in providing urgently needed nursing homes for the care and treatment of convalescents and other persons who are not acutely ill and do not need hospital care, but who require skilled nursing care and related medical services.

Appraisal fees, insurance premiums, interest on investments, and income from security acquired under the terms of insurance are deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund. Foreclosure losses and general operating expenses of the Federal Housing Administration under Sections 207 and 210 since February 3, 1938, and under Sections 213, 231, and 232 are charged against the fund.

This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments. Any increase in the fund resulting from operations is retained as a general reserve to meet possible insurance losses and future expenses in connection with Sections 207, 210, 213, 231, and 232 insurance. In accordance with Section 207(h) of the Act, the excess proceeds, if any, from the sale of an acquired project, after deducting all costs incident to the acquisition, handling, and final disposition of the project, are applied to the mortgagee's certificate of claim and increment thereon, and any remaining balance is credited to the Housing Insurance Fund, except that, with respect to individual mortgages insured under the provisions of Section 213(d), any excess remaining after payment of the certificate of claim and increment thereon is for refund to the mortgagor. Prior to enactment of the amendments of August 10, 1948 to the National Housing Act, any excess remaining after payment of the certificate of claim and increment thereon was refunded to the mortgagor.

Capital and Net Income

Assets of the Housing Insurance Fund as of June 30, 1961 totaled $45,851,725, against which there were oustanding liabilities of $40,093,458. The insurance reserve of the fund amounted to $5,758,267, represented by $4,400,000 capital contributions from other FHA insurance funds and earnings of $1,358,267.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed to this fund by the United States 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, 1960, and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$2,369,822	$2,769,598	$399,776
Investments:			
U.S. Government securities (amortized)	7,266,791	7,316,584	49,793
Other securities (stock in rental housing corporations)	80,100	97,100	17,000
Total investments	7,346,891	7,413,684	66,793
Loans receivable:			
Mortgage notes and contracts for deed	6,990,394	6,866,526	−123,868
Less allowance for losses	231,854	202,527	−29,327
Net loans receivable	6,758,540	6,663,990	−94,541
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	219,241	278,174	58,033
Accounts receivable—Other	280	----------	−280
Accounts receivable—Interfund	57,672	53,074	−4,598
Total accounts and notes receivable	277,193	331,248	54,055

STATEMENT 16.—*Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1960, and June 30, 1961*—Continued

	June 30, 1960	June 30, 1961	Increase or decrease (−)
ASSETS—continued			
Accrued assets:			
Insurance premiums	$355,313	$448,244	$92,931
Interest on U.S. Government securities	3,437	3,437	----------
Other	66,808	361,527	294,719
Total accrued assets	425,558	813,208	387,650
Acquired security:			
Real estate (at cost plus expenses to date)	14,059,812	15,928,087	1,868,275
Less allowance for losses	6,654,887	6,399,573	−255,314
Net real estate	7,404,925	9,528,514	2,123,589
Mortgage notes acquired under terms of insurance	10,149,280	38,380,360	28,231,080
Less allowance for losses	3,655,369	20,210,921	16,555,552
Net mortgage notes acquired under terms of insurance	6,493,911	18,169,439	11,675,528
Net acquired security	13,898,836	27,697,953	13.799,117
Other assets—held for account of mortgagors	77,071	162,035	84,964
Total assets	31,153,911	45,851,725	14,697,814
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	15,735	16,552	817
Accrued liabilities: Interest on debentures	180,858	643,482	462,624
Trust and deposit liabilities:			
Excess proceeds of sale	44,166	44,906	740
Deposits held for mortgagors, lessees, and purchasers	462,058	701,093	239,035
Total trust and deposit liabilities	506,224	745,999	239,775
Deferred and undistributed credits:			
Unearned insurance premiums	3,394,385	4,469,506	1,075,121
Unearned insurance fees	444,419	767,603	323,184
Other	66,808	361,526	294,718
Total deferred and undistributed credits	3,905,612	5,598,635	1,693,023
Bonds, debentures, and notes payable: Debentures payable	11,133,800	32,698,050	21,564,250
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	108,018	390,740	282,722
Total liabilities	15,850,247	40,093,458	24,243,211
RESERVE			
Insurance reserve—available for future losses and expenses	15,303,664	5,758,267	−9,545,397
Total liabilities and reserve	31,153,911	45,851,725	14,697,814
Certificates of claim relating to properties on hand	520,548	1,083,965	563,417

During the fiscal year 1961 the income of the fund amounted to $13,235,769, while expenses and losses amounted to $5,306,308, leaving $7,929,461 net income before adjustment of valuation allowances. After the valuation allowances had been increased by $16,270,911, a net loss of $8,341,450 resulted for the fiscal year.

STATEMENT 17. *Income and expenses, Housing Insurance Fund, through June 30, 1960, and June 30, 1961*

	Feb. 3, 1938 to June 30, 1960	July 1, 1960 to June 30, 1961	Feb. 3, 1938 to June 30, 1961
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$1,843,781	$182,042	$2,025,823
Interest—Other	2,191,104	661,617	2,852,721
Dividends on rental housing stock	3,999	319	4,318
	4,038,884	843,978	4,882,862
Insurance premiums and fees:			
Premiums	32,286,176	7,514,862	39,801,038
Fees	16,261,675	4,853,163	21,114,838
	48,547,851	12,368,025	60,915,876
Other income:			
Profit on sale of investments	95,416	....	95,416
Miscellaneous income	12,130	23,766	35,896
	107,546	23,766	131,312
Total income	52,694,281	13,235,769	65,930,050
Expenses:			
Interest expenses: Interest on funds advanced by U.S. Treasury	1,386,666	....	
Administrative expenses: Operating costs (including adjustments for prior years)	28,781,743	5,183,382	1,386,666 34,168,055
Other expenses:			
Depreciation on furniture and equipment	150,640	23,629	175,292
Miscellaneous expenses	200	....	200
	150,840	23,629	175,492
Losses and charge-offs:			
Loss (or profit −) on acquired security	1,933,288	99,559	2,032,847
Loss (or profit −) on equipment	−4,030	−262	−4,298
	1,929,258	99,297	2,028,549
Total expenses	32,248,507	5,306,308	37,758,762
Net income before adjustment of valuation allowances	20,445,774	7,929,461	28,171,288
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−231,854	29,327	−202,527
Allowance for loss on real estate	−6,654,887	255,314	−6,399,573
Allowance for loss on mortgage notes acquired under terms of insurance	−3,655,369	−16,555,552	−20,210,921
Net adjustment of valuation allowances	−10,542,110	−16,270,911	−26,813,021
Net income or loss (−)	9,903,664	−8,341,450	1,358,267

ANALYSIS OF INSURANCE RESERVE

Distribution of net income:			
Insurance reserve:			
Balance at beginning of period	....	15,303,664	....
Adjustments during the period	....	−203,947	....
Net income for the period	9,903,664	−8,341,450	1,358,267
	9,903,664	6,758,267	1,358,267
Capital contributions from other FHA insurance funds	5,400,000	−1,000,000	4,400,000
Balance at end of period	15,303,664	5,758,267	5,758,267

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 Sections 207 and 204. In the fiscal year 1961, $3,320,200 of debentures were redeemed in payment of mortgage insurance premiums and $5,488,700 were redeemed by debenture calls. During the fiscal year 1961, net investments amounting to $50,000 (principal amount) were made for the account of this fund, and at June 30, 1961, the fund held U.S. Government securities in the principal amount of $7,318,000, yielding 2.24 percent as follows:

Investments of the Housing Insurance Fund, June 30, 1961 30, 1961

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1961	....	$337,269	$340,000	$338,088
1962	2	148,000	148,000	148,000
1961–67	2½	1,500,000	1,500,000	1,500,000
1963	2	3,070,000	3,070,000	3,070,000
1965	2	460,000	460,000	460,000
1967–72	2½	1,801,437	1,800,000	1,800,496
Average annual yield, 2.24 percent	....	7,316,706	7,318,000	7,316,584

Properties Acquired Under the Terms of Insurance

During fiscal year 1961, 23 additional project properties or assigned mortgage notes (3,134 units) were acquired by the FHA Commissioner under the terms of mortgage insurance of Section 207, and partial sales of 27 units were made on 1 project. Three Section 213 project properties or assigned mortgage notes (248 units) were acquired during the fiscal year, and partial sales of 6 units were made on 2 projects. Under Section 213 home properties, 160 (161 units) were acquired under the terms of insurance and 59 were sold during fiscal year 1961. Through June 30, 1961, a cumulative total of 73 rental housing properties or assigned mortgage notes (10,596 units) insured under Sections 207–210 had been acquired under the terms of insurance; 9 project properties or project mortgage notes (692 units) and 509 home properties (510 units) insured under Section 213 had been acquired. Twenty-four projects (3,556 units) and one mortgage note (1,102 units) insured under Sections 207–210, and under Section 213 one (1) project (87 units), one (1) mortgage note (143 units), and 283 home properties had been sold. The acquired security on hand at June 30, 1961, in the Housing Insurance Fund is as follows:

Housing Insurance Fund, statement of properties and assigned mortgage notes on hand as of June 30, 1961

	Sec. 207		Sec. 213		Sec. 213 homes, 226 properties, 227 units [4]	Total, 242 properties, 39 mortgage notes, 6,627 units
	14 projects, 1,033 units [1]	34 mortgage notes, 4,305 units	2 projects, 31 units [2]	5 mortgage notes, 431 units [3]		
Expenses:						
Acquisition costs	$12,006,620	[5] $34,880,376	$957,307	[5] $4,320,237	$2,407,628	$54,572,177
Interest on debentures	1,462,975	1,520,730	109,815	242,357	111,054	3,452,940
Taxes and insurance	557,061	....	55,428	....	27,123	639,612
Additions and improvements	17,086	....	....	....	....	17,086
Maintenance and operating	978,180	....	26,432	....	45,375	1,049,996
Service charge	....	44,464	....	5,598	....	50,062
Miscellaneous	40,013	3,202	6,681	1,235	379	52,410
Accrued expenses payable	7,900	....	5,902	....	2,530	16,332
Total expenses	15,070,753	36,454,781	1,161,565	4,569,427	2,594,089	59,850,615
Income and recoveries:						
Rent and other (net)	1,830,239	1,713,763	191,611	227,139	869	3,963,621
Collections on mortgage notes	....	491,973	....	210,974	....	702,947
Total income	1,830,230	2,205,736	191,611	438,113	869	4,666,568
Proceeds from partial sales of projects: Estimated net investment (sales price)	−201,000	....	−674,600	....	....	−875,600
Net acquired security on hand	13,039,514	34,249,045	295,354	4,131,314	2,593,220	54,308,447

[1] Excludes 36 units in 1 partially sold project with estimated net investment of $201,000.

[2] Excludes 61 units in 2 partially sold projects with estimated net investment of $674,600.

[3] Includes 16 units released in accordance with the provisions of the mortgage.

[4] Includes 4 properties and 1 large-scale unit repossessed and carried at the asset value at time of repossession.

	Sec. 207	Sec. 213	Total
[5] Outstanding balance of notes receivable at date of acquisition	$34,880,377	$4,320,237	$39,200,614
Less: Collection to principal	491,973	210,974	702,947
Unpaid principal balance	34,388,404	4,109,263	38,497,667

An analysis of properties sold and assigned notes liquidated is shown in statement 18.

STATEMENT 18.—*Statement of profit and loss on sale of acquired properties, and assigned mortgage notes liquidated, Housing Insurance Fund, through June 30, 1961*

	Secs. 207–210, 24 projects and 1 mortgage note (4,658 units) [2]	Sec. 213		Total HI Fund, 308 properties 2 mortgage notes (5,171 units)
		Projects 1, property, 1 mortgage note (230 units) [3]	Homes, 283 properties (283 units)	
Proceeds of sales:				
Sales price [1]	[2] $18,565,992	[3] $2,389,500	$2,189,317	$23,144,809
Less commissions	10,078	9,228	96,640	115,946
Net proceeds of sales	18,555,914	2,380,272	2,092,677	23,028,863
Income:				
Rental and other income (net)	2,434,628	18,390	10,861	2,463,870
Mortgage note income	3,542,098	585,244	168,929	4,296,271
Recovery prior to acquisition on defaulted notes	8,037	975	−7,546	1,466
Total income	5,984,863	604,609	172,244	6,761,616
Total proceeds of sold properties	24,540,677	2,984,881	2,264,921	29,790,479
Expenses:				
Debentures and cash adjustments	19,308,549	1,703,327	2,347,005	23,358,881
Asset value acquired after default of purchase money mortgages	....	−9,233	−35,378	−44,611
Estimated net investment on partial sales of projects	201,000	674,600	....	875,600
Interest on debentures	4,395,010	308,382	203,971	4,907,363
Taxes and insurance	663,301	3,937	35,031	702,269
Additions and improvements	217,322	82	....	217,404

STATEMENT 18.—*Statement of profit and loss on sale of acquired properties, and assigned mortgage notes liquidated, Housing Insurance Fund, through June 30, 1961*—Continued

	Secs. 207–210, 24 projects and 1 mortgage note (4,658 units) [2]	Sec. 213		Total HI Fund 308 properties 2 mortgage notes (5,171 units)
		Projects 1, property, 1 mortgage note (239 units) [3]	Homes, 283 properties (283 units)	
Maintenance and operating expense	$1,112,727	$22,384	$113,650	$1,248,761
Service charge	13,889	17,586	14,047	45,522
Miscellaneous expense	43,140	551	641	44,332
Total expenses	25,954,938	2,811,616	2,678,967	31,445,521
Net profit (or loss −) before distribution of liquidation profits	−1,414,261	173,265	−414,046	−1,655,042
Less distribution of liquidation profits:				
Certificates of claim	146,624	30,242	4,952	181,818
Increment on certificates of claim	12,606	8,290	167	21,063
Refunds to mortgagors	172,289	....	2,635	174,924
Loss (−) to Housing Insurance Fund	−1,745,780	134,733	−421,800	−2,032,847

[1] Analysis of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	42	......	$3,527,197	....	$3,527,197
Properties sold for cash and notes (or contracts for deed)	268	515	663,389	$18,954,223	19,617,612
Total	310	515	4,190,586	18,954,223	23,144,809

[2] Includes $201,000 for 36 units of 1 partially sold project.

[3] Includes $674,600 for 61 units of 2 partially sold projects.

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 Sections 207 and 213 acquired securities, by calendar year, is given below:

STATEMENT 19.—*Turnover of properties acquired and mortgage notes assigned under Sec. 207 of Title II contracts of insurance by years and cumulative through Dec. 31, 1961*

Properties and notes acquired		Properties and notes sold, by calendar years										Properties and notes on hand, Dec. 31, 1961
Year	Number	1940–52	1953	1954	1955	1956	1957	1958	1959	1960	1961	
1940–52	18	18						−1	1			
1953	2						1	1				
1954	3			2		1						
1955	10					2	1				1	6
1956	2										1	1
1957												
1958	8										1	7
1959	6										2	4
1960	13											13
1961	17											17
Total	79	18		2		3	2		1		5	48

NOTE.—The number of properties and notes sold has been reduced by 1 property repossessed because of default on mortgage notes. The repossessed property has been resold. On the 31 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 33.23 months.

STATEMENT 20.—*Turnover of properties acquired and mortgage notes assigned under Sec. 213 of Title II contracts of insurance, by years and cumulative through Dec. 31, 1961*

Properties and notes acquired		Properties and notes sold, by calendar years										Properties and notes on hand, Dec. 31, 1961
Year	Number	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	
1952	1			1								
1953	2						1					1
1954	3			1	1	1						
1955	14				4	8	2					
1956	64					20	18	5	−2		−2	25
1957	72						35	21	3	6	1	6
1958	53							21	10	15	−1	8
1959	87								12	47	6	22
1960	114									32	26	56
1961	250										20	230
Total	660			2	5	29	56	47	23	100	50	[1] 348

[1] Includes 341 of the 651 home properties acquired.

NOTE.—On the 310 home properties sold, the average time between acquisition and sale by the Federal Housing Administration was 8.25 months; on the 2 projects sold, the average time was 25.37 months.

The number of properties sold has been reduced by 19 properties repossessed because of default on mortgage notes. 7 of the repossessed properties had been resold by Dec. 31, 1961.

Certificates of Claim and Refunds to Mortgagors

Certificates of claim issued in connection with the 24 projects sold and one mortgage note liquidated under Sections 207–210 through June 30, 1961, totaled $385,763. The amounts paid or to be paid on these certificates totaled $146,624, and the amounts canceled or to be canceled, $239,139.

In addition, excess proceeds on three projects had been refunded to mortgagors in the amount of $172,289, in accordance with provisions of the Act prior to 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 $111,240 were issued on 283 Section 213 homes sold. The amounts paid or to be paid on the certificates of claim issued on Section 213 home properties totaled $4,953, and the amounts canceled or to be canceled totaled $106,287. In addition, there were excess proceeds on seven Section 213 home properties amounting to $2,635 for refund to mortgagors.

The certificate of claim issued in connection with the only rental housing project acquired under the Mutual Mortgage Insurance Fund amounted to $31,532. This certificate of claim had been paid in full, with increment thereon in the amount of $1,255.

TITLE II: SECTION 220 HOUSING INSURANCE FUND

The Section 220 Housing Insurance Fund was created by Section 220 of the National Housing Act, as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Cong.). This section authorizes insurance by the FHA of mortgages on homes and rental properties located in an urban redevelopment area for which a Federal-aid contract was executed or approved before August 2, 1954, or in an urban renewal area which the Housing and Home Finance Administrator has determined to be appropriate for an urban renewal project, and located in a city for which the Administrator has approved a workable program presented by the local authorities for preventing the spread of blight and eliminating and preventing slum conditions. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of $1 million from the War Housing Insurance Fund.

Capital and Net Income

At June 30, 1961, assets of the fund totaled $4,941,602. There were outstanding liabilities of $923,272 and insurance reserve of $4,018,330, of which $1 million was transferred from the War Housing Insurance Fund and $3,018,330 was net operating income.

STATEMENT 21.—*Comparative statement of financial condition, Sec. 220 Housing Insurance Fund, as of June 30, 1960, and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$380,931	$448,295	$67,364
Investments:			
U.S. Government securities (amortized)	2,815,831	4,288,433	1,472,602
Other securities (stock in rental housing corporations)	6,900	8,800	1,900
Total investments	2,822,731	4,297,233	1,474,502
Loans receivable:			
Mortgage notes and contract for deed		31,277	31,277
Less allowance for losses		469	469
Net loans receivable		30,808	30,808
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	44,308	85,090	40,782
Accounts receivable—Interfund	8,411	7,720	−691
Total accounts and notes receivable	52,719	92,810	40,091
Accrued assets: Insurance premiums	34,148	37,681	3,533
Acquired security:			
Real estate (at cost plus expenses to date)	33,379	40,670	7,291
Less allowance for loss	4,757	5,895	1,138
Net acquired security	28,622	34,775	6,153
Total assets	3,319,151	4,941,602	1,622,451
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	820		−820
Accrued liabilities: Interest on debentures	515	161	−354
Trust and deposit liabilities: Fee deposits held for future disposition	10,125	15,334	5,209
Deferred and undistributed credits:			
Unearned insurance premiums	668,582	837,657	169,075
Unearned insurance fees	66,357	58,965	−7,392
Other		1,255	1,255
Total deferred and undistributed credits	734,939	897,877	162,938
Bonds, debentures and notes payable: Debentures payable	21,550	9,900	−11,650
Total liabilities	767,949	923,272	155,323
RESERVE			
Insurance reserve—available for future losses and expenses	2,551,202	4,018,330	1,467,128
Total liabilities and reserve	3,319,151	4,941,602	1,622,451
Certificates of claim relating to properties on hand	998	1,147	149

During the fiscal year 1961, the income to the fund amounted to $2,335,305 and expenses and losses amounted to $842,721, leaving $1,492,584 net income before adjustment of valuation allowances. After the valuation allowances had been increased $1,607, the net income for the year was $1,490,977.

STATEMENT 22.—*Income and expenses, Sec. 220 Housing Insurance Fund, through June 30, 1960, and June 30, 1961.*

	Aug. 2, 1954, to June 30, 1960	July 1, 1960 to June 30, 1961	Aug. 2, 1954, to June 30, 1961
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$164,538	$102,578	$267,116
Interest—Other	44	86	130
	164,582	102,664	267,246
Insurance premiums and fees:			
Premiums	1,942,470	1,363,039	3,305,509
Fees	2,080,210	869,236	2,949,446
	4,022,680	2,232,275	6,254,955
Other income: Miscellaneous income		366	366
Total income	4,187,262	2,335,305	6,522,567
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	2,619,864	835,821	3,479,415
Other expenses: Depreciation on furniture and equipment	12,139	3,770	16,029
Losses and chargeoffs:			
Loss on acquired security		3,172	3,172
Loss (or profit —) on equipment	−700	−42	−743
	−700	3,130	2,429
Total expenses	2,631,303	842,721	3,497,873
Net income before adjustment of valuation allowances	1,555,959	1,492,584	3,024,694
Increase (—) or decrease (+) in valuation allowances: Allowance for loss on real estate	−4,757	−1,607	−6,364
Net adjustment of valuation allowances	−4,757	−1,607	−6,364
Net income	1,551,202	1,490,977	3,018,330
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		2,551,202	
Adjustments during the period		−23,849	
Net income (or loss —) for the period	1,551,202	1,490,977	3,018,330
	1,551,202	4,018,330	3,018,330
Capital contributions from other FHA insurance funds	1,000,000		1,000,000
Balance at end of period	2,551,202	4,018,330	4,018,330

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. In the fiscal year 1961, $51,200 of debentures were redeemed in payment of mortgage insurance premiums. During the fiscal year 1961 net investments of $1,480,000 (principal amount) were made for the account of this fund, and at June 30, 1961, the fund held U.S. Government securities in the principal amount of $4,300,000, yielding 2.56 percent as follows:

Investments of the Sec. 220 Housing Insurance Fund, June 30, 1961

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1961		$1,658,755	$1,680,000	$1,668,548
1961	2½	14,484	15,000	14,884
1962	2	450,000	450,000	450,000
1963	2	140,000	140,000	140,000
1963	3¼	1,130,000	1,130,000	1,130,000
1964	2	550,000	550,000	550,000
1964	3¾	85,000	85,000	85,000
1965	2	250,000	250,000	250,000
Average annual yield, 2.56 percent		4,278,239	4,300,000	4,288,432

Properties Acquired Under the Terms of Insurance

During fiscal year 1961, four home properties insured under title II, Section 220, were acquired by the Commissioner under the terms of insurance, and three were sold. The three sales resulted in a net charge against the fund of $3,172, or an average of $1,057 per case. Certificates of claim issued on the three properties sold amounted to $1,241, all of which is to be canceled.

STATEMENT 23.—*Statement of profit and loss on sale of acquired properties, Sec. 220 Housing Insurance Fund, through June 30, 1961*

Items	Sec. 220 homes, 3 properties, 3 units
Proceeds of sale:	
Sales price [1]	$32,600
Less commission and other selling expenses	1,630
Net proceeds of sales	30,070
Expenses:	
Debentures and cash adjustments	32,057
Interest on debentures	748
Taxes and insurance	287
Maintenance and operating	1,050
Total expenses	34,142
Loss (—) to Section 220 Housing Insurance Fund	−3,172

[1] Analysis of terms of sales.

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for cash and notes	3	3	$1,250	$31,350	$32,600

The turnover of Section 220 acquired security by calendar year is shown below:

STATEMENT 24.—*Turnover of properties acquired and mortgage notes assigned under Sec. 220 of Title II contracts of insurance, by years and cumulative through Dec. 31, 1961*

Properties and notes acquired		Properties sold, by calendar years		Properties and notes on hand, Dec. 31, 1961
Year	Number	1960	1961	
1960	6	3		3
1961	6			6
Total	12	3		[1] 9

[1] Includes 8 of the 11 home properties acquired.

NOTE.—On the three home properties sold, the average time between acquisition and sale by the Federal Housing Administration was 6.77 months.

The cost of the four properties which remained on hand under this fund on June 30, 1961 is shown in the following table. The average time between acquisition and sale by the FHA was 6.77 months.

Sec. 220 Housing Insurance Fund, Statement of properties on hand at June 30, 1961

	Sec. 220 homes, 4 properties, 4 units
Expenses:	
Acquisition cost	$39,208
Interest on debentures	1,167
Taxes and insurance	130
Maintenance and operations	75
Net acquired security on hand	40,670

TITLE II: SECTION 220 HOME IMPROVEMENT ACCOUNT

The Section 220 Home Improvement Account was established by an amendment of June 30, 1961, Public Law 87–70, which authorized the insurance of improvement loans in urban renewal areas (Sec. 220(h)). These insured loans are available to property owners or long-term lessees for the purpose of financing the cost of improvements on homes or multifamily structures and cannot exceed $10,000 per dwelling unit.

The purpose of this program is to give special inducement to lenders to grant home improvement loans in urban renewal areas which otherwise would not be acceptable by the lender. This is not a mutual account 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

On June 30, 1961, the assets and reserve of the Section 220 Home Improvement Account totaled $1 million, consisting entirely of a capital contribution in this amount from the War Housing Insurance Fund made in accordance with Public Law 70, 87th Congress, approved June 30, 1961.

STATEMENT 25.—*Comparative statement of financial condition, Sec. 220 Home Improvement Account, as of June 30, 1960, and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury		$1,000,000	$1,000,000
RESERVE			
Insurance reserve—available for future losses and expenses		1,000,000	1,000,000

TITLE II: SECTION 221 HOUSING INSURANCE FUND

The Section 221 Housing Insurance Fund was created by Section 221 of the National Housing Act as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Cong.), which authorized the insurance, in communities that have requested it, of mortgages on low-cost housing for families displaced because of urban renewal projects.

The Housing Act of 1961, Public Law 87–70, amended Section 221 and provides that Section 221 mortgage insurance will apply to homes and rental housing for low- and moderate-income families as well as families displaced from urban renewal areas or as a result of governmental action. Home mortgage insurance for low- and moderate-income families other than displaced families is restricted to single-family homes.

In addition, Section 221 was amended to provide a "below market" (low interest rate) rental housing program. Under this program the FHA Commissioner may insure, with reduced or no insurance premiums, a mortgage bearing an interest rate below the market rate, provided that the mortgagor is (*a*) a private nonprofit corporation or association, (*b*) a limited-dividend corporation, (*c*) a cooperative, or (*d*) a public body or agency which certifies that it is not receiving Federal financial assistance exclusively for public housing. 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, 1961, assets of the fund amounted to $15,292,655. There were outstanding liabilities of $16,101,526, leaving a deficit of $808,871. This represents an operating loss of $1,808,871 less $1 million transferred from the War Housing Insurance Fund.

STATEMENT 26.—*Comparative statement of financial condition, Sec. 221 Housing Insurance Fund, as of June 30, 1960, and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$334,645	$530,552	$195,907
Investments: U.S. Government securities (amortized)	920,000	100,000	−820,000
Loans receivable:			
Mortgage notes and contracts for deed	223,828	974,125	750,297
Less allowance for losses	3,357	14,612	11,255
Net loans receivable	220,471	959,513	739,042
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	9,928	47,147	37,219
Accounts receivable—Other		23	23
Accounts receivable—Inter-fund	5,464	4,825	−639
Total accounts and notes receivable	15,392	51,995	36,603
Accrued assets:			
Insurance premiums	343,751	519,698	175,947
Interest on U.S. Government securities	1,860	1,477	−383
Other	24,462	6,154	−18,308
Total accrued assets	370,073	527,329	157,256
Acquired security:			
Real estate (at cost plus expenses to date)	2,620,759	16,211,933	13,591,174
Less allowance for losses	507,280	3,088,667	2,581,387
Net real estate	2,113,479	13,123,266	11,009,787
Mortgage notes acquired under terms of insurance	1,095,235		−1,095,235
Less allowance for losses	376,689		−376,689
Net mortgage note acquired under terms of insurance	718,546		−718,546
Net acquired security	2,832,025	13,123,266	10,291,241
Total assets	4,692,606	15,292,655	10,600,049
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	8,092	11,155	3,063
Accrued liabilities: Interest on debentures	52,115	352,689	300,574
Trust and deposit liabilities:			
Fee deposits held for future disposition	223,125	145,925	−77,200
Deposits held for mortgagors, lessees and purchasers	6,115	46,832	40,717
Total trust and deposit liabilities	229,240	192,757	−36,483
Deferred and undistributed credits:			
Unearned insurance premiums	97,620	151,976	54,356
Unearned insurance fees	14,482	5,803	−8,679
Other	26,526	12,196	−14,330
Total deferred credits	138,628	169,975	31,347

STATEMENT 26.—*Comparative statement of financial condition, Sec. 221 Housing Insurance Fund, as of June 30, 1960, and June 30, 1961*—Continued

	June 30, 1960	June 30, 1961	Increase or decrease (−)
LIABILITIES—continued			
Bonds, debentures and notes payable: Debentures payable	$3,477,850	$15,374,950	$11,807,100
Other liabilities: Reserve for foreclosure cost—Mortgage notes acquired under terms of insurance	10,763		−10,763
Total liabilities	3,916,688	16,101,526	12,184,838
RESERVE			
Insurance reserve—available for future losses and expenses	775,918	−808,871	−1,584,789
Total liabilities and reserve	4,692,606	15,292,055	10,600,049
Certificates of claim relating to properties on hand	69,674	374,473	304,799

During the fiscal year 1961, the income to the fund amounted to $1,536,316 and expenses and losses amounted to $885,562, leaving an operating income of $650,754 for the period before adjustment of valuation allowances. Valuation allowances were increased in the amount of $2,215,953, resulting in net loss of $1,565,199 for the year. From inception, August 2, 1954, to June 30, 1961, operations resulted in a net loss of $1,808,871, as shown on Statement 27.

STATEMENT 27.—*Income and expenses, Sec. 221 Housing Insurance Fund, through June 30, 1960, and June 30, 1961*

	Aug. 2, 1954, to June 30, 1960	July 1, 1960, to June 30, 1961	Aug. 2, 1954, to June 30, 1961
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$106,558	$17,110	$123,668
Interest—Other	1,404		1,404
	107,962	17,110	125,072
Insurance premiums and fees:			
Premiums	1,108,788	1,129,360	2,238,148
Fees	1,174,289	364,909	1,539,198
	2,283,077	1,494,269	3,777,346
Other income: Miscellaneous income	4,512	24,937	29,449
Total income	2,395,551	1,536,316	3,931,867
Expenses:			
Interest expense: Interest on debenture obligations		3,267	3,267
Administrative expenses—Operating costs (including adjustments for prior years)	1,681,763	760,630	2,461,886
Other expenses: Depreciation on furniture and equipment	7,985	3,442	11,525
Losses and chargeoffs:			
Loss on acquired security	42,998	118,261	161,259
Loss or profit (−) on equipment	−439	−38	−478
	42,559	118,223	160,781
Total expenses	1,732,307	885,562	2,637,469
Net income or loss (−) before adjustment of valuation allowances	663,244	650,754	1,294,408

STATEMENT 27.—*Income and expenses, Sec. 221 Housing Insurance Fund, through June 30, 1960, and June 30, 1961*—Continued

	Aug. 2, 1954, to June 30, 1960	July 1, 1960, to June 30, 1961	Aug. 2, 1954, to June 30, 1961
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−$3,357	−$11,255	−$14,612
Allowance for loss on real estate	−883,969	−2,204,698	−3,088,667
Net adjustment of valuation allowances	−887,326	−2,215,953	−3,103,279
Net income or loss (−)	−224,082	−1,565,199	−1,808,871
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		775,918	
Adjustments during the period		−19,590	
Net income or loss (−) for the period	−224,082	−1,565,199	−1,808,871
	−224,082	−808,871	−1,808,871
Capital contributions from other FHA Insurance funds	1,000,000		1,000,000
Balance at end of period	775,918	−808,871	−808,871

Investments

Section 221(h) of the Act provides that moneys in the Section 221 Housing Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments. In the fiscal year 1961, $939,050 of debentures were redeemed in payment of mortgage insurance premiums. During the fiscal year 1961, net redemptions of $820,000 (principal amount) were made for the account of this fund, and at June 30, 1961, the fund held U.S. Treasury notes yielding 4 percent, in the principal amount of $100,000.

Properties Acquired Under the Terms of Insurance

During fiscal year 1961, 3 project properties or assigned mortgage notes (660 units) and 910 home properties insured under Title II, Section 221, were acquired by the Commissioner under the terms of insurance, and 96 were sold. Through June 30, 1961, a total of 1,077 home properties had been acquired at a total cost of $9,438,614, and 127 had been sold at prices which left a net charge against the fund of $161,260, or an average of $1,270 per case. The certificates of claim issued on the 127 properties sold amounted to $39,176, of which $631 is to be paid, $2,855 has been canceled, and $35,690 is to be canceled.

STATEMENT 28.—*Statement of profit and loss on sale of acquired properties, Sec. 221 Housing Insurance Fund, through June 30, 1961*

Items	Sec. 221 homes, 127 properties, 127 units
Proceeds of sale:	
Sales price [1]	$1,038,930
Less commissions and other selling expenses	43,706
Net proceeds of sales	995,224
Income: Rental and other income (net)	2,201
Total proceeds of sold properties	997,425
Expenses:	
Debentures and cash adjustments	1,080,412
Interest on debentures	22,856
Taxes and insurance	14,567
Maintenance and operating	38,580
Total expenses	1,156,415
Net profit or loss (−) before distribution of liquidation profit	−158,990
Less distribution of liquidation profits:	
Certificates of claims	631
Increment on certificates of claim	13
Refunds to mortgagors	1,626
Loss (−) to Section 221 Housing Insurance Fund	−161,260

[1] Analyses of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for cash	4		$23,605		$23,605
Properties sold for cash and notes (or contracts for deed)	123	123	33,625	$981,700	1,015,325
Total	127	123	57,230	981,700	1,038,930

During fiscal year 1961, 3 projects (660 units) were acquired under the terms of insurance, and none were sold. Nine hundred and ten homes were acquired and 96 were sold, resulting in a net charge to the fund of $118,262.

On June 30, 1961, the cost of the 950 home properties and the 5 projects which remained on hand under this fund was as follows:

Sec. 221 Housing Insurance Fund, statement of properties on hand at June 30, 1961

	Sec. 221		Total, 955 properties, 1,880 units
	5 projects, 930 units	Homes, 950 properties, 950 units	
Expenses:			
Acquisition costs	$7,640,635	$7,969,885	$15,610,520
Interest on debentures	312,141	181,406	493,547
Taxes and insurance	127,386	31,667	159,053
Additions and improvements	53,569		53,569
Maintenance and operating	197,571	52,931	250,502
Miscellaneous	2,841		2,841
Accrued expenses payable	5,962	4,599	10,561
Total expenses	8,340,105	8,240,488	16,580,593
Income and recoveries: Rent and other income (net)	366,596	2,064	368,660
Net acquired security on hand	7,973,509	8,238,424	16,211,933

Statement 29 shows the turnover of Section 221 Housing Insurance Fund acquired security since the first such acquisition in 1958 through December 31, 1961.

STATEMENT 29.—*Turnover of properties acquired and mortgage notes assigned under Sec. 221 of Title II contracts of insurance, by years and cumulative through Dec. 31, 1961*

Properties acquired		Properties sold, by calendar year				Properties on hand, Dec. 31, 1961
Year	Number	1958	1959	1960	1961	
1958	2	1	1			
1959	43		13	12	3	15
1960	403			54	62	287
1961	1,205				45	1,160
Total	1,653	1	14	66	110	[1] 1,462

[1] Includes 1,458 of the 1,647 home properties acquired.

NOTE.—On the 189 home properties sold, the average time between acquisition and sale by the Federal Housing Administration was 7.09 months; on the 2 projects sold the average time was 6.77 months.

TITLE II: SERVICEMEN'S MORTGAGE INSURANCE FUND

The Servicemen's Mortgage Insurance Fund was created by Section 222 of the National Housing Act, as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Cong.). The purpose of this section is to aid in the provision of housing accommodations for servicemen in the Armed Forces of the United States and in the Coast Guard of the United States, and their families. Section 222 provides for the insurance of mortgages on single-family homes which would be eligible for insurance under Section 203, except that, when executed by a mortgagor who is a serviceman and who, at the time of insurance, is the owner-occupant of the property, the maximum ratio of loan to value may, in the discretion of the Commissioner, exceed the maximum ratio of loan to value prescribed in Section 203 but not to exceed $20,000. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of $1 million from the War Housing Insurance Fund.

Capital and Net Income

As of June 30, 1961 the fund had assets of $21,368,291 and outstanding liabilities of $6,427,654, leaving $14,940,637 insurance reserve. Included in the insurance reserve is the sum of $1 million which was transferred from the War Housing Insurance Fund.

STATEMENT 30.—*Comparative statement of financial condition, Servicemen's Mortgage Insurance Fund, as of June 30, 1960, and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$1,394,333	$1,264,477	−$129,856
Investments: U.S. Government securities (amortized)	7,978,687	10,266,782	2,288,095
Loans receivable:			
Mortgage notes and contracts for deed	448,457	1,745,366	1,296,909
Less allowance for losses	6,727	26,180	19,453
Net loans receivable	441,730	1,719,186	1,277,456
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	107,693	132,964	25,271
Accounts receivable—Other		26	26
Accounts receivable—Interfund	7,376	6,885	−491
Total accounts and notes receivable	115,069	139,875	24,806
Accrued assets:			
Insurance premiums	1,669,142	2,240,004	576,862
Interest on U.S. Government securities	57,646	62,596	4,950
Other	1,937	5,388	3,451
Total accrued assets	1,728,725	2,313,988	585,263
Acquired security: Real estate (at cost plus expenses to date)	1,869,261	6,615,982	4,746,721
Less: Allowance for losses	705,510	951,999	246,489
Net acquired security	1,163,751	5,663,983	4,500,232
Total assets	12,822,295	21,368,291	8,545,996
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	7,690	17,737	10,047

STATEMENT 30.—*Comparative statement of financial condition, Servicemen's Mortgage Insurance Fund, as of June 30, 1960, and June 30, 1961*—Continued

	June 30, 1960	June 30, 1961	Increase or decrease (−)
LIABILITIES—continued			
Accrued liabilities: Interest on debentures	$35,595	$102,765	$67,170
Trust and deposit liabilities:			
Fee deposits held for future disposition	42,989	56,511	13,522
Excess proceeds of sale	413	5,718	5,305
Deposits held for mortgagors, lessees, and purchasers	10,939	41,446	30,507
Total trust and deposit liabilities	54,341	103,675	49,334
Deferred and undistributed credits:			
Unearned insurance premiums	710,137	691,582	−18,555
Other	1,938	6,245	4,307
Total deferred and undistributed credits	712,075	697,827	−14,248
Bonds, debentures, and notes payable: Debentures payable	1,891,950	5,505,650	3,613,700
Total liabilities	2,701,651	6,427,654	3,726,003
RESERVE			
Insurance reserve—available for future losses and expenses	10,120,644	14,940,637	4,819,993
Total liabilities and reserve	12,822,295	21,368,291	8,545,996
Certificates of claim relating to properties on hand	66,563	238,068	171,505

For the fiscal year 1961, income of $5,878,327 was earned and expenses and losses were $798,894, leaving net income of $5,079,433 before adjustment of valuation allowances. Valuation allowances were increased in the amount of $265,942, resulting in a net income of $4,813,491 for the year. Total net income from inception, August 2, 1954, to June 30, 1961, was $13,940,637, as shown in Statement 31.

STATEMENT 31.—*Income and expenses, Servicemen's Mortgage Insurance Fund, through June 30, 1960, and June 30, 1961*

	Aug. 2, 1954, to June 30, 1960	July 1, 1960, to June 30, 1961	Aug. 2, 1954, to June 30, 1961
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$568,710	$342.061	$910,771
Interest—Other		3,292	3,292
	568,710	345,353	914,063
Insurance premiums and fees:			
Premiums	11,083,286	5,376,475	16,459,761
Fees	527,730	108,233	635,963
	11,611,016	5,484,708	17,095,724
Other income:			
Profit on sale of investments	19		19
Miscellaneous income	16,680	48,266	64,946
	16,699	48,266	64,965
Total income	12,196,426	5,878,327	18,074,752

STATEMENT 31.—*Income and expenses, Servicemen's Mortgage Insurance Fund, through June 30, 1960, and June 30, 1961*—Continued

	Aug. 2, 1954, to June 30, 1960	July 1, 1960, to June 30, 1961	Aug. 2, 1954, to June 30, 1961
Expenses:			
Interest expense: Interest on debenture obligations	$1,096		$1,096
Administrative expenses: Operating costs (including adjustments for prior years)	2,289,513	$618,006	2.901,050
	2,290,609	618,006	2,902,146
Other expenses: Depreciation on furniture and equipment	10,541	2,786	13,294
Losses and chargeoffs:			
Loss on acquired security	62,984	178,133	241,117
Loss or profit (−) on equipment	−590	−31	−621
	62,394	178,102	240,496
Total expenses	2,363,544	798,894	3.155,036
Net income before adjustment of valuation reserves	9.832,881	5,079.433	14,918,816
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−6,727	−19,453	−26,180
Allowance for loss on real estate	−705,510	−246,489	−951,999
Net adjustment of valuation allowances	−712,237	−265,942	−978,179
Net income	9,120,644	4,813,491	13,940,637

ANALYSIS OF INSURANCE RESERVE

Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		10,120,644	
Adjustments during the period		+6,502	
Net income for the period	9,120,644	4,813,491	13,940,637
	9,120,644	14,940,637	13,940,637
Capital contributions from other FHA insurance funds	1,000,000		1,000,000
Balance at end of period	10,120,644	14,940,637	14,940,637

Investments

Section 222(f) of the Act provides that moneys in the Servicemen's Mortgage Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States; or the Commissioner may with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments. In the fiscal year 1961, $727,250 of debentures were redeemed in payment of mortgage insurance premiums and $1,668,750 by debenture calls. During the fiscal year the fund increased its investment in U.S. Government securities by $2,250,000 (principal amount), and as of June 30, 1961, the fund held U.S. Government securities in the principal amount of $10,413,000, yielding 3.44 percent as follows:

Investments of the Servicemen's Mortgage Insurance Fund, June 30, 1961

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1961		$1,811,290	$1,830,000	$1,818,916
1961	2⅛	110,802	116,000	114,926
1962	2	925,000	925,000	925,000
1962	4	1,575,000	1,575,000	1,575,000
1963	3¼	100,000	100,000	100,000
1963	4⅞	240,000	240,000	240,000
1964	3	524,063	540,000	528,708
1964	3¾	1,339,325	1,344,000	1,340,477
1964	4¾	531,000	528,000	529,937
1964–69	2½	85,812	100,000	88,372
1965	2	650,000	650,000	650,000
1965	2⅝	2,025,074	2,195,000	2,085,447
1967	3⅝	270,000	270,000	270,000
Average annual yield 3.44 percent		10,187,366	10,413,000	10,266,783

Properties Acquired Under the Terms of Insurance

During fiscal year 1961, 530 properties were acquired by the Servicemen's Mortgage Insurance Fund and 125 were sold. Through June 30, 1961, a total of 747 home properties had been acquired at a total cost of $8,841,422, and 171 had been sold at prices which left a net charge against the fund of $241,119, or an average of $1,410 per case.

STATEMENT 32.—*Statement of profit and loss on sale of acquired properties, Servicemen's Mortgage Insurance Fund, through June 30, 1961*

Item	Sec. 222 (171 properties)
Proceeds of sales:	
Sales price [1]	$1,984,321
Less commission and other selling expenses	93,452
Net proceeds of sales	1,890,869
Income:	
Rental and other income (net)	8,540
Mortgage note income	4,922
Total income	13,462
Total proceeds of sold properties	1,904,331
Expenses:	
Debentures and cash adjustments	1,987,590
Interest on debentures	51,836
Taxes and insurance	31,435
Additions and improvements	120
Maintenance and operating	68,409
Service charge	342
Total expenses	2,139,732
Net profit or loss (−) before distribution of liquidation profits	−235,401
Less distribution of liquidation profits:	
Certificates of claim	3,183
Increment on certificates of claim	30
Refund to mortgagors	2,505
Loss (−) to Servicemen's Mortage Insurance Fund	−241,119

[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	10		$102,750		$102,750
Properties sold for cash and notes (or contracts for deed)	161	161	91,271	$1,790,300	1,881,571
Total	171	161	194,021	1,790,300	1,984,321

On June 30, 1961, the cost of the 576 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 June 30, 1961

	Sec. 222 (576 properties)
Expenses:	
Acquisition costs	$6,340,602
Interest on debentures	179,350
Taxes and insurance	32,472
Maintenance and operating	44,160
Additions and improvements	25
Accrued expenses payable	17,197
Total expenses	6,619,878
Income: Rent and other (net)	3,896
Net acquired security on hand	6,615,982

Statement 33 shows the turnover of Section 222 acquired properties since the acquisition of the first such property in 1957 through December 31, 1961.

STATEMENT 33.—*Turnover of properties acquired under Sec. 222 of Title II, contracts of insurance, by years and cumulative through Dec. 31, 1961*

Properties acquired		Properties sold, by calendar years					Properties on hand Dec. 31, 1961
Year	Number	1957	1958	1959	1960	1961	
1957	4	3	1				
1958	17		7	7	1	2	
1959	47			11	17	7	12
1960	294				54	79	161
1961	809					118	691
Total	1,171	3	8	18	72	206	864

NOTE.—On the 307 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 6.99 months.

Section 222 of the Act contains provisions identical to those of 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 171 Section 222 properties which had been acquired and sold through June 30, 1961, totaled $78,458, of which $3,184 is to be paid and $75,274 has been or is to be canceled. In addition, there were excess proceeds on 4 of the 171 properties sold, amounting to $2,505, for refund to the mortgagors.

TITLE II: EXPERIMENTAL HOUSING INSURANCE FUND

The Experimental Housing Insurance Fund was created by an amendment of June 30, 1961, Public Law 87–70, which authorized the insurance under a new Section 233 of mortgages on homes or rental housing involving the use of advanced technology in housing design, materials, construction, or experimental neighborhood design, deemed significant in reducing cost or improving quality.

The purpose of this new program is to assist in lowering housing costs and improving housing standards, quality, livability, or durability through advanced techniques. 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 and Net Income

On June 30, 1961, the assets and reserve of the Experimental Housing Insurance Fund totaled $1 million, consisting entirely of a capital contribution in this amount from the War Housing Insurance Fund made in accordance with Public Law 70, 87th Congress, approved June 30, 1961.

STATEMENT 34.—*Comparative statement of financial condition, Experimental Housing Insurance Fund, as of June 30, 1960, and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury		$1,000,000	$1,000,000
RESERVE			
Insurance reserve—available for future losses and expenses		1,000,000	1,000,000

TITLE II: APARTMENT UNIT INSURANCE FUND

The Apartment Unit Insurance Fund was created by an amendment of June 30, 1961, Public Law 87–70, which authorized the insurance under a new Section 234 of mortgages on family units in multifamily projects for which there are undivided interests in the common areas and facilities serving the structure. Structures of this type are frequently referred to as condominiums, and are similar to cooperative multifamily housing projects except that the individual unit is owned by the occupant and can be separately encumbered by a mortgage as well as separately conveyed.

The program is limited to owners of no more than four single-family units in new, existing, or rehabilitated multifamily structures that are or have been covered by FHA-insured mortgages, other than cooperative housing mortgages.

The purpose of this new program is to provide an additional means of increasing the supply of privately owned dwelling units where, under the laws of the State in which the property is located, real property title and ownership are established with respect to a one-family unit which is part of a multifamily structure. 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 and Net Income

On June 30, 1961, the assets and reserve of the Apartment Unit Insurance Fund totaled $1 million, consisting entirely of a capital contribution in this amount from the War Housing Insurance Fund made in accordance with Public Law 70, 87th Congress, approved June 30, 1961.

STATEMENT 35.—*Comparative statement of financial condition, Apartment Unit Insurance Fund, as of June 30, 1960, and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury		$1,000,000	$1,000,000
RESERVE			
Insurance reserve—available for future losses and expenses		1,000,000	1,000,000

TITLE VI: WAR HOUSING INSURANCE FUND

The insurance risks on privately financed emergency housing loans insured under Title VI are liabilities of the War Housing Insurance Fund, established by an amendment of March 28, 1941 to the National Housing Act. Section 603 of Title VI authorized the insurance of home mortgages (one- to four-family); Section 608, the insurance of mortgages on rental and group housing; Section 609, the insurance of loans to finance the manufacture of housing; Section 610, the insurance under Sections 603 and 608 of any mortgage executed in connection with sales by the Government of specified types of permanent housing; and Section 611, the insurance of mortgages, including construction advances, on projects of 25 or more single-family dwellings. The authority to insure new mortgages under this title was terminated by the Housing Act of 1954.

The War Housing Insurance Fund was originally allocated the sum of $5 million by the Federal Government. It has been credited with all income received in connection with insurance granted under Title VI, and has been charged with all expenses and losses relating to such insurance.

This is not a mutual fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Capital

Assets of the War Housing Insurance Fund as of June 30, 1961, totaled $255,577,687, against which there were outstanding liabilities of $52,367,792. The fund had an insurance reserve of $203,209,895, 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 36.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1960, and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$10,847,540	$3,460,561	−$7,386,979
Investments:			
U.S. Government securities (amortized)	34,149,943	35,320,359	1,170,416
Other securities (stock in rental housing corporations)	356,360	344,960	−11,400
Total investments	34,506,303	35,665,319	1,159,016
Loans receivable:			
Mortgage notes and contracts for deed	91,806,058	96,217,269	4,411,211
Less allowance for losses	3,709,328	3,910,732	201,404
Net loans receivable	88,096,730	92,306,537	4,209,807
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	286,525	283,915	−2,610
Accounts receivable—Other	157,582	549,924	392,342
Accounts receivable—Interfund	25,626	24,133	−1,493
Total accounts and notes receivable	469,733	857,972	388,239
Accrued assets:			
Interest on U.S. Government securities	46,484	46,614	130
Other	998,765	818,385	−180,380
Total accrued assets	1,045,249	864,999	−180,250
Acquired security:			
Real estate (at cost plus expenses to date)	56,981,491	65,880,900	8,899,409
Less allowance for losses	22,626,342	27,214,958	4,588,616
Net real estate	34,355,149	38,665,942	4,310,793
Mortgage notes acquired under terms of insurance	106,973,381	106,924,041	−49,340
Less allowance for losses	38,980,452	26,844,261	−12,136,191
Net mortgage notes acquired under terms of insurance	67,992,929	80,079,780	12,086,851
Net acquired security	102,348,078	118,745,722	16,397,644
Other assets—held for account of mortgagors	3,813,972	3,676,577	−137,395
Total assets	241,127,605	255,577,687	14,450,082

STATEMENT 36.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1960, and June 30, 1961*—Continued

	June 30, 1960	June 30, 1961	Increase or decrease (−)
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	$102,784	$202,760	$99,976
Accrued liabilities: Interest on debentures	630,888	425,744	−205,144
Trust and deposit liabilities:			
Excess proceeds of sale	797,750	1,137,880	340,130
Deposits held for mortgagors, lessees and purchasers	8,289,587	8,639,589	350,002
Total trust and deposit liabilities	9,087,343	9,777,475	690,132
Deferred and undistributed credits:			
Unearned insurance premiums	7,758,455	7,078,522	−679,933
Other	1,002,898	824,023	−178,875
Total deferred and undistributed credits	8,761,353	7,902,545	−858,808
Bonds, debentures and notes payable: Debentures payable	40,266,000	32,853,900	−7,412,100
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	1,179,057	1,205,368	26,311
Total liabilities	60,027,425	52,367,792	−7,659,633
RESERVE			
Insurance reserve—available for future losses and expenses	181,100,180	203,209,895	22,109,715
Total liabilities and reserve	241,127,605	255,577,687	14,450,082
Certificates of claim relating to properties on hand	3,645,096	3,837,245	192,149

Income and Expenses

During the fiscal year 1961 the fund earned $22,586,663 and had expenses and losses of $4,794,885, leaving $17,791,778 net income before adjustment of valuation allowances. After the valuation allowances had been decreased by $7,346,171, the net income for the year amounted to $25,137,949, 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, 1961, amounted to $422,606,671, and cumulative expenses were $140,116,825, leaving $282,489,846 net income before adjustment of valuation allowances. Valuation allowances of $57,969,951 were established, leaving cumulative net income of $224,519,895.

STATEMENT 37.—*Income and expenses, War Housing Insurance Fund, through June 30, 1960, and June 30, 1961*

	Mar. 28, 1941, to June 30, 1960	July 1, 1960, to June 30, 1961	Mar. 28, 1941, to June 30, 1961
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$14,886,373	$797,902	$15,684,275
Interest—Other	33,951,449	5,657,424	39,608,873
Dividends on rental housing stock	21,815	1,874	23,689
	48,859,637	6,457,200	55,316,837
Insurance premiums and fees:			
Premiums	305,576,972	15,862,610	321,439,582
Fees	45,156,036	----------	45,156,036
	350,733,008	15,862,610	366,595,618
Other income:			
Profit or loss (−) on sale of investments	−529,903	----------	−529,903
Miscellaneous income	957,266	266,853	1,224,119
	427,363	266,853	694,216
Total income	400,020,008	22,586,663	422,606,671
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)	80,280,848	1,603,044	81,912,585
Other expenses:			
Depreciation on furniture and equipment	419,077	8,851	428,070
Miscellaneous expenses	11,300	----------	11,300
	430,377	8,851	439,370
Losses and chargeoffs:			
Loss on acquired security	53,213,917	3,182,488	56,396,405
Loss or profit (−) on equipment	−21,446	−98	−21,545
	53,192,471	3,182,390	56,374,860
Total expenses	135,293,706	4,794,885	140,116,825
Net income before adjustment of valuation reserves	264,726,302	17,791,778	282,489,846
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−3,709,328	−201,404	−3,910,732
Allowance for loss on real estate	−22,626,342	−4,588,616	−27,214,958
Allowance for loss on mortgage notes acquired under terms of insurance	−38,980,452	12,136,191	−26,844,261
Net adjustment of valuation allowances	−65,316,122	+7,346,171	−57,969,951
Net income	199,410,180	25,137,949	224,519,895
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period	----------	181,100,180	----------
Adjustments during the period	----------	−28,234	----------
Net income for the period	199,410,180	25,137,949	224,519,895
	199,410,180	206,209,895	224,519,895
Capital contributions to other FHA insurance funds	−18,310,000	−3,000,000	−21,310,000
Balance at end of period	181,100,180	203,209,895	203,209,895

Investments

Section 605(a) of Title VI contains a provision similar to that under Title II with respect to investments of moneys not needed for current operations by the purchase of U.S. Government securities or the retirement of debentures.

During the fiscal year 1961, $5,959,400 of debentures were redeemed in payment of mortgage insurance premiums and $26,705,150 were redeemed by debenture calls.

During the fiscal year 1961, net investments of $1,115,000, face amount, increased the U.S. Government securities held by the fund as of June 30, 1961, to $35,232,500, principal amount, yielding 2.25 percent, as follows:

Investments of the War Housing Insurance Fund, June 30, 1961

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1963	2	$5,972,000	$5,972,000	$5,972,000
1964-69	2½	9,992	11,000	10,278
1965	2	8,635,000	8,635,000	8,635,000
1966-71	2½	4,000,000	4,000,000	4,000,000
1967	3⅝	13,500	13,500	13,500
1967-72	2½	16,868,736	16,601,000	16,689,581
Average annual yield 2.25 percent	----------	35,499,228	35,232,500	35,320,359

Properties Acquired Under the Terms of Insurance

The Federal Housing Administration acquired title in fiscal year 1961 under the terms of insurance to 77 properties (111 units) insured under Section 603, and sold 92 (103 units). Through June 30, 1961, a total of 11,773 Section 603 properties (16,095 units) had been acquired at a cost of $79,543,226, and 11,423 properties (15,529 units) had been sold at prices which left a net charge against the fund of $11,548,891, or an average of $1,011 per case. There remained on hand for future disposition 350 properties having 566 living units.

During fiscal year 1961, 53 additional rental housing properties or assigned mortgage notes (4,628 units) insured under Section 608 were acquired by the FHA Commissioner under the terms of insurance and 38 (2,267 units) were sold or liquidated. Through June 30, 1961, a total of 503 projects (32,979 units) and 238 mortgage notes (18,090 units) had been acquired by the Commissioner. Three hundred and sixty-eight project properties (22,896 units) had been sold, and 6 mortgage notes (162 units) had been liquidated, leaving 135 project properties (10,083 units) and 232 mortgage notes (17,928 units) still held by the FHA.

There was no additional activity under Section 609 or Section 611. The 2 Section 609 manufacturers' notes and 65 discounted purchasers' notes previously assigned were settled with a resultant loss to the fund of $787,520. The one Section 611 home property acquired in 1959 was sold in 1959 at a price which left no charge against the fund. The average time held by FHA was 3.93 months.

Statement 38.—*Statement of profit and loss on sale of acquired properties and assigned notes liquidated, War Housing Insurance Fund, through June 30, 1961*

	Sec. 603, 11,423 properties, 15,529 units	Sec. 608, 374 projects and notes, 23,058 units [2]	Sec. 609, 67 notes, 370 units	Sec. 611, 1 property, 1 unit	Total WHI Fund, 11,865 properties and notes, 38,958 units
Proceeds of sales:					
Sales price [1]	$64,629,696	[2] $106,964,517	$325,470	$8,250	$171,027,933
Less commissions and other selling expenses	2,606,328	403,354		495	3,010,177
Net proceeds of sales	62,023,368	106,561,163	325,470	7,755	168,917,756
Income:					
Rental and other income (net)	6,726,334	40,356,230			47,082,564
Mortgage note income	11,487,617	14,222,073	28,260	775	25,738,725
Recovery prior to acquisition of defaulted notes	1,373,372	418,398			1,791,770
Miscellaneous		1,432			1,432
Accrued income receivable		105,580			105,580
Total income	19,587,323	55,103,722	28,260	775	74,720,080
Total proceeds of sold properties	81,610,691	161,664,885	353,730	8,530	243,637,836
Expenses:					
Debentures and cash adjustments	68,148,906	150,373,344	1,119,121	5,908	219,647,279
Asset value acquired after default of purchase money mortgages	−112,458	−2,148,397			−2,260,855
Other assets acquired		−4,339	−311		−4,650
Purchase of land held under lease	79,016	258,894			337,910
Estimated net investment on partial sale of projects		1,347,250			1,347,250
Interest on debentures	11,138,696	27,652,359	22,396	428	38,813,879
Taxes and insurance	2,497,928	7,649,277		145	10,147,350
Additions and improvements	663,460	1,359,255			2,022,715
Maintenance and operating	7,012,535	17,940,774		747	24,954,056
Service charge	281,853	254,106		72	536,031
Miscellaneous	12,269	576,889	44		589,202
Total expenses	89,722,205	205,259,412	1,141,250	7,300	296,130,167
Net profit or loss (−) before distribution of liquidation profits	−8,111,514	−43,594,527	−787,520	1,230	−52,492,331
Less distribution of liquidation profits:					
Certificates of claim	1,117,536	372,659		461	1,490,656
Increment on certificates of claim	148,651	92,808		49	241,508
Refunds to mortgagors	2,171,190			720	2,171,910
Loss (−) to War Housing Insurance Fund	−11,548,891	−44,059,994	−787,520		−56,396,405

[1] Analysis of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	3,096		$27,532,881		$27,532,881
Properties sold for cash and notes (or contracts for deed)	8,769	8,165	13,076,107	$131,318,945	144,395,052
Total	11,865	8,165	40,608,988	131,318,945	171,927,933

[2] Includes $1,347,250 for 217 units of 7 partially sold projects.

Statement 39.—*Statement of properties and assigned mortgage notes on hand, War Housing Insurance Fund, as of June 30, 1961*

	Sec. 603, 350 properties,[1] 566 units	Sec. 608		Total—485 properties, 232 mortgage notes, 28,577 units
		135 projects,[2] 10,083 units [3]	232 mortgage notes, 17,928 units	
Expenses:				
Acquisition costs	$2,817,272	$57,710,447	[4] $120,916,469	$181,444,188
Interest on debentures	453,267	5,539,581	13,586,893	19,579,741
Taxes and insurance	244,758	2,456,139		2,700,897
Additions and improvements	67,978	69,243		137,221
Maintenance and operating	627,592	5,009,877		5,637,469
Service charge			327,666	327,666
Miscellaneous	1,229	177,370	46,391	224,990
Accrued expenses payable	21,537	180,828		202,365
Total expenses	4,233,633	71,143,485	134,877,419	210,254,537
Income and recoveries:				
Rent and other (net)	868,994	7,279,974	19,396,127	27,545,095
Collections on mortgage notes			8,557,251	8,557,251
Total income	868,994	7,270,974	27,953,378	36,102,346
Proceeds from partial sales of projects: Estimated net investment (sales price)		−1,347,250		−1,347,250
Net acquired security on hand	3,364,639	62,516,261	106,924,041	172,804,941

[1] Includes 17 properties (20 units) repossessed and carried at the asset value at time of repossession.

[2] Includes 8 large scale projects (430 units) repossessed and carried at the asset value at the time of repossession.

[3] Excludes 217 units in 7 partially sold projects with estimated net investment of $1,347,250.

	Sec. 608
[4] Outstanding balance of notes receivable at date of acquisition	$120,916,469
Less:	
Collection to principal	8,557,251
Unpaid principal balance	112,359,218

The turnover of Sections 603 and 608 acquired security, by calendar year, is given below:

Statement 40.—*Turnover of properties acquired under Sec. 603 of Title VI contracts of insurance, by years, and cumulative through Dec. 31, 1961*

Properties acquired		Properties sold, by calendar years																			Properties on hand, Dec. 31, 1961
Year	Number	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	
1943	498	29	220	110	139																
1944	2,542		36	685	1,178	386	140	87	17	7	6										
1945	2,062			187	1,050	317	350	139	6	8	5										
1946	998				431	302	210	43	11	1											
1947	16					5	9	1		1											
1948	116						23	21	65	1	4	2									
1949	507							93	243	75	28	9	18	8	12	5	7	4	2		3
1950	1,635								421	460	246	103	80	144	111	16	16	20	10	−10	18
1951	735									411	193	53	27	36	15					−2	2
1952	600										209	122	65	73	38	10	2	15	6	5	64
1953	412											56	58	125	34	43	6	3	5	14	68
1954	427												42	43	338	4					
1955	717													407	31	181	11	16	1	1	69
1956	101														50	45	3	3			
1957	180															33	66	21	53	2	5
1958	76																14	20	5	17	20
1959	38																	12	13	7	6
1960	64																		19	25	20
1961	68																			13	55
Total	11,801	29	256	982	2,798	1,010	732	384	763	964	691	345	290	836	629	337	125	114	114	72	330

Notes.—On the 11,471 properties sold the average time between acquisition and sale by the Federal Housing Administration was 25.20 months. The number of properties sold has been reduced by 570 properties repossessed because of default on mortgage notes of which 545 had been resold by Dec. 31, 1961.

Statement 41.—*Turnover of properties acquired and mortgage notes assigned under Sec. 608 of Title VI contracts of insurance, by years and cumulative through Dec. 31, 1961*

Properties and notes acquired		Properties and notes sold, by calendar years												Properties and notes on hand Dec. 31, 1961
Year	Number	1943–50	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	
1943–48	3	2				1								
1949	16				11	1	1		2					1
1950	66		7	2	4	6	9	1	10		2	−2		27
1951	82		1		2	21	9	3	24	3	1	1		17
1952	37					10	7	5	4	3	5	−1	1	3
1953	63					4	6	8	15	4	3	6	1	16
1954	70					1	4	19	9	3	7	2	8	17
1955	76						2	19	12	9	6		2	26
1956	53							2	7	11	8	2	1	22
1957	49								1	1	11	4	7	25
1958	57									1	2	1	8	45
1959	63											3	10	50
1960	83											1	17	65
1961	56													56
Total	774	2	8	2	17	44	38	57	84	35	45	17	55	370

Note.—The number of properties and notes sold has been reduced by 17 properties repossessed because of default on mortgage notes, 9 of which had been resold by Dec. 31, 1961. On the 404 properties sold, the average time between acquisition and sale was 35 months.

Certificates of Claim and Refunds to Mortgagors

Section 604(f) of the Act provides that if the net amount realized from any property conveyed to the Commissioner under Section 603, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee and any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim in the total amount of $2,518,983 had been issued through fiscal year 1961 in connection with Section 603 properties acquired and subsequently sold. The proceeds of sale were sufficient to provide for payment in full or in part on these certificates in the amount of $1,117,536, or approximately 44 percent. Certificates of claim canceled or to be canceled amounted to $1,401,447, or approximately 56 percent. In addition, the proceeds of sale were sufficient to pay refunds of $2,143,945 to 5,154 mortgagors, and $27,245 of refunds were held in trust for 71 payees whose whereabouts are unknown. The average refund per case amounted to $416.

With respect to the excess proceeds, if any, from the sale of an acquired project insured under Section 608, the Act provides that any amount remaining after payment of the certificate of claim shall be credited to the War Housing Insurance Fund.

Certificates of claim totaling $3,289,452 had been issued in connection with the Section 608 acquisitions which had been disposed of by June 30, 1961. The proceeds of sale were sufficient to provide $372,660 for payment in full or in part on these certificates. Certificates of claim canceled or to be canceled amounted to $2,916,792.

A certificate of claim in the amount of $461 had been issued on the one Section 611 home property sold. The proceeds of sale were sufficient to provide for payment in full on this certificate and to provide for payment of a refund of $720 to the mortgagor.

TITLE VII: HOUSING INVESTMENT INSURANCE FUND

The Housing Investment Insurance Fund was created by Section 710 of the National Housing Act as amended August 10, 1948 (Housing Act of 1948, Public Law 901, 80th Cong.), which provides that this fund shall be used by the FHA Commissioner as a revolving fund for carrying out the rental housing yield insurance program authorized by Title VII and for administrative expenses in connection therewith. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Section 710 further provides that the Secretary of the Treasury shall make available to the Commissioner such funds as the Commissioner may deem necessary, but not to exceed $10 million, which amount is authorized to be appropriated out of any money in the Treasury not otherwise appropriated.

As of June 30, 1961, $1 million had been allocated to the fund by the Secretary of the Treasury pursuant to the request of the Federal Housing Commissioner and the remaining $9 million had been rescinded and covered into the Treasury in accordance with the Second Supplemental Appropriation Act, 1956 (Public Law 533, 84th Cong.), approved May 19, 1956. Up to June 30, 1961, no applications for insurance under Title VII had been submitted.

Capital and Net Income

Assets of the Housing Investment Insurance Fund at June 30, 1961, totaled $921,355. Transfers from the War Housing Insurance Fund under Section 219 amounted to $910,000, and the cumulative operating income was $11,355. The $1 million which was transferred from the U.S. Treasury to establish the fund in accordance with Section 710 of the Act was established as a liability of the fund as of June 30, 1953, under the provisions of Public Law 94, 83d Congress. This amount, including interest thereon in the amount of $107,914, was repaid on July 31, 1953.

STATEMENT 42.—*Comparative statement of financial condition, Housing Investment Insurance Fund, as of June 30, 1960, and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury	$7,340	$9,499	$2,159
Investments: U.S. Government securities (amortized)	907,605	910,279	2,674
Accounts and notes receivable: Accounts receivable—Interfund	123	119	—4
Accrued assets: Interest on U.S. Government securities	1,458	1,458	
Total assets	916,526	921,355	4,829
RESERVE			
Insurance reserve—available for future losses and expenses	916,526	921,355	4,829

The total income for fiscal year 1961 was $21,899, consisting entirely of income on U.S. Government securities, and expenses amounted to $12,179, resulting in a net income for the year of $9,720. The cumulative income of the Housing Investment Insurance Fund from August 10, 1948, to June 30, 1961, amounted to $217,893, and cumulative expenses amounted to $206,538, resulting in a net income to the fund of $11,355.

STATEMENT 43.—*Income and expenses, Housing Investment Insurance Fund, through June 30, 1960, and June 30, 1961*

	Aug. 10, 1948, to June 30, 1960	July 1, 1960, to June 30, 1961	Aug. 10, 1948, to June 30, 1961
Income:			
Interest and dividends: Interest on U.S. Government securities	$195,722	$21,899	$217,621
Other income: Profit on sale of investments	272		272
Total income	195,994	21,899	217,893
Expenses:			
Interest expenses: Interest on funds advanced by U.S. Treasury	107,914		107,914
Administrative expenses: Operating costs (including adjustments for prior years)	81,191	12,125	98,183
Other expenses: Depreciation on furniture and equipment	367	55	446
Losses and chargeoffs: Loss or profit (—) on equipment	—4	—1	—5
Total expenses	189,468	12,179	206,538
Net income or loss (—)	6,526	9,720	11,355
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		916,526	
Adjustments during the period		—4,891	
Net income or loss (—) for the period	6,526	9,720	11,355
Total	6,526	921,355	11,355
Capital contributions from other FHA insurance funds	910,000		910,000
Balance at end of period	916,526	921,355	921,355

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 1961, net purchases of U.S. Government securities made for the account of this fund amounted to $3,000, principal amount. At June 30, 1961, the fund held $910,000, principal amount, of U.S. Government securities yielding 2.45 percent as follows:

Investments of the Housing Investment Insurance Fund, June 30, 1961

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1961		$9,701	$10,000	$9,987
1962		29,474	30,000	29,565
1962	2	70,000	70,000	70,000
1965-70	2½	97,375	100,000	98,609
1967-72	2½	704,922	700,000	702,119
Average annual yield 2.45 percent		911,472	910,000	910,280

TITLE VIII: ARMED SERVICES HOUSING MORTGAGE INSURANCE FUND

An amendment to the National Housing Act approved August 8, 1949 (Public Law 211, 81st Cong.), created the Military Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Title VIII of the Act. 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 Cong.). Section 803 provides for the insurance of military housing project mortgages for personnel in the armed services.

Section 809, added by Public Law 574, 84th Congress, provides for the insurance of home mortgages for civilian employees at a research or development installation of one of the military departments of the United States or a contractor thereof. The law further provides that, upon determination by the FHA Commissioner that such insurance is not an acceptable risk, the Commissioner may require the Secretary of Defense to guarantee the fund against losses resulting from insurance under this section.

Section 810, added by Public Law 86–372, 86th Congress, approved September 23, 1959, provides for the insurance of mortgages on multifamily rental housing projects or housing projects consisting of individual single-family dwellings for sale, which project properties are constructed to aid in providing adequate housing for military personnel and essential civilian personnel serving or employed in connection with an installation of one of the armed services of the United States.

This is not a mutual fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Capital and Net Income

As of June 30, 1961, the assets of the Armed Services Housing Mortgage Insurance Fund totaled $85,455,577, against which there were outstanding liabilities of $68,485,965, leaving $16,969,612 insurance reserve. The insurance reserve consists entirely of earnings.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed by the U.S. Government to establish this fund in the amount of $5 million was established as a liability of the fund as of June 30, 1953. This amount was repaid during fiscal year 1954 together with interest thereon in the amount of $441,092, the final payment being made on November 30, 1953.

STATEMENT 44.—*Comparative statement of financial condition, Armed Services Housing Mortgage Insurance Fund, as of June 30, 1960, and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury	$1,718,782	$4,544,220	$2,825,438
Investments:			
U.S. Government securities (amortized)	13,424,235	36,277,661	22,853,426
Other securities (stock in rental housing corporations)	7,300	5,500	—1,800
Total investments	13,431,535	36,283,161	22,851,626
Loans receivable:			
Mortgage notes and contracts for deed	1,062,314	1,132,733	70,419
Less allowance for losses	44,819	45,373	554
Net loans receivable	1,017,495	1,087,360	69,865
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	171,842	79,523	—92,319
Accounts receivable—Other	1,011	43,916	42,905
Accounts receivable—Interfund	16,242	15,602	—640
Total accounts and notes receivable	189,095	139,041	—50,054
Accrued assets:			
Insurance premiums	117,565	157,950	40,385
Interest on U.S. Government securities	19,740	19,740	
Other	237,040	128,997	—108,043
Total accrued assets	374,345	306,687	—67,658

Statement 44.—*Comparative statement of financial condition, Armed Services Housing Mortgage Insurance Fund, as of June 30, 1960, and June 30, 1961*—Con.

	June 30, 1960	June 30, 1961	Increase or decrease (−)
Acquired security:			
Real estate (at cost plus expenses to date)	$11,575,362	$12,645,023	$1,069,661
Less allowance for losses	4,683,064	8,505,491	3,822,427
Net real estate	6,892,298	4,139,532	−2,752,766
Mortgage notes acquired under terms of insurance	26,321,252	51,065,798	24,744,546
Less allowance for losses	9,310,739	12,465,433	3,154,694
Net mortgage notes acquired under terms of insurance	17,010,513	38,600,365	21,589,852
Net acquired security	23,902,811	42,739,897	18,837,086
Other assets—held for account of mortgagors	314,890	355,211	40,321
Total assets	40,948,953	85,455,577	44,506,624
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	5,963	20,659	14,696
Accrued liabilities: Interest on debentures	255,902	1,204,684	948,782
Trust and deposit liabilities:			
Fee deposits held for future disposition	23,475	5,700	−17,775
Excess proceeds of sale			
Deposits held for mortgagors, lessees and purchasers	873,737	1,049,697	175,960
Total trust and deposit liabilities	897,212	1,055,397	158,185
Deferred and undistributed credits:			
Unearned insurance premiums	2,903,118	3,106,175	203,057
Unearned insurance fees	8,781	11,651	2,870
Other	237,040	128,997	−108,043
Total deferred and undistributed credits	3,148,939	3,246,823	97,884
Bonds, debentures and notes payable: Debentures payable	19,379,600	62,718,600	43,339,000
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	268,690	239,802	−28,888
Total liabilities	23,956,306	68,485,965	44,529,659
RESERVE			
Insurance reserve—available for future losses and expenses	16,992,647	16,969,612	−23,035
Total liabilities and reserve	40,948,953	85,455,577	44,506,624
Certificates of claim relating to properties on hand	786,621	869,987	83,366

Total income of the Armed Services Housing Mortgage Insurance Fund during the fiscal year 1961 amounted to $7,842,886, while expenses and losses amounted to $875,060, leaving a net income of $6,967,826 before adjustment of valuation allowances. After valuation allowances were increased by $6,977,675, a net loss of $9,849 resulted for the year. The cumulative income of the fund from August 8, 1949, to June 30, 1961, amounted to $51,137,629, while cumulative expenses totaled $13,151,720, resulting in a cumulative net income of $37,985,909 before adjustment of valuation allowances. Valuation allowances of $21,016,297 were established, leaving cumulative net income of $16,969,612.

Statement 45.—*Income and expenses, Armed Services Housing Mortgage Insurance Fund, through June 30, 1960, and June 30, 1961*

	Aug. 8, 1949, to June 30, 1960	July 1, 1960, to June 30, 1961	Aug. 8, 1949, to June 30, 1961
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$2,847,908	$505,372	$3,353,280
Dividends on rental housing stock	1,858	135	1,993
Interest—Other	1,106,462	563,044	1,669,506
	3,956,228	1,068,551	5,024,779
Insurance premiums and fees:			
Premiums	28,532,868	5,946,451	34,479,319
Fees	10,801,815	826,866	11,628,681
	39,334,683	6,773,317	46,108,000
Other income:			
Profit on sale of investments	3,776		3,776
Miscellaneous income	56	1,018	1,074
	3,832	1,018	4,850
Total income	43,294,743	7,842,886	51,137,629
Expenses:			
Interest expenses: Interest on funds advanced by U.S. Treasury	441,002		441,002
Administrative expenses: Operating costs (including adjustments for prior years)	8,914,275	700,751	9,628,147
Other expenses:			
Depreciation on furniture and equipment	42,094	3,824	45,984
Miscellaneous expense		358	358
	42,094	4,182	46,342
Losses and charge-offs:			
Loss on acquired security	2,867,681	170,169	3,037,850
Loss or profit (−) on equipment	−1,668	−42	−1,711
	2,866,013	170,127	3,036,139
Total expenses	12,263,474	875,060	13,151,720
Net income before adjustment of valuation allowances	31,031,269	6,967,826	37,985,909
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−44,819	−554	−45,373
Allowance for loss on real estate	−4,683,064	−3,822,427	−8,505,491
Allowance for loss on mortgage notes acquired under terms of insurance	−9,310,739	−3,154,694	−12,465,433
Net adjustment of valuation reserves	−14,038,622	−6,977,675	−21,016,297
Net income or loss (−)	16,992,647	−9,849	16,969,612
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		16,992,647	
Adjustments during the period		−13,186	
Net income or loss (−) for the period	16,992,647	−9,849	16,969,612
Balance at end of period	16,992,647	16,969,612	16,969,612

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 1961, $3,761,850 of debentures were redeemed in payment of mortgage insurance premiums.

During the fiscal year 1961, net investments of $22,831,000 increased the U.S. Government securities held by the fund as of June 30, 1961, to $36,285,000, principal amount. These transactions resulted in a decrease in the average annual yield from 2.64 to 2.14 percent.

Investments of the Armed Services Housing Mortgage Insurance Fund, June 30, 1961

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1963	2	$324,000	$324,000	$324,000
1964–69	2½	1,511,820	1,550,000	1,530,331
1965	2	25,411,000	25,411,000	25,411,000
1965–70	2½	288,391	300,000	293,541
1966–71	2½	1,063,141	1,100,000	1,078,643
1967–72	2½	7,701,281	7,600,000	7,640,146
Average annual yield 2.14 percent		36,299,633	36,285,000	36,277,661

Properties Acquired Under Terms of Insurance

During fiscal year 1961, 24 additional properties or assigned notes (2,866 units) insured under Section 803 were acquired by the Commissioner under the terms of insurance and 1 property (329 units) was sold. Through June 30, 1961, a total of 15 properties (2,266 units) and 38 mortgage notes (6,254 units) had been acquired by the Commissioner, and 7 properties (885 units) had been sold.

Certificates of claim issued in connection with the seven Section 803 properties sold as of June 30, 1961 amounted to $132,155, all of which has been or is to be canceled.

Statement 46.—*Statement of profit and loss on sale of acquired properties, Armed Services Housing Mortgage Insurance Fund, through June 30, 1961*

	Sec. 803, 7 properties, (885 units)[2]	Sec. 809, 4 properties, 4 units	Total, ASHMI Fund, 11 properties
Proceeds of sales:			
Sales price [1]	$3,894,760	$48,250	$3,943,010
Less commissions and other selling expenses	17,948	1,887	19,835
Net proceeds of sales	3,876,812	46,363	3,923,175

See footnotes at end of table.

Statement 46.—*Statement of profit and loss on sale of acquired properties, Armed Services Housing Mortgage Insurance Fund, through June 30, 1961*—Continued

	Sec. 803, 7 properties, (885 units)[2]	Sec. 809, 4 properties, 4 units	Total, ASHMI Fund, 11 properties
Income:			
Rental and other income (net)	$731,596	$388	$731,984
Mortgage note income	86,987		86,987
Total income	818,583	388	818,971
Total proceeds of sold properties	4,695,395	46,751	4,742,146
Expenses:			
Debenture and cash adjustment	4,729,930	48,349	4,778,279
Purchase of land held under lease	5,600		5,600
Estimated net investment on partial sales of properties	1,976,850		1,976,850
Interest on debentures	540,847	938	541,785
Taxes and insurance	77,396	725	78,121
Additions and improvements	7,372		7,372
Maintenance and operating	379,950	654	380,604
Service charge	3,561		3,561
Miscellaneous	11,738		11,738
Total expenses	7,733,244	50,666	7,783,910
Net profit or loss (−)	−3,037,849	−3,915	−3,041,764
Less amount recoverable from Military on guaranteed cases		3,915	3,915
Loss (−) to Armed Services Housing Mortgage Insurance Fund	−3,037,849		−3,037,849

[1] Analysis of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Total
Property sold for all cash	3		$752,109		$752,109
Property sold for cash and note	8	301	214,651	$2,976,250	3,190,901
Total	11	301	966,760	2,976,250	3,943,010

[2] Includes $1,976,850 for 279 units of 1 partially sold project.

The turnover of Section 803 acquired security by calendar year is shown in Statement 47.

Statement 47.—*Turnover of properties acquired and mortgage notes assigned under Sec. 803 of Title VIII contracts of insurance by years and cumulative through Dec. 31, 1961*

Properties and notes acquired		Properties sold by calendar years					Properties and notes on hand, Dec. 31 1961
Year	Number	1957	1958	1959	1960	1961	
1954	1				1		
1955	4				1		3
1956	2						2
1957	11	1	1	1	1		7
1958	4					1	3
1959	7					1	6
1960	12					4	8
1961	13						13
Total	54	1	1	1	3	6	42

Note.—On the 12 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 34.57 months.

On June 30, 1961, there remained on hand, under Section 803, 8 project properties (1,381 units) and 38 assigned mortgage notes (6,254 units) as shown in Statement 48.

Properties Acquired Under the Terms of Insurance, Section 809

During fiscal year 1961, 35 additional Section 809 home properties were acquired and 3 properties were sold. Through June 30, 1961, a total of 37 home properties had been acquired and 4 had been sold. The sale resulted in a net loss of $3,915. The loss, however, is recoverable from the Department of Defense, as shown in Statement 46, in accordance with Public Law 574, 84th Congress, approved June 13, 1956. On June 30, 1961, there remained 33 Section 809 properties on hand as shown in Statement 48. Four certificates of claim totaling $2,082 were issued on the four properties sold. This amount is to be canceled.

STATEMENT 48.—*Armed Services Housing Mortgage Insurance Fund, statement of properties and assigned mortgage notes on hand at June 30, 1961*

	Sec. 803		Sec. 809, 33 properties, 33 units	Total, 41 properties and 38 notes, 7,668 units
	8 projects, 1,381 units [1]	38 mortgage notes, 6,254 units		
Expenses:				
Acquisition costs	$12,531,485	[2] $70,642,538	$370,966	$83,544,989
Interest on debentures	1,686,741	3,960,506	8,224	5,655,471
Taxes and insurance	302,976	166,251	1,473	470,700
Additions and improvements	7,904			7,904
Maintenance and operating	1,139,170		1,238	1,140,408
Service charge		91,780		91,780
Completion and preservation		19,287		19,287
Miscellaneous	70,609	82,968		153,577
Accrued expenses payable	20,500		71	20,571
Total expenses	15,759,385	74,963,330	381,972	91,104,687
Income and recoveries:				
Rent and other income (net)	1,519,259	3,909,085	225	5,428,569
Collections on mortgage notes		415,468		415,468
Undisbursed mortgage proceeds		19,572,979		19,572,979
Total income	1,519,259	23,897,532	225	25,417,016
Proceeds from partial sales of projects: Estimated net investment (sales price)	−1,976,850			−1,976,850
Net acquired security on hand	12,263,276	51,065,798	381,747	63,710,821

[1] Excludes 279 units in one partially sold project with estimated net investment of $1,976,850.
[2] See the following table:

	803		
	MHI	ASHMI	Total
Asset value at acquisition	$24,003,228	$46,639,310	$70,642,538
Less:			
Collection to principal	415,468		415,468
Undisbursed mortgage proceeds		19,572,979	19,572,979
Outstanding note balance	23,587,760	27,066,331	50,654,091

The turnover of Section 809 acquired security by calendar year is shown in Statement 49.

STATEMENT 49.—*Turnover of properties acquired under Sec. 809 of Title VIII contracts of insurance by years, and cumulative through Dec. 31, 1961*

Properties acquired		Properties sold by calendar years			Properties on hand Dec. 31, 1961
Year	Number	1959	1960	1961	
1959	1		1		
1960	15			6	9
1961	35			3	32
Total	51		1	9	41

NOTE.—On the 10 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 7.39 months.

TITLE IX: NATIONAL DEFENSE HOUSING INSURANCE FUND

The National Defense Housing Insurance Fund was created by Section 902 of the National Housing Act as amended September 1, 1951 (Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Cong.), which provides that this fund shall be used by the Commissioner as a revolving fund for carrying out the provisions of Title IX of the Act. This title of the Act provides for the insurance of mortgages in areas which the President shall have determined to be critical defense housing areas. To accomplish this purpose, the Act authorized the Commissioner to transfer from the War Housing Insurance Fund the sum of $10 million. The authority to issue commitments to insure under this title expired August 1, 1955. 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, 1961, the assets of the National Defense Housing Insurance Fund totaled $70,789,797, against which there were outstanding liabilities of $84,560,579, leaving a deficit of $13,770,782. This represents an operating deficit of $23,770,782 less $10 million transferred from other insurance funds in accordance with Section 219 of the Act.

STATEMENT 50.—*Comparative statement of financial condition, National Defense Housing Insurance Fund, as of June 30, 1960, and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$2,186,947	$1,864,882	−$322,065
Investments:			
U.S. Government securities (amortized)	1,486,129	521,791	−964,338
Other securities (stock in rental housing corporations)	9,200	8,600	−600
Total investment	1,495,329	530,391	−964,938

STATEMENT 50.—*Comparative statement of financial condition, National Defense Housing Insurance Fund, as of June 30, 1960, and June 30, 1961*—Continued

	June 30, 1960	June 30, 1961	Increase or decrease (−)
ASSETS—continued			
Loans receivable:			
Mortgage notes and contracts for deed	$27,194,974	$31,988,251	$4,793,277
Less allowance for losses	607,696	676,279	68,583
Net loans receivable	26,587,278	31,311,972	4,724,694
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	44,405	31,473	−12,932
Accounts receivable—Other	624,981	892	−624,089
Accounts receivable—Interfund	3,982	3,390	−592
Total accounts and notes receivable	673,368	35,755	−637,613
Accrued assets:			
Interest on U.S. Government securities	1,667	1,667	
Other	344,058	161,866	−182,192
Total accrued assets	345,725	163,533	−182,192
Acquired security:			
Real estate (at cost plus expenses to date)	59,179,927	62,947,563	3,767,636
Less allowance for losses	28,220,913	28,438,617	217,704
Net real estate	30,959,014	34,508,946	3,549,932
Mortgage notes acquired under terms of insurance	5,486,149	2,904,310	−2,581,839
Less allowance for losses	1,945,128	543,482	−1,401,646
Net mortgage notes acquired under terms of insurance	3,541,021	2,360,828	−1,180,193
Net acquired security	34,500,035	36,869,774	2,369,739
Other assets—held for account of mortgagors	16,026	13,490	−2,536
Total assets	65,804,708	70,789,797	4,985,089
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	80,889	58,768	−22,121
Accrued liabilities: Interest on debentures	1,073,363	1,117,450	44,087
Trust and deposit liabilities:			
Fee deposits held for future disposition			
Excess proceeds of sale	171,894	226,746	54,852
Deposits held for mortgagors, lessees and purchasers	521,036	629,917	108,881
Total trust and deposit liabilities	692,930	856,663	163,733
Deferred and undistributed credits:			
Unearned insurance premiums	1,003,248	949,003	−54,245
Other	344,058	161,915	−182,143
Total deferred and undistributed credits	1,347,306	1,110,918	−236,388
Bonds, debentures and notes payable: Debentures payable	77,324,500	81,382,300	4,057,800
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	58,430	34,480	−23,950
Total liabilities	80,577,418	84,560,579	3,983,161
RESERVE			
Insurance reserve (deficit (−))	−14,772,710	−13,770,782	1,001,928
Total liabilities and reserve	65,804,708	70,789,797	4,985,089
Certificates of claim relating to properties on hand	2,003,070	2,050,166	47,096

Income and Expenses

During fiscal year 1961 the income to the fund amounted to $2,393,995, while expenses and losses amounted to $2,457,836, leaving a net loss of $63,841 before provision for valuation allowances. A decrease of $1,115,359 in valuation allowances resulted in a net income of $1,051,518 for the year.

The cumulative income of the National Defense Housing Insurance Fund from September 1, 1951, to June 30, 1961, amounted to $24,643,756 and cumulative expenses amounted to $18,756,160, leaving cumulative net income of $5,887,596 before adjustment of valuation allowances. Valuation allowances of $29,658,378 were established, leaving a cumulative net loss of $23,770,782.

STATEMENT 51.—*Income and expenses, National Defense Housing Insurance Fund, through June 30, 1960, and June 30, 1961*

	Sept. 1, 1951, to June 30, 1960	July 1, 1960, to June 30, 1961	Sept. 1, 1951, to June 30, 1961
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$1,036,100	$29,690	$1,065,790
Interest—Other	1,313,845	177,939	1,491,784
Dividends on rental housing stock	368	45	413
	2,350,313	207,674	2,557,987
Insurance premiums and fees:			
Premiums	16,600,976	1,893,265	18,494,241
Fees	2,722,921	10	2,722,931
	19,323,897	1,893,275	21,217,172
Other income:			
Profit on sale of investments	63,859		63,859
Miscellaneous income	511,692	293,046	804,738
	575,551	293,046	868,597
Total income	22,249,761	2,393,995	24,643,756
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	7,784,894	729,028	8,563,265
Other expenses:			
Depreciation on furniture and equipment	37,300	3,742	41,291
Miscellaneous expenses	29,480	249	29,729
	66,780	3,991	71,020
Losses and charge-offs:			
Loss on acquired security	8,397,780	1,724,859	10,122,639
Loss or profit (−) on equipment	−720	−42	−764
	8,397,060	1,724,817	10,121,875
Total expenses	16,248,734	2,457,836	18,756,160
Net income before adjustment of valuation allowances	6,001,027	−63,841	5,887,596
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−607,696	−68,583	−676,279
Allowance for loss on real estate	−28,220,913	−217,704	−28,438,617
Allowance for loss on mortgage notes acquired under terms of insurance	−1,945,128	+1,401,646	−543,482
Net adjustment of valuation allowances	−30,773,737	+1,115,359	−29,658,378
Net income or loss (−)	−24,772,710	1,051,518	−23,770,782

STATEMENT 51.—*Income and expenses, National Defense Housing Insurance Fund, through June 30, 1960, and June 30, 1961*—Continued

ANALYSIS OF INSURANCE RESERVE

	Sept. 1, 1951, to June 30, 1960	July 1, 1960, to June 30, 1961	Sept. 1, 1951, to June 30, 1961
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		−$14,772,710	
Adjustments during the period		−49,590	
Net income or loss (−) for period	−$24,772,710	1,051,518	−$23,770,782
	−$24,772,710	−13,770,782	−$23,770,782
Capital contributions from other FHA insurance funds	10,000,000		10,000,000
Balance at end of period	−14,772,710	−13,770,782	−13,770,782

Investments

Section 905(a) of the 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 U.S. Government securities or the retirement of debentures.

During fiscal year 1961, $177,700 of debentures were exchanged for mortgage notes and $2,393,550 of debentures were redeemed in payment of mortgage insurance premiums.

During the fiscal year 1961, net redemptions of $965,000, 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, 1961, at $530,000, yielding 2.55 percent.

Investments of the National Defense Housing Insurance Fund, June 30, 1961

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1965	2	$130,000	$130,000	$130,000
1966–71	2½	193,563	200,000	196,194
1967–72	2½	193,062	200,000	195,597
Average annual yield 2.55 percent		516,625	530,000	521,791

Properties Acquired Under Terms of Insurance

During fiscal year 1961, 2 additional properties or assigned notes (72 units) insured under Section 908 were acquired by the FHA Commissioner. Titles to 757 home properties (965 units) insured under Section 903 were acquired under the terms of insurance during fiscal year 1961 and 717 (854 units) were sold. Through June 30, 1961, a cumulative total of 11 mortgage notes (540 units) and 21 properties (1,750 units) insured under Section 908 and 10,746 home properties (12,602 units) insured under Section 903 had been acquired under the terms of insurance. Four thousand, nine hundred and fifty home properties (5,955 units) insured under Section 903, and 9 Section 908 properties (620 units) had been sold at June 30, 1961. Certificates of claim issued in connection with the 4,950 Section 903 properties sold through June 30, 1961, totaled $1,648,854, of which $279,590 is paid or to be paid and $1,369,264 canceled. Certificates of claim issued in connection with the Section 908 properties sold totaled $151,906, of which $98,225 is to be paid and $53,681 is to be canceled. At June 30, 1961, there remained on hand 5,796 properties (6,647 units) insured under Section 903, and 11 mortgage notes (540 units) and 12 properties (1,130 units) insured under Section 908.

STATEMENT 52.—*Statement of profit and loss on sale of acquired properties, National Defense Housing Insurance Fund, through June 30, 1961*

Items	Sec. 903, 4,950 properties (5,955 units)	Sec. 908, 9 properties (620 units)	Total, NDHI Fund, 4,959 properties (6,575 units)
Proceeds of sales:			
Sales price [1]	$38,393,544	$3,812,500	$42,206,044
Less commission and other selling expenses	1,521,971	6,016	1,527,987
Net proceeds of sales	36,871,573	3,806,484	40,678,057
Income:			
Rental and other income (net)	3,713,815	855,806	4,569,621
Mortgage note income	3,647,642	261,683	3,909,325
Recovery prior to acquisition of defaulted notes	94,948		94,948
Total income	7,456,405	1,117,489	8,573,894
Total proceeds of sold properties	44,327,978	4,923,973	49,251,951
Expenses:			
Debentures and cash adjustments	44,558,160	4,583,722	49,141,882
Asset value acquired after default of purchase money mortgages	−1,565,960		−1,565,960
Purchase of land held under lease	101,518		101,518
Interest on debentures	4,832,674	732,912	5,565,586
Taxes and insurance	1,602,859	104,244	1,707,103
Additions and improvements	34,900	1,885	36,791
Maintenance and operating expense	3,501,920	157,989	3,719,909
Service charge	244,052	10,422	254,474
Miscellaneous	3,792	7,258	11,050
Total expenses	53,373,921	5,598,432	58,972,353
Net profit or loss (−) before distribution of liquidation profits	−9,045,943	−674,459	−9,720,402
Less distribution of liquidation profits: Certificates of claim	279,590	98,225	377,815
Increment on certificates of claim	16,033	8,389	24,422
Loss (−) to National Defense Housing Insurance Fund	−9,341,566	−781,073	−10,122,639

[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	616		$1,991,427		$1,991,427
Properties sold for cash and notes (or contracts for deed)	4,343	4,061	2,192,562	$38,022,055	40,214,617
Total	4,959	4,061	4,183,989	38,022,055	42,206,044

STATEMENT 53.—*National Defense Housing Insurance Fund, statement of properties and assigned mortgage notes on hand as of June 30, 1961*

	Sec. 903, 5,796 prop.,[1] 6,647 units	Sec. 908		Total, 5,808 properties, 11 mortgage notes, 8,317 units
		12 properties, 1,130 units	11 mortgage notes, 540 units	
Expenses:				
Acquisition costs	$48,919,859	$7,621,923	[2] $3,447,078	$59,989,760
Interest on debentures	4,684,623	1,192,426	444,116	6,321,165
Taxes and insurance	3,018,948	217,940		3,236,888
Additions and improvements	26,829	7,170		33,999
Maintenance and operating	3,399,113	505,794		3,904,907
Service charge			10,709	10,709
Miscellaneous	12,894	36,210	2,927	52,031
Accrued expenses payable	53,327	3,491		56,818
Total expenses	60,115,593	9,674,954	3,905,730	73,696,277
Income and recoveries:				
Rent and other (net)	5,826,217	1,016,767	653,480	7,496,464
Collections on mortgage notes			347,940	347,940
Total income	5,826,217	1,016,767	1,001,420	7,844,404
Net acquired security on hand	54,289,376	8,658,187	2,904,310	65,851,873

[1] Includes 182 properties (196 units) repossessed and carried at the asset value at time of repossession.

	Sec. 908
[2] Outstanding balance of notes receivable at date of acquisition	$3,447,078
Less: Collection to principal	347,940
Unpaid principal balance	3,100,038

Statements 54 and 55 show the turnover of acquired security under Sections 903 and 908 by calendar year of acquisition.

STATEMENT 55.—*Turnover of properties acquired and mortgage notes assigned under Sec. 908 of Title IX contracts of insurance, by years and cumulative through Dec. 31, 1961*

Year	Properties and notes acquired	Properties sold, calendar years					Properties and notes on hand Dec. 31, 1961
		1957	1958	1959	1960	1961	
1954	2	1					1
1955	10				1		9
1956	7						7
1957	7			3	1	2	1
1958	4			3			1
1959							
1960	2						2
1961	3						3
Total	35	1		6	2	2	24

NOTE.—On the 11 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 32.10 months.

STATEMENT 54.—*Turnover of properties acquired under Sec. 903 of Title IX contracts of insurance, by years and cumulative through Dec. 31, 1961*

Properties acquired		Properties sold, by calendar years									Properties on hand, Dec. 31, 1961
Year	Number	1953	1954	1955	1956	1957	1958	1959	1960	1961	
1953	3			3							
1954	690		2	113	149	166	15	15	−8	−1	239
1955	2,535			358	657	249	138	16	21	416	680
1956	2,800				167	539	628	276	163	117	910
1957	1,273					69	196	142	80	65	721
1958	640						32	68	98	56	386
1959	1,413							77	152	126	1,058
1960	997								57	154	786
1961	1,025									84	941
Total	11,376		2	474	973	1,023	1,009	594	563	1,017	5,721

NOTE.—On the 5,635 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 25.17 months.

The number of properties sold has been reduced by 276 properties repossessed because of default on mortgage notes, of which 55 had been resold by Dec. 31, 1961.

SALARIES AND EXPENSES ACCOUNT

A separate account, entitled "Salaries and Expenses, Federal Housing Administration," is maintained for the purpose of handling all transactions with respect to the payment of salaries and other expenses involved in operating the FHA. Moneys for such expenses and for the purchase of furniture and equipment required in the operations of the FHA are allocated to this fund and all disbursements for these purposes are made from it. Until the income of the insurance funds was sufficient to cover salaries and expenses, allocations were made to this account from the U.S. Treasury through the RFC in accordance with provisions contained in the National Housing Act and subsequent appropriation acts. Since July 1, 1937, a portion of the allocations, and since July 1, 1940, all allocations to salaries and expenses have been made from the various FHA insurance funds.

STATEMENT 56.—*Comparative statement of financial condition, Administrative Expense Account (salaries and expenses), as of June 30, 1960, and June 30, 1961*

	June 30, 1960	June 30, 1961	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury	$5,356,349	$5,976,548	$620,199
Accounts and notes receivable: Accounts receivable—Other	181,072	187,513	6,441
Land, structures, and equipment:			
Furniture and equipment	3,714,528	[1] 3,892,317	177,789
Less allowance for depreciation	1,903,804	2,128,643	224,839
Net furniture and equipment	1,810,724	1,763,674	—47,050
Total assets	7,348,145	7,927,735	579,590
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	3,783,587	[2] 4,404,299	620,712
Interfund	1,810,724	1,763,675	—47,049
Total accounts payable	5,594,311	6,167,974	573,663
Trust and deposit liabilities:			
Due general fund of the U.S. Treasury	132	602	470
Employees' payroll deductions for taxes, etc	1,740,609	1,754,718	14,109
Total trust and deposit liabilities	1,740,741	1,755,320	14,579
Deferred and undistributed credits: Other	13,093	4,441	—8,652
Total liabilities	7,348,145	7,927,735	579,590

[1] Excludes unfilled orders in the amount of $356,511.
[2] Excludes unfilled orders in the amount of $6,487,501.

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