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FEDERAL HOUSING ADMINISTRATION

A CONSTITUENT OF THE HOUSING AND HOME FINANCE AGENCY

29th ANNUAL REPORT

FOR THE YEAR ENDING DECEMBER 31, 1962

Philip N. Brownstein,
Commissioner

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Sixteenth Annual Report of the Housing and Home Financing Agency

CONTENTS

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 1962 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. For multifamily housing sponsored by a limited-dividend, nonprofit, public, cooperative, or investor sponsor and located in a community that has a workable program approved by the Housing Administrator for the elimination of slums and blight, 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), authorized 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. The Act limited new commitments under this section to those issued before October 1, 1962, and provided that not more than 28,000 family housing units should be contracted for pursuant to mortgages insured after June 30, 1959.

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.

FHA in 1962

FHA operations continued at a relatively high-volume level in 1962. The number of home mortgages insured was the second highest for any year, and the number of units in multifamily projects on which mortgages were insured was the fifth highest for any year.

The relative proportions of new and existing homes financed with FHA-insured mortgages have been shifting in recent years, and of the 405,131 home units insured in 1962 more than 67 percent were existing construction. In accordance with the trend of the general housing market, multifamily housing mortgage insurance has been increasing in volume and as a proportion of total mortgage insurance. The 65,200 multifamily units insured in 1962 were the highest number for any year since 1951 and represented 14 percent of the year's total mortgage insurance, compared with 13 percent in 1961, 11 percent in 1960, and 8 percent in 1959.

Administrative actions in 1962 had as their chief objectives increased soundness in underwriting practices, streamlining of processing, adjustment of FHA operations to current market requirements, making FHA benefits available to all qualified borrowers, an efficient system of property disposition, and a reduction in the rate of foreclosure of insured mortgages.

Privately financed nonfarm housing units started in 1962 totaled 1,429,000, compared with 1,285,000 in 1961. With increasing availability of mortgage money, conventional interest rates declined slightly and prices of FHA mortgages in the secondary market rose. Housing supply and demand in general, in the middle price ranges, were in better balance than at any time since the end of World War II. In some places, for a variety of reasons, oversupplies of housing had developed, and FHA foreclosures had risen sharply. In 1952 there were 1,572 foreclosures of FHA-insured home mortgages. In 1962 there were close to 31,000.

The rise in foreclosures, although not such as to endanger the soundness of the FHA insurance funds, has been a cause of concern, and early in 1962 the Commissioner instituted a study of the agency's forclosure experience with home mortgages to determine the causes of the increase with the object of finding ways to counteract the trend.

The study was completed late in the year. It showed foreclosures accelerating in the 3 years 1959–61 as a result of a complex of factors that included the general economic situation and fluctuations in local economies from such causes as local industrial and commercial adjustments and deactivation of military installations. The liberal financing terms available in recent years under FHA programs have also contributed to the increase in foreclosures. Other factors identified by the report—inadequate credit information on borrowers and occasional inefficient processing in some of the insuring offices under pressure of workloads—are subject to correction which will reduce the effect of liberalized financing terms on foreclosures. The study found acquisitions to be most serious in 22 States, either because of actual numbers or because of the high ratio of acquisitions in relation to the volume of mortgage insurance.

The facts revealed by the study have been of great value to FHA in identifying specific factors and areas that influence foreclosure rates. A similar study of multifamily housing foreclosure experience is to be made in 1963.

A review, continued for more than a year, of mortgagor credit reports submitted with applications for home mortgage insurance revealed serious inaccuracies and inadequate information in a large number of cases. These deficiencies were believed to have contributed substantially to the increase in defaults. Borrower credit is a major consideration in FHA risk rating, and as a result of this review and other evidence of inadequacies it was deemed necessary to put into effect new requirements for the purpose of improving the quality of the reports received. FHA now requires its contract credit reporting agencies to furnish reports to approved mortgagees at the price at which they are furnished to FHA, and requires reports furnished by others to meet the same specifications. As a result, credit reports have substantially improved in quality.

In November the field offices were asked to furnish data on applications rejected because of the borrowers' credit. At the end of the year the data had been assembled and were being studied by the Office of Technical Standards.

The Commissioner called the attention of FHA directors during the year to their responsibility for discouraging overbuilding in their respective areas through continuing observation of the housing market and control of the mortgage insurance program.

Temporary bans were placed on speculative commitments in several areas where acquisitions had been particularly heavy and there was evidence of an oversupply of housing. The restrictions were modified or lifted as conditions in the areas improved.

In November, the field offices were instructed to make an annual survey, beginning January 1, 1963, of the unsold inventory of speculatively built homes in their respective areas as an aid in the interpretation of supply factors in local housing markets. The survey is to be made in each standard metropolitan area and in any other localities experiencing "soft" markets.

Major steps were taken during the year to provide for more efficient disposal by FHA of acquired home properties. The operation was decentralized early in May, with responsibility given to field offices for disposing of individually acquired properties without prior approval from Washington.

In August, FHA tried out for the first time a plan by which a qualified bidder can contract for the purchase of acquired homes in lots of five or more. The contract purchaser agrees to sell the houses to qualified individuals within 6 months' time or assume title to any remaining unsold at the end of that time. The plan proved effective, and can now be used in any area where FHA has a large inventory of acquired homes.

In May the field offices were directed to publish the fact that lists of FHA-owned properties for sale or rent were available to anyone interested. In September FHA put into effect a policy of listing such properties with all interested brokers in the various insuring office areas. The offices were authorized to pay for advertising the properties in newspapers and elsewhere.

Attention of the field offices was directed early in the year to the possibilities of negotiated sales of FHA-acquired rental projects to local public housing authorities and other public, educational, and nonprofit organizations.

Measures taken in 1962 to increase the efficiency of FHA operations included a new automatic data processing system of recording applications, put into effect the first of the year; a procedure for reducing the processing time for existing-home applications by providing for simultaneous actions by FHA and mortgagees; provision for speeding conversions from conditional to firm commitments in cases where sales contracts have been completed; and a procedure by which applications involving previously occupied existing homes are received direct by valuation stations instead of going first to the insuring offices.

In today's market, a home purchase often hinges on the buyer's ability to trade in a house he already owns. The FHA escrow commitment procedure was broadened in 1962 to simplify trade-in transactions and to offer additional protection to borrowers.

Under its escrow commitment procedure, FHA will insure a mortgage for a nonoccupant mortgagor, such as a builder or a realtor, in the highest amount that it would insure for a mortgagor acquiring the house to live in, provided the nonoccupant mortgagor places 15 percent of the mortgage proceeds in escrow and uses it to reduce the mortgage if the mortgage is not assumed within 18 months by an occupant mortgagor acceptable to FHA. The advantage of this to the new owner-occupant is that he can assume a mortgage written in the highest insurable amount without the additional expense that would be involved in refinancing. The 1962 amendments to the procedure give the nonoccupant mortgagor the alternative of assuming the existing insured mortgage on the property, under specified conditions, instead of obtaining a new insured loan.

As a protection to homeowners and to the FHA, the amended procedure requires that, when the owner-occupant of a home on which an FHA-insured mortgage is outstanding sells or trades the property to a nonoccupant in order to finance a new home with an insured mortgage, the outstanding contract must be terminated or the original owner released from liability.

FHA regulations were amended in 1962 to require any new applicant for FHA approval as a mortgagee to have a net worth or capital funds of at least $100,000.

On March 15, 1962, FHA revoked the authority that had been given to approved mortgagees on July 13, 1960 to sell insured Section 203 home mortgages to individuals. Mortgagees had showed relatively little interest in such sales because of the cost and difficulty of servicing and keeping records on small sales to individuals; and in some cases individual investors proved to be uninformed concerning the legal provisions and technical aspects of an FHA insurance contract.

The Commissioner's field committee was reestablished in 1962 with a membership of nine directors, each of the six FHA administrative zones being represented. The committee is responsible for developing and reviewing suggestions affecting policies and procedures and making recommendations to the Commissioner. It met in Washington on December 3 for a 2 weeks' session at which more than 30 recommendations were worked out.

The office of New York State director in Albany was reactivated effective September 1, to direct, coordinate, and supervise FHA activities in the Albany, Buffalo, and Jamaica insuring offices. The zone multifamily housing office in New York City was made responsible in 1962 for the insurance of multifamily housing mortgages throughout the State.

The FHA Commissioner and the Commissioner, Bureau of Indian Affairs, signed a memorandum of understanding in March 1962 designed to make mortgage insurance available to Indians on reservation lands.

In accordance with its policy of requiring those who do business with FHA to comply with applicable nondiscrimination provisions of State laws or local ordinances, FHA entered into an agreement with the Pennsylvania Human Rights Commission early in 1962 on the implementation of the Pennsylvania Fair Housing Practice Law.

FHA regulations were amended to comply with Executive Order 11063 of November 20, 1962 prohibiting discrimination on the basis of race, creed, color, or national origin in federally assisted housing.

Equal employment opportunity in FHA was also emphasized in 1962 through the designation of additional deputy employment policy officers, the designation of the Deputy Commissioner as Employment Policy Officer, and the establishment of an appeal procedure.

FHA expanded its consumer education activities in 1962. At the end of the year 21 consumer-oriented publications were in print explaining FHA programs. In line with FHA policy of informing the consumer of true financing costs, one of the publications issued in 1962 was a brochure that discusses these costs for home purchases and home improvements and also discusses factors bearing on the housing expense a buyer can safely assume.

Expansion of consumer education activities during the year extended to television and radio material. The first two FHA public service film spot announcements were sent to 491 television stations; a radio recording containing five 60-second and ten 20-second spot announcements was sent to 1,325 radio stations. The dollar value of television and radio time contributed as a public service and reported to FHA from July 1961 to the end of 1962 amounted to about $270,000, and it is estimated that unreported time contributed would greatly increase this amount.

FHA also has an exhibit available for use at conventions and similar meetings, and is planning others.

The Office of Assistant Commissioner for Congressional Liaison and Public Information was established in November to coordinate the two related activities.

HOMES

FHA insured mortgages in 1962 in a total amount of $5.3 billion financing 405,131 units under all its home mortgage programs. About two-thirds of the total number were secured by existing properties.

Home mortgages were insured under the following provisions of the Act:

Section	Proposed construction		Existing construction [1]	
	Units	Amount (millions)	Units	Amount (millions)
203(b)	113,458	$1,634.0	247,637	$3,117.1
203(i)	2,118	18.2		
213			1,221	20.4
220	380	4.7	118	.9
221	10,443	110.3	12,951	132.0
222	5,459	78.2	9,782	136.0
809	244	3.9	768.	12.2
Total [2]	132,101	1,849.4	272,477	3,418.5

[1] Totals do not include loans for $2.9 million insured under Section 203(k) to improve 551 units, and loans for $6,000 insured under Section 220(h) to improve 2 units.
[2] Includes adjustments.

Mortgage money was readily available during the year. All but one of the FHA insuring offices, in the second half of the year, reported that there was adequate financing for Section 203(b) loans. Prices of Section 203 mortgages (10 percent down payment, 25-year loans at $5\frac{1}{4}$ percent interest) in the secondary market rose steadily from 96.4 in December 1961 to 97.8 in December 1962.

Minimum property standards for homes in outlying areas financed under Section 203(i) were amended in 1962 to facilitate the construction of homes in such areas on individual lots. Among other changes, the revised standards clarify FHA

Lucas Valley, Calif. A house featuring an atrium, an inner court open to the sky (Sec. 203(b)).

requirements with respect to location, lot improvements, water supply, and sewage disposal. A Section 203(i) house must be a habitable dwelling, but certain details of finishing can be completed by the owner.

Mortgage insurance under Section 221(d)(2) in 1962 was more than three times the 1961 volume. New-construction mortgages doubled in 1962, and insurance on existing home units rose from 2,296 units to 12,951.

Participation payments amounting to $19.2 million were made in 1962 under the mutual mortgage insurance system to 117,823 home owners whose mortgages had been insured under Section 203 of the National Housing Act and paid in full. From 1945, when the first payments of this kind were made, through the end of 1962, payments totaling $148.5 million were made to 1,152,703 home owners.

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

MULTIFAMILY HOUSING

Multifamily housing represents an increasing proportion of total housing construction, and this is reflected in FHA operations. With increasing urbanization of the population, the trend is likely to continue.

At the present time, FHA multifamily housing insurance includes 11 separate active programs. The zone multifamily housing offices established in 1961 have a valuable role in the carrying out of the programs.

Technical advisory staffs were established in 1962 in the Office of Technical Standards, the Office of Field Operations, and the multifamily housing offices, to advise the insuring offices and to keep the Office of Technical Standards and operating officials in Washington informed of the effectiveness of technical procedures and the problems encountered.

A comprehensive continuing survey of square-foot construction costs for multifamily housing financed under Sections 207, 213 (management), 220, 221, 231, and 232 was initiated in 1962. The survey will show by project the type of structure, the square-foot area, the number of units, the facilities included, and a breakdown of costs and fees. The results of this and similar surveys being made by the Public Housing Administration and the Community Facilities Administration are being used by the Office of the HHFA Administrator to provide interagency comparisons on a uniform basis of the cost of comparable multifamily projects built under the programs of the respective agencies.

Instructions were sent to the field in 1962 pursuant to Section 223(d) of the National Housing Act, which provides that, when the mortgage payments and expenses of maintenance and operation of an insured multifamily project in its first 2 years after completion exceed the project income, the FHA Commissioner may approve and insure an increase in the mortgage amount to cover the difference. FHA will approve such an increase when the competence and responsibility of the project management have been demonstrated and when there is every indication that a degree of occupancy will be attained by a predictable date (usually within 18 months or less) that will enable the entire mortgage, including the increase, to be amortized by the end of the term originally specified.

FHA regulations were amended in 1962 to permit a mortgagor of a multifamily project to act as his own general contractor when the FHA director has determined that an owner-builder is highly qualified as to building experience and competence, managerial ability, and financial capacity. When owner-builder sponsorship is contemplated, the commitment must provide expressly for the posting of a surety bond and for assumption by the owner of full liability under the building loan agreement.

Rental Housing

Mortgage insurance under Section 207, the regular FHA rental housing program, covered 197 projects with 28,079 units and amounted to $485 million. This is the largest volume for any one year. All but 10 of the projects with 753 units were proposed construction. Since 1934, Section 207 insurance has involved mortgages totaling $2 billion on 1,537 projects with 182,880 units.

FHA's annual occupancy survey of rental projects, made as of March 15, 1962 and covering 417,000 apartments in all the States, the District of Columbia, and Puerto Rico, showed a vacancy rate of 5.5 percent for all completed units on which mortgage insurance was in force. This is one-tenth of 1 percent higher than the 1961 rate.

Vacancies in projects that had had titles transferred or mortgages assigned to FHA were also surveyed as of March 15. Twenty-one percent of these units were reported vacant, compared with 24 percent in 1961. If the projects for which FHA holds title or mortgages are included in the overall 1962 survey, the vacancy rate for all completed FHA-insured projects is 7.3 percent, slightly under the 7.4 percent reported in 1961.

Cooperative Housing

Mortgage insurance under Section 213 of the National Housing Act on cooperative housing projects passed the billion dollar mark in 1962 (exclusive of individual mortgages insured on single-family homes released from the blanket mortgages on sales-type projects). Since Section 213 was enacted in April 1950, FHA has insured mortgages in a total amount of $1,044 million on 1,691 cooperative projects with 83,664 living units. Of these projects, 356 with 49,199 units are new management type, 10 with 1,828 units are existing management type, and 1,325 with 32,637 units are new sales type.

Insurance written in 1962 covered mortgages totaling $16.1 million on 46 sales-type projects with 933 units, and mortgages on 88 management-type projects with 9,292 units.

A new trend in 1962 was the increasing use of the management-type cooperative as a vehicle for providing housing for retired persons. A 6,700-unit development under construction in Seal Beach, Calif., for occupancy by persons 52 years of age or older includes extensive community facilities as well as a medical plan for the residents.

The low charges on cooperative projects make them practical for relocation housing and housing for low-income families in general financed under Section 221(d)(3). Cooperative housing is also being used in urban renewal areas, as in the River Park project in Washington, D.C., shown here.

FHA regulations were amended in 1962 to provide that no adjusted premium charge shall be made when a mortgage on a cooperative project is prepaid or the mortgage insurance is terminated after 10 years; also to allow individuals or partnerships to qualify as mortgagors in investor sponsored projects.

The first application was received during the year for insurance of a supplementary loan as authorized by the Housing Act of 1961 (P.L. 87–70, approved June 30, 1961). These loans may be used to finance improvements or repairs to management-type projects or the provision of community facilities.

Condominium

On February 20, 1962, FHA issued a commitment under Section 207 of the National Housing Act to insure a mortgage on the first apartment building planned for condominium ownership under the provisions of Section 234. The building was to be constructed in San Juan, P.R. Each of its 70 units was to have two or three bedrooms and an average cost of $16,500.

Section 234, added to the National Housing Act by the Housing Act of 1961, authorizes FHA to insure a mortgage on an individual unit in a multifamily structure and an undivided interest in the common areas and facilities serving the structure. The insurance is limited to buildings that have had mortgages insured under any of the multifamily provisions of the National Housing Act other than Section 213 (cooperative housing). When construction or rehabilitation is completed, the individual units can be offered for sale to individual owners who can finance them under Section 234.

The first project undertaken in the continental United States with the intention of converting it to a Section 234 condominium was issued April 18 under Section 207 on a 60-unit building in Hallandale, Fla.

A great deal of interest in this form of ownership has been evident since Section 234 was enacted, but since the mortgage is initially insured under a multifamily program it is difficult to estimate the volume of activity until the buildings are completed and applications are received for conversion to condominium ownership under Section 234.

FHA published during the year a fact sheet on mortgage insurance for condominiums, and also developed a model statute that can be used as a guide by States in which enabling legislation is necessary for this kind of ownership.

A condominium "kit" of all instruments required by FHA is available from the FHA to sponsors of projects, sponsors of State legislation, and the general public. As a service, the Office of the FHA General Counsel reviews proposed State legislation and offers advice and suggestions. Nine States (Arizona, Arkansas, Hawaii, Kentucky, Louisiana, New Mexico, South Carolina, Virginia, and Utah) and Puerto Rico had enacted condominium legislation by the end of 1962, and 27 other States that had proposed legislation in various stages were taking advantage of the service offered by the Office of the General Counsel.

Armed Services Housing

The National Housing Act, as amended by the Housing Act of 1961, provided that no new commitments were to be issued by FHA under Title VIII, Armed Services Housing, after October 1, 1962. The Act was amended, however, in 1962 (P.L. 87–623, approved August 31, 1962) by extending the insuring authority under Sections 809 (sale housing for civilian employees at research or development installations of the military departments) and 810 (rental housing in defense-impacted areas) to October 1, 1963.

As of December 31, 1962, FHA had insured under Section 803 of Title VIII 1,152 mortgages in a total amount of $2.6 billion on projects with

Armed Services housing (Sec. 803): Wurtsmith Air Force Base, Mich. 3-bedroom duplex airman housing.

203,729 units. These included 274 military housing projects with 84,883 units insured under the provisions of Section 803 authorized in 1949 (Wherry housing), and 878 armed services projects with 118,846 units insured under the Section 803 provisions of 1955 as amended (Capehart housing).

Section 803 as rewritten in 1955 provided for certification of need by the Secretary of Defense, and further provided that if the FHA Commissioner did not concur in the Secretary's estimate of need he could require the Secretary to guarantee the Armed Services Mortgage Insurance Fund against loss. The Commissioner was directed to report to the Senate and House Banking and Currency Committees each instance in which he required the guarantee and his reasons for doing so. In a memorandum of agreement between the Secretary of Defense and the Commissioner dated December 6, 1955, the Secretary agreed to guarantee the fund against loss on all Armed Services projects. At June 30, 1962, no loss had been sustained on the projects to which the guarantee applied.

In February 1961, FHA and the Defense Department entered into an agreement for the purpose of expediting 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 1962, all of the projects had been completed and occupied.

The Housing Amendments of 1955 (P.L. 345, 84th Cong., approved Aug. 11, 1955) authorized the Secretary of Defense to acquire Wherry housing after completion. In accordance with the provisions of the Act, about 89 percent of this housing had been acquired by the Armed Services at the end of 1962. (No new commitments were issued on Wherry housing after July 31, 1955.)

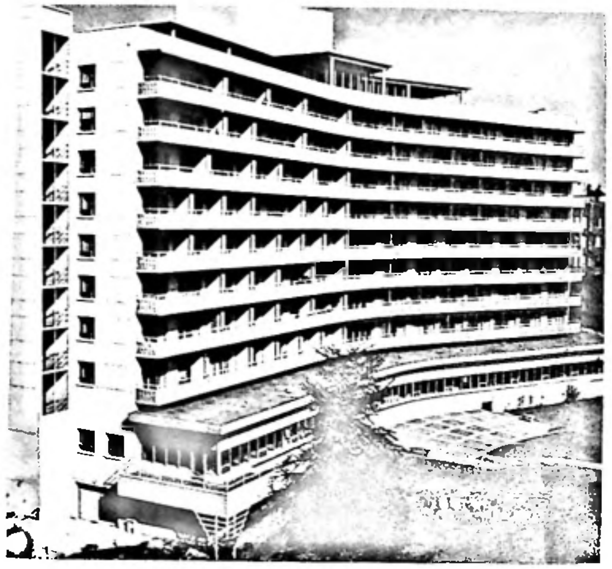
More than 7,000 homes have been financed under Section 809 with insured mortgages totaling $96.5 million.

Subsequent to removal by the Housing Act of 1961 of restrictions that had hindered the operation of the program, the first applications under Section 810 were received in 1962, involving 5 projects with 513 units with a total mortgage amount of $5.3 million, and 1 commitment was issued in October in the amount of $1.2 million on a 100-unit project.

Housing for the Elderly

In 1962 FHA insured 49 mortgages under Section 231 totaling $111 million and providing 8,836 units of housing for the elderly—3,076 more than in 1961. Altogether, since the section was enacted in 1959, there have been 116 projects with 17,844 units insured. Six of these, with 1,232 units, have been rehabilitated projects, and the others have been new construction.

From 1956 until the enactment of Section 231, FHA was authorized to insure mortgages under



Seattle, Wash. Bayview Manor, with 212 units, a home for senior citizens sponsored by the Methodist Church (Sec. 231).

Section 207 of the Act on housing for the elderly. Mortgages totaling $28.9 million were insured under the Section 207 provisions on 35 projects with 3,422 living units.

Churches and church-related groups continued in 1962 to sponsor the largest volume of housing for the elderly financed under Section 231, although other organizations were increasingly active in the program. The first project sponsored by a labor union was insured in 1962—the Brotherhood Retirement Home Association, Inc., in Pascagoula, Miss., sponsored by the A.F.L.-C.I.O. Boilermakers Local 693 of Pascagoula.

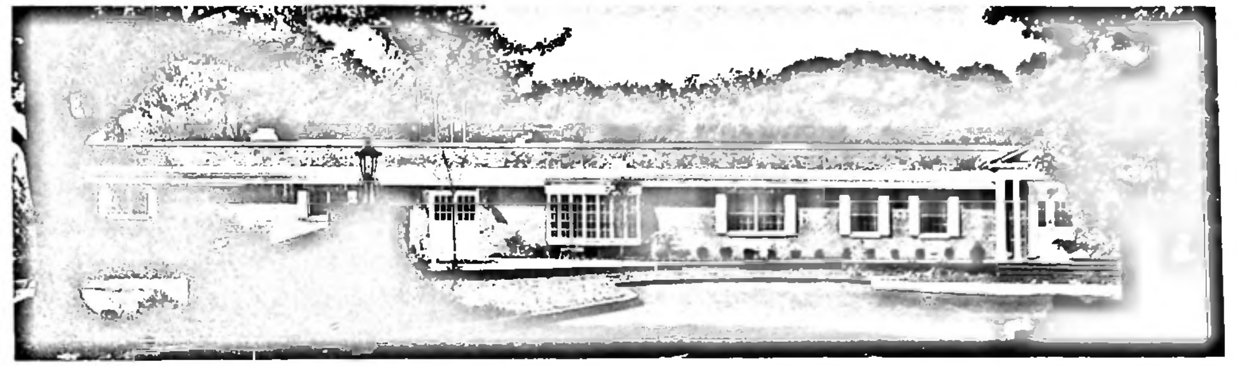
Nursing Homes

Section 232, made part of the National Housing Act in 1959, authorizes FHA to insure mortgages on privately owned and operated nursing homes licensed or regulated by the States or by authorized subdivisions of the States, and certified by the States or their appropriate agencies as being needed.

At the end of 1962, the third full year of operations under the program, mortgages had been insured in a total amount of $49.5 million on 98 nursing homes with 8,436 beds. In 1962 alone, mortgages totaling $40.7 million were insured on 76 nursing homes with 6,635 beds, compared with 20 mortgages in 1961. Commitments issued through 1962 totaled 166 on nursing homes that will provide skilled nursing care for 13,903 patients.

Urban Renewal

Two noteworthy features of FHA urban renewal activities in 1962 were the practical demonstration of Section 221(d)(3) as a means of providing housing for families just above the pub-



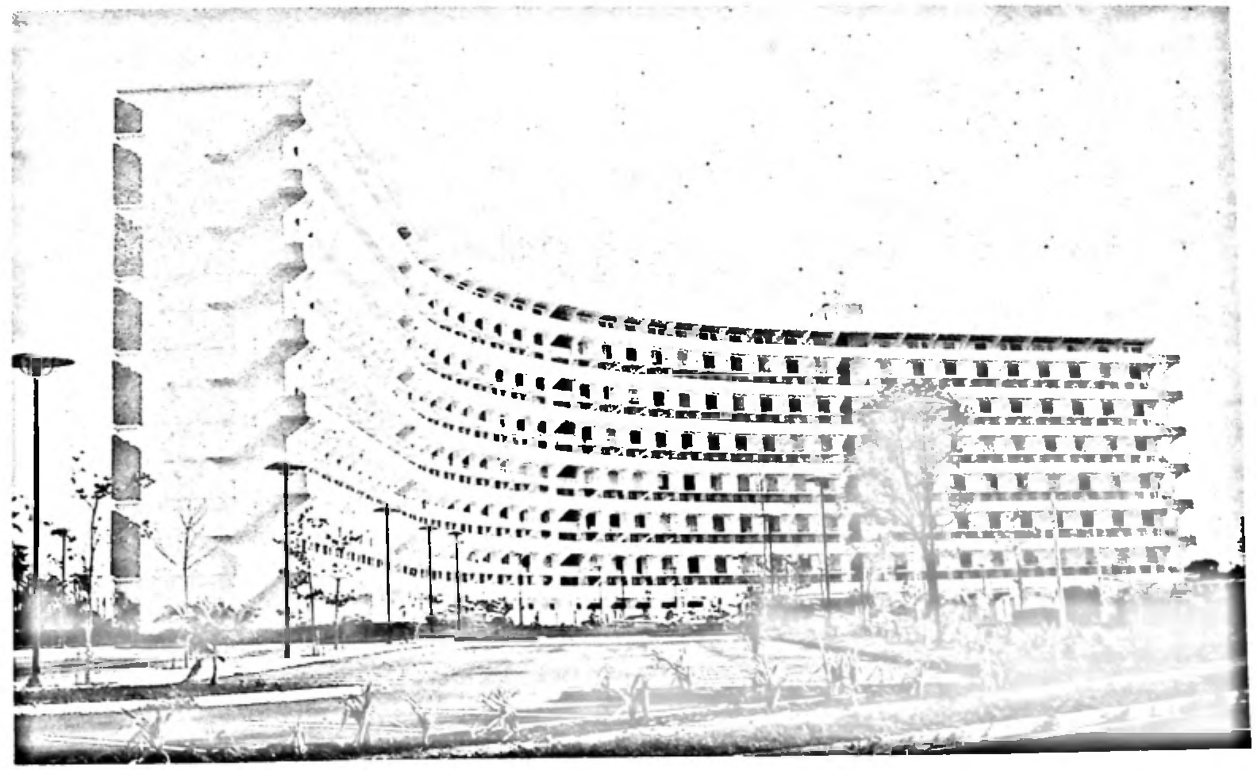
Ridgewood, N.J. Van Dyk Nursing and Convalescent Home, a two-story brick building with an outdoor court in the center, includes physical therapy and treatment rooms, a chapel-library, a solarium, a separate living room for each of the four groups of patients' rooms, recreational facilities, pharmacy, beauty parlor, family room for overnight visitors, and other features designed for patient comfort and service.

lic housing income level, and the development of closer coordination with local public bodies and other agencies involved in urban renewal.

As amended by the Housing Act of 1961, Section 221(d)(3) authorizes FHA insurance of mortgages on rental and cooperative housing projects for families displaced by urban renewal or some form of governmental action, and for other families of low or moderate income. The housing must be located in a community that has a workable program approved and in effect. When the mortgagor is a public body, or a nonprofit, limited-dividend, or cooperative (including investor sponsor) corporation, the mortgage interest can be reduced, after final endorsement, to a rate below the market rate (in 1962, to 3⅛ percent), FHA will waive the mortgage insurance premium, and FNMA will buy the mortgage from its special assistance funds.

Below-market projects so far produced have rent ranges about 25 percent under those for comparable housing.

In 1962, FHA insured, under Section 221, project mortgages totaling $57 million on 44 low-rent projects with 5,069 units. Of these mortgages, 27 were insured under the Section 221(d)(3) below-



Puerto Rico. El Monte, a 14-story apartment building with 511 units (Sec. 220).

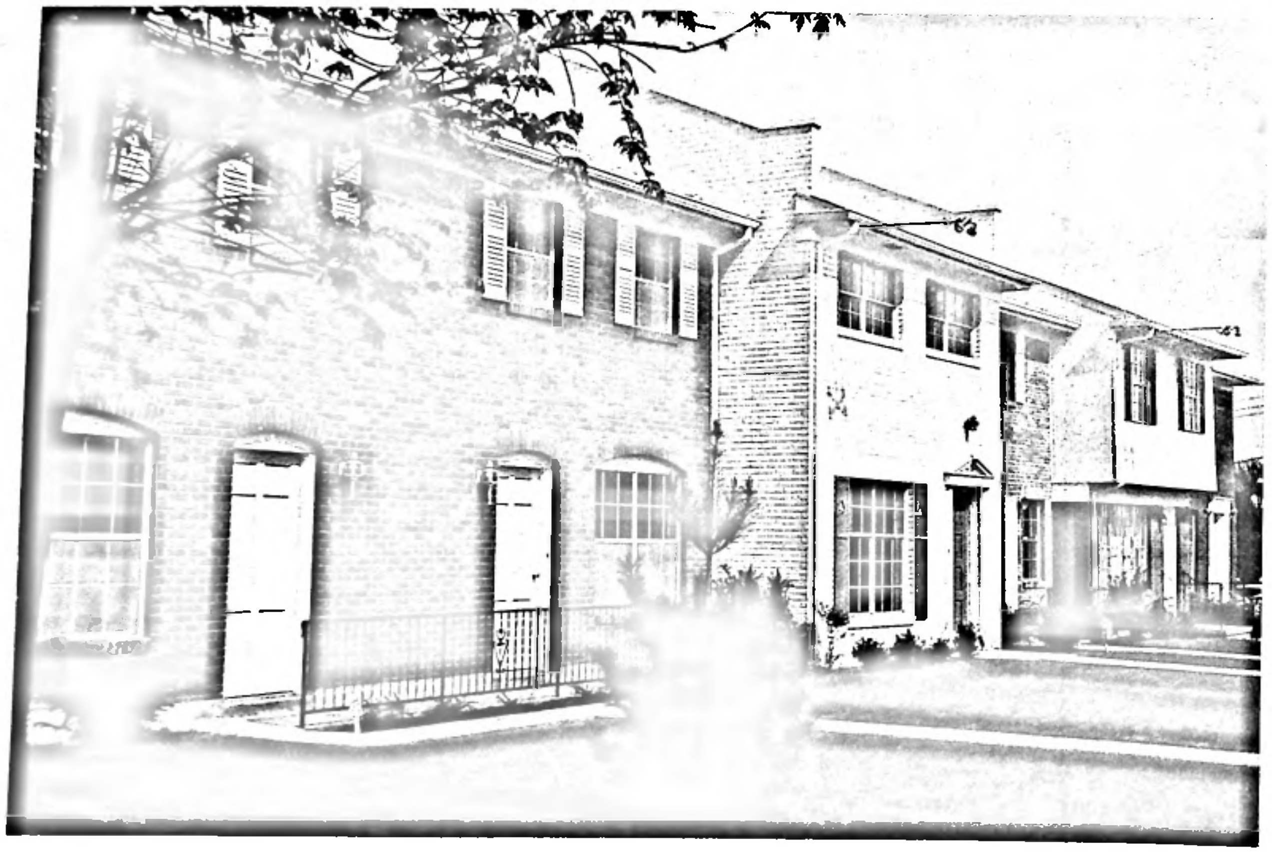
Washington, D.C. Capitol Park, in the Southwest redevelopment area, includes 4 high-rise apartment buildings with a total of 1,337 units, and 319 townhouses. A street view of a few of the townhouses is shown here (Sec. 220).

market-rate program, 8 were insured under Section 221(d)(3) at the market interest rate, and 9 under Section 221(d)(4) (also at the market rate).

The trend toward emphasis on rehabilitation, conservation, and the upgrading of older neighborhoods in urban renewal operations continued in 1962. In representative cities, local agencies and members of FHA insuring office staffs worked together on methods and procedures, under the guidance of FHA zone multifamily housing representatives. The experience gained in this way has been used to advantage in providing detailed information and technical assistance to property owners and others in the many cities that have rehabilitation projects in early stages of development.

There was also an increase during the year in cooperation by State and local official bodies, civic and industry groups, URA, and FHA, in the development of urban renewal plans. Among other benefits, this cooperation has made possible the timing of acquisition, clearance, and public improvements so as to dovetail with the completion of relocation and redevelopment housing.

FHA insured under Section 220, in 1962, mortgages totaling $177.5 million on proposed rental projects with 9,092 units in urban renewal areas, the largest number in any year so far. Four mortgages totaling $2 million were insured on Section 220 rehabilitation projects with 250 units. This compares with 52 units in 1961, which was the first year in which FHA insured a Section 220 mortgage on a rehabilitated project, after the Housing Act of 1961 had changed the basis for



Louisville, Ky. Homes in a price range of $8,500 to $12,000 in the Southwick urban renewal area (Sec. 220).

computing the insurable mortgage from appraised value after rehabilitation to estimated rehabilitation cost plus estimated value before rehabilitation.

Section 220 in 1962 also covered mortgages totaling $4.7 million on 380 proposed home units, and mortgages totaling $920 thousand on 119 existing home units. The number of rehabilitated homes, although small, is the largest in any year to date, and indicates a growing appreciation of rehabilitation in urban renewal.

Field offices were reminded during the year of the need for aggressive servicing of project mortgages insured under Sections 220 and 221 because of their vulnerability to early financial difficulty, which can often be averted by prompt detection of unfavorable conditions and prompt action by FHA and mortgagees.

The year 1962 saw a change in the longtime complete dependence of Section 220 multifamily projects on FNMA takeout. Beginning in mid-1962, a high proportion of Section 220 projects has been financed by private lending institutions, and many Section 220 mortgages have been purchased from FNMA by private lenders.

EXPERIMENTAL HOUSING

Twenty-seven proposals for the use of experimental design or construction features were submitted to FHA in 1962 for review, 14 of which were considered deserving of further study. Three formal applications for mortgage insurance were received during the year, all involving individual homes.

The first commitment was issued in August on a house to be built in Salt Lake City, Utah. The experimental features included a high-strength epoxy mortar for masonry construction, adhesive-

Nashville, Tenn. The first house to be rehabilitated in the East Nashville urban renewal area (Sec. 221(d)(2)).

bonded interior walls, and the elimination of lintels above window and door openings because of the high-strength mortar used.

The other two applications received in 1962 were being processed at the end of the year.

The authority given to FHA in the Housing Act of 1961 to insure mortgages on experimental housing extended to experimental property standards for neighborhood design. Because land represents an increasingly large part of the total cost of property, the development of improved methods of land use is a highly important step toward reaching the objectives of the experimental housing program. In addition to reducing the overall cost of housing, it can be expected to bring about improvements in safety, privacy, livability, and other features of neighborhood design.

Rosegate, New Castle County, Del. Five-room houses in a 182-unit development priced at $9,950 (row house) and $10,550 (end house) (Sec. 221(d)(2)).

Appreciation of the critical need for using available land to the best advantage led the FHA Commissioner in July 1962 to assign an experienced land planner on the FHA staff to work with selected insuring offices and with any local land planning bodies, individuals, or societies that might have new ideas to offer on experimental planning, and to advise and assist in the submission of new ideas for approval by FHA.

An FHA central office staff in Washington reviews proposals for experimental housing to determine their practicability. The FHA Commissioner is specifically authorized to "make such investigations and analyses of data and publish and distribute such reports, as he determines to be necessary or desirable to assure the most beneficial use of the data and information to be acquired." The experimental housing program, therefore, can have far reaching influence on future housing and neighborhood design.

TECHNICAL STANDARDS

Work of great value to the housing industry and to owners and renters of housing is carried on in the FHA Office of Technical Standards. This is the office that establishes minimum standards for FHA-insured housing and standards, procedures, and techniques for evaluating properties, borrower credit, and mortgage risk. The office reviews new methods and materials of construction to determine their suitability for FHA-insured financing, and carries on research in contemporary housing design, land planning, construction engineering, and building costs.

The growing importance of multifamily housing and the variety and complexity of the problems involved led to the calling of an FHA multifamily housing appraisal conference in January 1962, at which principles, objectives, and problems were discussed in a 2-weeks session. Fifty appraisers and other technicians attended from FHA insuring offices that handle a large volume of multifamily applications, together with officials of the FHA Office of Multifamily Housing in Washington and representatives of URA, FNMA, and the Central Mortgage and Housing Corporation of Canada. The first session was followed by three others attended by FHA technicians from additional insuring offices.

Under agreement with the Atomic Energy Commission, FHA completed in 1962 its first appraisal of the noncompetitive rental market in Los Alamos, N. Mex., involving 3,628 rental units and a hotel. The AEC is required to have an impartial reappraisal made every 3 years to ascertain that rents and other rates are realistic. Heretofore the appraisal has been made by a private firm. FHA also began during the year an appraisal of individual homes in Los Alamos preparatory to sale of the homes by the Government to private owners, and also acted as adviser to the AEC and the Office of the HHFA Administrator in activities preliminary to appraisal and sale.

The number and variety of new materials, combinations of materials, and innovations in design and construction coming on the market, and the possibilities opened up by the experimental housing provisions of the Housing Act of 1961 have enhanced the need for research and the establishment of standards, and the importance of FHA's role in this field.

The Office of Technical Standards issued 32 new structural engineering bulletins in 1962, revised 12 others, and issued 11 bulletins on fallout shelters.

Minimum property standards for nursing homes and mobile home courts were revised during the year, and six revisions were made to the Minimum Property Standards for One and Two Living Units, including new standards for glass, insulation in centrally air-conditioned homes, and others. New standards for semiprivate swimming pools were also issued.

The technical studies program carried on under contract with outside agencies had 38 studies under way in 1962. Fourteen new studies were started during the year and 26 were completed. Among those completed were a study of safety factors in fireplace construction, development of a gauge for testing paint thickness, chemical tests for detergents in drinking water, and a method for detecting soil poisons used for termite control.

Arrangements were completed for a study of the relationship between density of development and livability of multifamily housing projects. An unoccupied Commissioner-owned house in Jacksonville, Fla., was used for experiments with flooring in concrete slab-on-ground construction to find ways of preventing deterioration.

A very significant technical report on "Exploration, Excavation, and Foundation Design Criteria for Multifamily Housing Projects" was published in 1962 to provide standardized criteria for foundations that will give safe and adequate support for structures, protection against decay and insect attack, and drainage from and access to basementless spaces. Increasing activity in the construction of multifamily housing, and an accompanying increase in the number of inquiries coming to FHA on all aspects of foundations for multifamily structures indicated the need for such criteria.

The technical studies and experimental housing staffs work closely with the HHFA board established in 1962 to coordinate agency research activities.

A list of technical studies undertaken under the FHA program is available from FHA on request.

PROPERTY IMPROVEMENTS

Major Home Improvements

The Housing Act of 1961 added to the National Housing Act three new sections, 203(k), 213(j),

and 220(h), to facilitate the financing of major improvement and rehabilitation of residential property.

Section 213(j) authorizes the insurance of supplementary loans to finance repairs and improvements to management-type cooperative housing projects and the provision of community facilities to serve the projects.

The terms of Sections 203(k) and 220(h) are similar, both providing for FHA insurance of secured loans in amounts up to $10,000 per unit (with some additional limitations) with maturities up to 20 years. Section 220(h) is limited to properties in urban renewal areas, and applies to loans for the rehabilitation of both homes and multifamily housing in those areas. Section 203(k) applies to one- to four-family homes only, and is not limited to urban renewal areas.

In the first full year of operation of the new programs, FHA insured Section 203(k) loans in a total amount of $2.9 million to improve 551 home units. Applications were received during the year on 1,509 units, and commitments on 991 were issued. Public interest in the program is strong, and, with better understanding by industry of its potentialities, its use should gradually accelerate.

A series of industry-sponsored meetings was held during the year in different sections of the country to discuss the possibilities and problems of Section 203(k). The limitation on the interest rate, which by law cannot exceed 6 percent, and the necessity for FHA processing have limited its appeal for lenders used to the simple and expeditious Title I procedure and its higher rate of return. On the other hand, the new type of loan, in its own area of the market, offers a number of advantages to the home owner in higher loan amounts, longer maturities, and lower cost; and protection is afforded to both owners and lenders by FHA processing and inspection of the work.

As part of its program of consumer education, FHA published in 1962 a comparison of its home improvement plans to point out the relative merits in different circumstances, and the comparative cost, of borrowing under Title I or Section 203(k) for home improvements, or by refinancing the property in an amount that would include the cost of improvements. FHA also revised during the year its brochure explaining Section 203(k) and Section 220(h) terms and procedures.

The first two home improvement loans were insured under Section 220(h) in 1962.

FHA regulations as amended in 1962 permit the lender to collect an initial service charge of as much as 2½ percent of the loan amount under Section 203(k) and Section 220(h) when the lender makes partial disbursements and inspections while the work is in progress.

Title I

The Title I Dealers' and Contractors' Guide and the Title I credit application form were revised in 1962 to incorporate tables showing the financing charge, the equivalent interest rate, and the total cost of the loans to borrowers. A fact sheet on Title I loans for the information of the public was also published in 1962, and the statement of general Title I administrative policy was brought up to date.

Title I insurance in 1962 totaled $834.5 million and covered 798,623 loans. The number of loans was 7 percent below 1961 and the smallest since 1945. Claims amounting to $15.3 million were paid during the year on 22,372 loans, compared with $17.1 million on 27,067 loans in 1961. The amount of the average claim paid has increased in recent years with the amount of the average outstanding loan. The $684 average claim paid in 1962 was $51 higher than the 1961 average.

Recoveries in 1962 on claims paid totaled $6.2 million.

Norfolk, Va. Views before and after expansion and improvement of a home with the proceeds of an FHA-insured Section 203(k) loan. The most striking change was the addition of a second story to provide additional bedroom and bathroom space. Other improvements included enclosing the breezeway and enlarging the den and the dining room; putting in a new furnace; extending the electrical service; and installing an additional septic tank and drain fields.

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New Title I contracts of insurance were issued in 1962 to 507 lending institutions, compared with 443 in 1961.

Seven hundred names were placed on the Title I precautionary measures list in 1962, compared with 853 in 1962. A loan involving a dealer whose name is on this list is insurable only if the lender has verified all statements contained on the borrower's credit application, the completion certificate has been signed in the presence of the lender, and the lender has inspected the work in every transaction where the loan is $500 or more and in at least every third transaction of less than $500.

SUMMARY STATISTICS

Aggregate Insurance Volume

From the beginning of FHA operations through December 31, 1962, the total amount of FHA insurance exceeded $81 billion, of which $41.1 billion was outstanding at the end of 1962. Total insurance written included $15 billion on 26 million Title I property improvement loans, $56 billion on 6.4 million home mortgages, and $10 billion on 12,017 multifamily projects housing more than a million families.

Insurance outstanding at the end of 1962 included $32.3 billion in home mortgages, $7.2 billion in project mortgages, and $1.6 billion in Title I 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, 1962, the FHA acquired through foreclosure or the assignment of mortgage notes 164,156 units of housing representing 2.2 percent of the 7.4 million units on which mortgages had been insured since the beginning of operations. Of the acquired units, 81,077 had been sold by June 30, 1962, and 83,079 remained on hand.

Losses sustained on properties acquired and sold by FHA from 1934 through June 30, 1962 amounted to $114.3 million and represented eighteen 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 $29.0 million, representing six one-hundredths of 1 percent of the insurance written under this section.

In addition to the actual losses realized, FHA has provided $186.9 million for estimated future losses on the 83,079 units that remained on hand at June 30, 1962.

Financial Position

Gross income of the FHA during the fiscal year 1962, accounted for in major part by fees, insurance premiums, and investment income, totaled $262,370,692. Expenses of operation during the fiscal year were $69,640,936, leaving excess of gross income over operating expenses of $192,729,756. During fiscal 1962, net losses on claim payments (including allocations to reserves for losses on properties and notes held by FHA) amounted to $69,843,359. The residual of $122,886,397 from gross income in the 12 months ending June 30, 1962 was added to the reserves of the various insurance funds and/or accounts 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, 1962, its gross income totaled $2,411,339,489 and its operating expenses amounted to $761,761,803. 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 1962, have amounted to $423,266,993, resulting in net income of $1,226,310,693. Premium repayments in the form of participation dividends for mortgages insured under Section 203 had totaled $137,126,418 by June 30, 1962, leaving $1,089,184,275 in the insurance reserves available for future losses, expenses, and participation dividends. 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 and/or accounts.

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, 1962, FHA had total statutory and insurance reserves of $1,089,184,275 accumulated from earnings. Of this amount, $905,439,696 was in the insurance reserves and $183,744,579 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, 1962 are shown below:

Title I Insurance Fund	$93, 677, 646
Title I Housing Insurance Fund	7, 052, 132
Mutual Mortgage Insurance Fund	[1] 730, 561, 051
Section 203 Home Improvement Account	877, 392
Housing Insurance Fund	13, 027, 773
Section 220 Housing Insurance Fund	4, 899, 757
Section 220 Home Improvement Account	883, 052
Section 221 Housing Insurance Fund	−2, 241, 642
Servicemen's Mortgage Insurance Fund	19, 946, 677
Experimental Housing Insurance Fund	965, 634
Apartment Unit Insurance Fund	917, 351
War Housing Insurance Fund	216, 545, 113
Housing Investment Insurance Fund	934, 410
Armed Services Housing Mortgage Insurance Fund	16, 623, 006
National Defense Housing Insurance Fund	−15, 485, 077
Total all funds	1, 089, 184, 275

[1] Includes statutory reserve of $183,744,579.

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.

In accordance with Section 224 of the National Housing Act, as amended, the Commissioner establishes an interest rate on FHA debentures every 6 months, January 1 and July 1 of each year, with the approval of the Secretary of the Treasury. The rate is calculated by the Secretary of the Treasury on all outstanding marketable obligations of the United States having a maturity date of 15 years or more.

The interest rate on FHA debentures was decreased, effective July 1, 1962, from 4 percent to 3⅞ percent, and was maintained, effective January 1, 1963, at the same rate of 3⅞ 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 and/or accounts permits.

On March 21, 1962, the Commissioner issued a call for redemption July 1, 1962 of approximately $64.6 million of debentures at par plus accrued interest. The debentures to be redeemed were obligations of the Title I Housing Insurance Fund ($632,900), the Mutual Mortgage Insurance Fund ($40,200,000), the Housing Insurance Fund ($4,000,000), the Section 220 Housing Insurance Fund ($2,160,000), the Servicemen's Mortgage Insurance Fund ($4,600,000), and the War Housing Insurance Fund ($13,000,000). Again, on September 21, 1962, the Commissioner issued a call for redemption on January 1, 1963 of approximately $38.7 million of debentures at par plus accrued interest. The debentures to be redeemed were obligations of the Title I Housing Insurance Fund ($200,000), the Mutual Mortgage Insurance Fund ($16,000,000), the Housing Insurance Fund ($1,000,000), the Section 220 Housing Insurance Fund ($15,800), the Servicemen's Mortgage Insurance Fund ($1,000,000), and the War Housing Insurance Fund ($20,500,000).

Insurance Authorization

Title I, Section 2

The Housing Act of 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, 1962 was $1,594,444,832.

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, 1962, 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	$35, 514, 570, 528
Outstanding commitments and statements of eligibility	6, 715, 066, 187
Total	42, 229, 636, 715

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, 1962, the estimated outstanding balance of insurance in force and outstanding commitments were as follows:

Estimated outstanding balance of insurance in force	$401, 340, 798
Outstanding commitments	216, 974, 344
Total	618, 315, 142

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 (Sec. 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. The Housing Act of 1961 extended FHA's authority to insure mortgages under Section 803 to October 1, 1962. Public Law 623, 87th Congress, approved August 31, 1962, extended FHA's authority to insure under Sections 809 and 810 to October 1, 1963.

The status of the Title VIII insurance authorization at June 30, 1962 is as follows:

	Section 803	*Section 809*	
Insurance authorization	------------	----------	$2,300,000,000
Charges:			
Mortgages insured	$1,853,708,236	$87,770,750	
Commitments outstanding	[1] 24,772,395	5,983,311	
Total charges	1,878,480,631	93,754,061	1,972,234,692
Unused authorization	------------	----------	327,765,308

[1] Includes Section 803 statements of eligibility in the amount of $13,671,000.

Cost Certification on Multifamily Projects

To prevent the possibility of "mortgaging out" (obtaining a mortgage that equals or exceeds the project cost) 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 1962, 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	122	$259,028,386	$223,135,231
Sec. 213	47	78,611,641	70,631,411
Sec. 220	29	87,193,616	74,729,419
Sec. 221	18	20,038,059	19,725,500
Sec. 231	25	39,675,495	34,127,447
Sec. 232	11	4,658,410	3,731,800
Total	252	489,205,607	426,080,808

ORGANIZATION AND PERSONNEL

At the beginning of 1962 there were 7,743 full-time FHA employees. The number had increased to 8,548 by December 31. Appointments and separations during the year totaled 1,893 and 1,088 respectively.

Central office personnel account for 25 percent of all full-time FHA employees. The other 75 percent are employed at FHA's 145 field offices throughout the United States and in Puerto Rico.

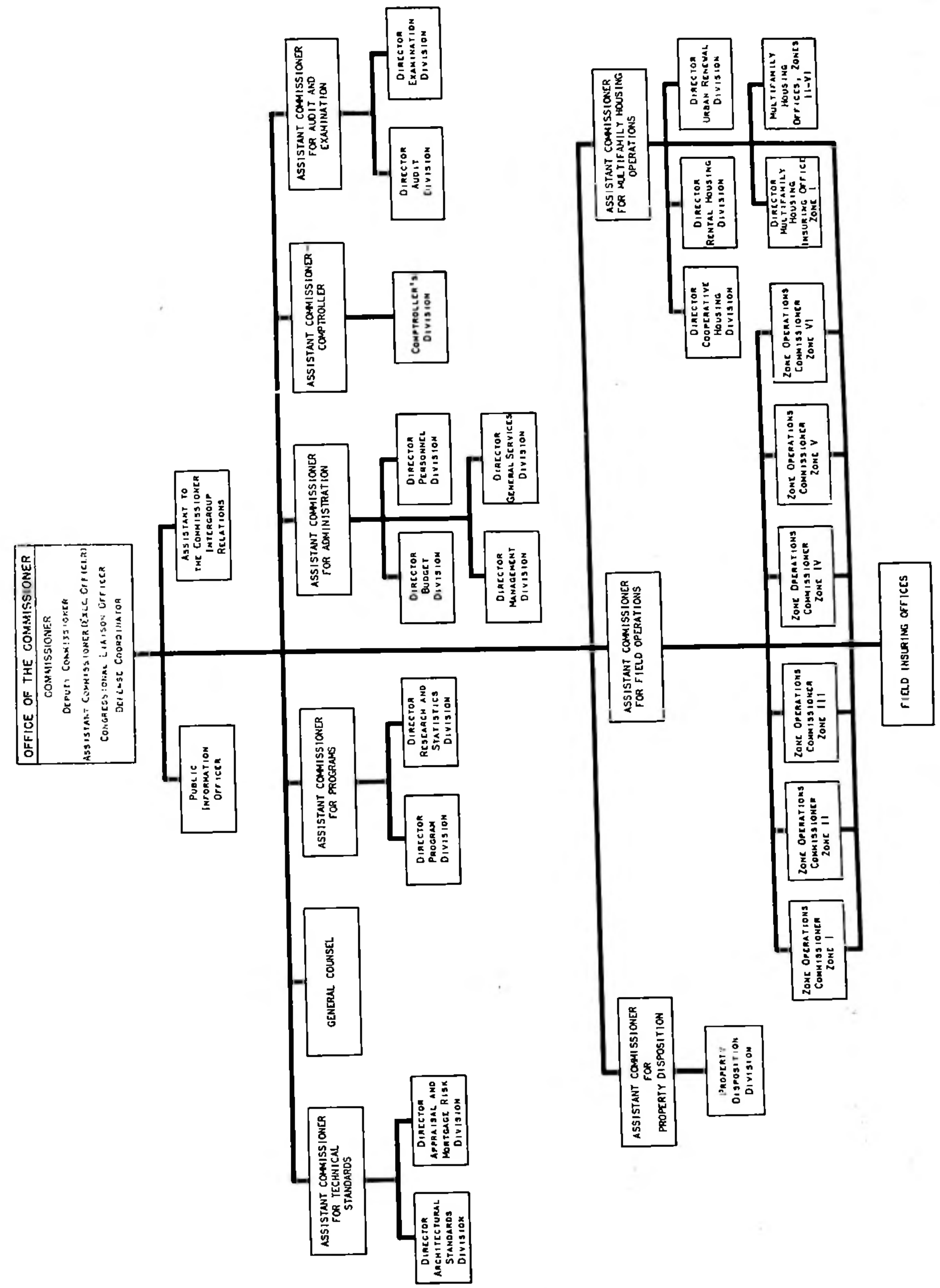
The organizational pattern in effect at the end of 1961 for the central office of FHA in Washington is shown in the chart on page 15. The area served by each insuring office is shown in the map on page 16, together with the location of the other FHA field offices.

FHA has 76 insuring offices in the field. The insuring offices other than the four in New York State are responsible for all FHA operations in their respective jurisdictions. New York has a special organizational pattern in that the three insuring offices in Albany, Buffalo, and Jamaica do not insure mortgages on multifamily housing. This is handled by a multifamily housing and zone insuring office in New York City. In addition, New York has a State director's office in Albany that coordinates the work of the Albany, Buffalo, and Jamaica insuring offices.

There are five multifamily housing zone offices in FHA Administrative Zones II, III, IV, V, and VI that advise and assist insuring offices in their respective zones in the processing of multifamily housing applications and work with the directors to coordinate urban renewal activities throughout the zones. The New York City office, besides insuring multifamily housing mortgages throughout New York State, acts for the entire New England area (Zone I) in the same capacity as the five zone multifamily housing offices in the other zones.

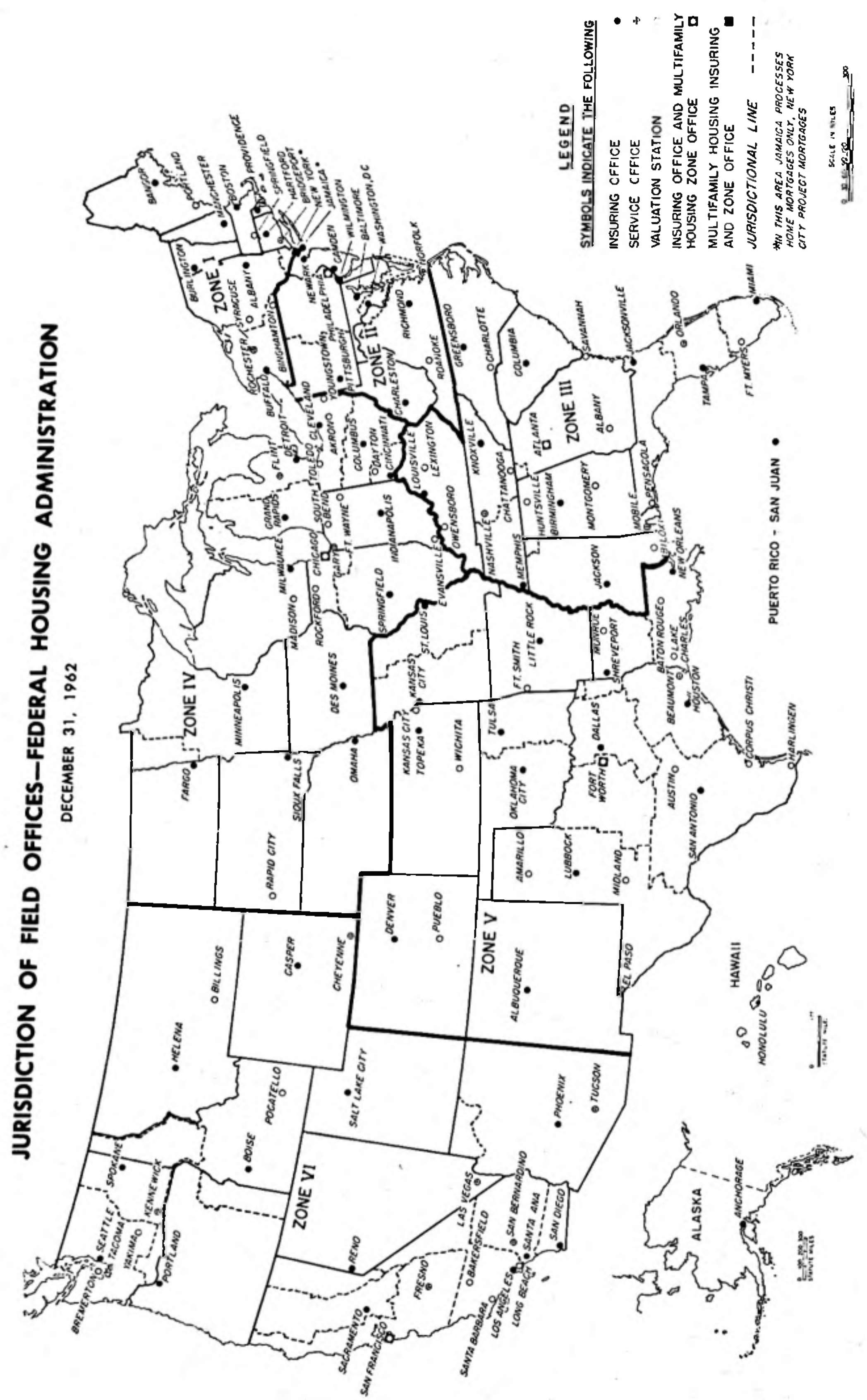
FHA also has 17 service offices in the field, where applications for mortgage insurance are received, processed, then forwarded to the insuring offices for review, commitment, and final endorsement; and 46 valuation stations where technical personnel serve the insuring offices in their areas by preparing compliance inspection and valuation reports on home mortgage insurance applications.

FEDERAL HOUSING ADMINISTRATION
ORGANIZATIONAL CHART



JURISDICTION OF FIELD OFFICES—FEDERAL HOUSING ADMINISTRATION

DECEMBER 31, 1962



Volume of FHA Mortgage and Loan Insurance Operations

This section provides a detailed analysis of FHA operations during 1962 and cumulatively from the establishment of the agency in 1934. The analysis includes yearly trends, distributions by State location of property, comparisons of participation by the various types of financial institutions, terminations and foreclosures, and default experience.

During 1962, insurance of mortgages and loans was authorized by the following provisions of the National Housing Act, as amended:

Home Mortgages: Title II—Sections 203, 213, 220, 221, 222, 223, 225, 233, and 234; and Title VIII—Sections 803 and 810.

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

Property Improvement Loans: Title I—Section 2.

Rental Housing Investment Yields: Title VII—Section 701.

The purposes of the various titles and sections are summarized at the beginning of this report.

Applications were received or commitments issued during the year under all programs except Section 701, and insurance was written under all except Sections 233, 234, 810, and 701.

The influence of the Housing Act of 1961 was more evident in 1962 than in the previous year. Its greatest impact was in the increased activity under the urban renewal and moderate income housing programs resulting from the liberalization of the provisions of Sections 220 and 221. By the end of 1962 there was a growing interest in experimental housing under Section 233 and in condominiums under Section 234. Some increase was also noted in the home improvement programs under Sections 203(k) and 220(h). The year 1962 also saw notable increases in the volumes of mortgage insurance for housing for the elderly and for nursing homes, resulting from more advanced development of programs under Sections 231 and 232, both authorized by the Housing Act of 1959.

Declines were reported during the year in the program for insuring mortgages on sales-type cooperatives and in the related insurance of home mortgages under Section 213, in the Title I property improvement program, and in armed forces housing insurance, the latter anticipated with the expiration of Section 803 on October 1, 1962.

SUMMARY OF OPERATIONS

Combined Insurance Activity

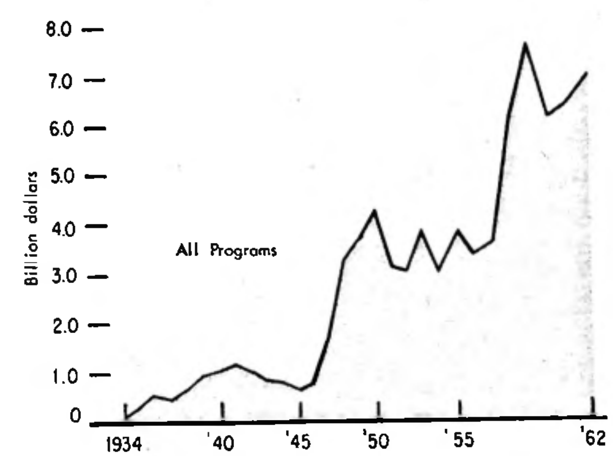
The FHA insured $7.2 billion of mortgages and loans in 1962. This was 9.8 percent more than the $6.5 billion in 1961, and only 7.1 percent under the $7.7 billion reported in the record year of 1959 (Table III-1). The 395,800 home mortgages insured in 1962 covered 405,100 housing units in one- to four-family properties, while the project mortgages involved additional 65,200 units and 6,600 nursing home accommodations. Title I property improvement loans numbered 798,600.

Home and project mortgages both increased their proportion of the total amount of insurance written in 1962, each at the expense of property improvement loans. Home mortgages accounted for 73 percent of the total, or slightly more than one-half of a percentage point more than a year earlier. Project mortgages accounted for 15 percent of the 1962 total as compared with 14 percent in 1961. Property improvement loans under Title I constituted 12 percent of the 1962 total, down from more than 13 percent in 1961.

CHART III-1

VOLUME OF INSURANCE WRITTEN, 1934–62

Under all Insurance Programs of FHA



Comparative data for the years 1961 and 1962 and a cumulative summary of insurance written since 1934 are shown in Table III-2 by title and section of the National Housing Act. In 1962 the predominance of Title II insurance became

TABLE III-1.—*Mortgages and loans insured by FHA, 1934–62*

[Dollar amounts in thousands]

Year	Total—all programs [1]	Home mortgage programs [2]		Project mortgage programs [3]		Property improvement loans [4]		Manufactured housing loans [5]	
	Amount	Number	Amount	Units	Amount	Number	Net proceeds	Number	Amount
1934	$27,406					72,658	$27,406		
1935	297,495	23,397	$93,882	738	$2,355	635,747	201,258		
1936	532,581	77,231	308,945	624	2,101	617,697	221,535		
1937	489,200	102,076	424,373	3,023	10,483	124,758	54,344		
1938	671,593	115,124	485,812	11,930	47,638	376,480	138,143		
1939	925,262	164,530	694,764	13,462	51,851	502,308	178,647		
1940	991,174	177,400	762,084	3,559	12,949	653,841	216,142		
1941	1,152,342	210,310	910,770	3,741	13,565	680,104	228,007		
1942	1,120,839	223,562	973,271	5,842	21,215	427,534	126,354		
1943	933,986	166,402	763,097	20,179	84,622	307,826	86,267		
1944	877,472	146,974	707,363	12,430	56,096	389,615	114,013		
1945	664,985	96,776	474,245	4,058	19,817	501,441	170,923		
1946	755,778	80,872	421,949	2,232	13,175	799,304	320,654		
1947	1,788,264	141,364	894,675	46,604	359,944	1,247,613	533,645		
1948	3,340,865	300,034	2,116,043	79,184	608,711	1,357,386	614,230	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	691,902		
1957	3,716,980	198,429	2,251,064	43,609	597,348	1,111,962	868,568		
1958	6,328,597	381,883	4,551,483	64,953	908,671	1,038,315	868,443		
1959	7,740,742	495,172	6,069,418	43,976	674,682	1,096,635	996,642		
1960	6,306,413	366,213	4,600,506	40,101	723,501	1,011,858	982,405		
1961	6,548,145	368,561	4,765,216	59,367	928,069	855,582	854,859		
1962	7,192,431	395,808	5,270,839	65,197	1,087,132	798,623	834,460		
Total	81,121,813	6,402,242	56,066,637	1,015,153	10,007,474	26,022,638	15,042,386	756	5,316

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

[2] Includes the following sections listed in order of enactment date: Sec. 203, June 27, 1934; Sec. 2 (class 3), Feb. 3, 1938; Sec. 603, Mar. 28, 1941; Sec. 603–610, Aug. 5, 1947; Sec. 8, Sec. 213 (individual home mortgage provisions), and Sec. 611 (individual home mortgage provisions), Apr. 20, 1950; Sec. 903, Sept. 1, 1951; Sec. 220 (individual home mortgage provisions), Sec. 221 (individual home mortgage provisions), Sec. 222, and Sec. 225, Aug. 2, 1954; Sec. 809, June 13, 1956. Also includes property improvement loans under Sec. 203(k) and Sec. 220(h), 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; Sec. 221 (below market interest rate), June 30, 1961.

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

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

more pronounced, accounting for 87 percent of the total amount of insurance written as compared with 83 percent in 1961. Conversely, the volume of insurance in relation to the total dropped from 13 to 12 percent for Title I and from 4 to 1 percent for Title VIII. As previously mentioned, the latter decline resulted from the phasing-out and discontinuance of the armed forces housing program under Section 803. Authorization for this program ended October 1, 1962, and the last eligible project was insured in November 1962.

Type program	Year 1962		1934–62	
	Billions of dollars	Percent	Billions of dollars	Percent
Home mortgages	5.3	73	56.1	69
Multifamily project mortgages	1.1	15	10.0	12
Property improvement loans	0.8	12	15.0	19
Total	7.2	100	81.1	100

Even though insurance under Section 203, the principal program currently authorized, showed a gain in actual volume from 1961 to 1962, it declined in percentage of all insurance written from 67 percent to 66 percent. Declines in relative importance were also reported in the sales-type cooperative and home mortgage provisions of Section 213 and in servicemen's housing under Section 222. The most notable gain in percentage of the total was reported for Section 221, the provisions of which were expanded in 1961 to cover housing for families of moderate income and liberalized to provide for insurance of certain project mortgages carrying interest at less than the going market rate. Insurance under Section 221 accounted in 1961 for slightly over 1 percent of the total, but in 1962 for 4 percent.

The year 1962 ended 28½ years of operation in which FHA insured mortgages and loans amounting to $81.1 billion. Almost $56.1 billion of this amount was accounted for by 6,402,200 home mortgages, $10.0 billion by project mortgages for 1,015,200 dwelling units, and $15 billion by 26,022,600 property improvement loans.

Of the $81.1 billion in insurance written, an estimated $41.1 billion was in force as of December 31, 1962. Terminations of insurance accounted for $32.2 billion of the reduction of FHA's obligation, while the amortization of mortgages and loans still in force accounted for an additional $7.8 billion.

TABLE III-2.—*FHA insurance written by title and section, 1961, 1962, and 1934–62*

[Dollar amounts in thousands]

Title and section	1962			1961			1934–62		
	Number	Units	Amount	Number	Units	Amount	Number	Units	Amount
Title I	708,623	n.a.	$834,460	855,582	n.a.	$854,859	26,107,098	n.a.	$15,373,256
Sec. 2 Property improvement loans	798,623	n.a.	834,460	855,582	n.a.	854,859	26,022,638	n.a.	15,042,386
Sec. 2 Home mortgages							46,115	46,115	126,611
Sec. 8 Home mortgages							38,345	38,345	204,260
Title II	395,327	465,671	6,281,945	368,242	420,751	5,453,390	5,629,199	6,131,027	55,373,351
Sec. 203	354,710	363,764	4,772,296	340,345	347,849	4,404,870	5,420,084	5,503,581	48,924,308
Home mortgages	(354,171)	(363,213)	(4,769,371)	(340,337)	(347,841)	(4,404,845)	(5,419,537)	(5,503,022)	(48,921,358)
Home improvement loans	(539)	(551)	(2,925)	(8)	(8)	(25)	(547)	(550)	(2,950)
Sec. 207 Project mortgages [1]	197	28,079	485,002	164	24,146	381,367	1,537	182,880	1,952,517
Sec. 213 Cooperative housing	1,355	11,446	174,223	3,175	11,973	190,752	33,579	115,552	1,429,262
Project mortgages	(134)	(10,225)	(153,818)	(223)	(9,021)	(150,041)	(1,691)	(83,664)	(1,043,980)
Sales-type projects	(46)	(933)	(16,123)	(172)	(3,097)	(43,506)	(1,325)	(32,637)	(396,000)
Management-type projects	(88)	(9,202)	(137,694)	(51)	(5,924)	(106,534)	(366)	(51,027)	(647,980)
Home mortgages	(1,221)	(1,221)	(20,405)	(2,952)	(2,952)	(40,711)	(31,888)	(31,888)	(385,282)
Sec. 220	454	9,842	185,268	372	5,742	92,832	2,306	38,042	574,852
Project mortgages	(29)	(9,342)	(179,621)	(27)	(5,373)	(88,381)	(152)	(35,671)	(548,865)
Home mortgages	(423)	(498)	(5,642)	(345)	(369)	(4,451)	(2,152)	(2,369)	(25,981)
Home improvement loans	(2)	(2)	(6)	(—)	(—)	(—)	(2)	(2)	(6)
Sec. 221	23,245	28,463	299,220	7,391	8,548	80,210	52,582	64,231	622,905
Project mortgages	(44)	(5,069)	(56,978)	(8)	(1,006)	(7,877)	(82)	(11,307)	(109,674)
Market rate interest	(17)	(1,202)	(10,466)	(7)	(686)	(5,530)	(54)	(7,120)	(60,815)
Below market rate interest	(27)	(3,867)	(46,512)	(1)	(320)	(2,347)	(28)	(4,187)	(48,859)
Home mortgages	(23,201)	(23,394)	(242,242)	(7,383)	(7,542)	(72,333)	(52,500)	(52,924)	(513,231)
Sec. 222 Home mortgages	15,241	15,241	214,165	16,733	16,733	230,793	118,897	118,897	1,611,193
Sec. 225 Open-end advances	(3)	(3)	3	(3)	(3)	7	(61)	(61)	123
Sec. 231 Project mortgages	49	8,836	111,112	42	5,760	64,366	116	17,844	208,721
Sec. 232 Project mortgages	76	(6,635)	40,656	20	(1,630)	8,194	98	(8,436)	49,471
Title VI							635,938	1,166,811	7,127,562
Sec. 603 Home mortgages							624,652	690,006	3,645,214
Sec. 608 Project mortgages							7,044	465,674	3,440,017
Sec. 609 Manufactured-housing loans							756	n.a.	5,316
Sec. 610 Public housing sales							3,386	9,072	24,468
Sec. 603-610 Home mortgages							(3,363)	(5,157)	(16,109)
Sec. 608-610 Project mortgages							(23)	(3,915)	(8,360)
Sec. 611 Site-fabricated housing							100	2,059	12,546
Project mortgages							(25)	(1,984)	(11,991)
Home mortgages							(75)	(75)	(556)
Title VIII	1,043	4,658	76,030	926	14,864	239,896	8,165	210,745	2,666,947
Sec. 803 Project mortgages	32	3,646	59,946	123	14,061	227,844	1,152	203,729	2,570,452
Military housing							(274)	(84,883)	(683,143)
Armed services housing	(32)	(3,646)	(59,946)	(123)	(14,061)	(227,844)	(878)	(118,846)	(1,887,309)
Sec. 809 Home mortgages	1,011	1,012	16,084	803	803	12,051	7,013	7,016	96,495
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	1,104,992	[2] 470,328	7,192,431	1,224,750	[2] 435,615	6,548,145	32,437,653	[2] 7,667,230	81,121,813

n.a. Not available.
[1] All tables presenting cumulative data for Sec. 207 include 106 mortgages for $7,782,866 and 2,176 units insured under Sec. 210.
[2] Excludes Title I, Sec. 2 property improvement loans; Sec. 232, expressed as number of beds; and Sec. 609.

FHA Influence on Residential Financing During 1962

Home Mortgages.—The $5.3 billion in home mortgages insured by FHA in 1962 represented about 15 percent of the $34.2 billion estimated by the Federal Home Loan Bank Board as the total of nonfarm mortgages of $20,000 or less recorded during the year. This proportion was unchanged from the level of the previous year, but somewhat below the postwar highs of 19 percent reached in 1949 and again in 1959, or the war-time high of 25 percent in 1942. The comparability of FHA-insured mortgages and total nonfarm mortgage recordings is limited by the fact that the total recordings include not only first mortgages but also second mortgages and repetitive recordings of construction loans and other interim short-term financing of properties subsequently financed with long-term mortgages. The comparability of the two series has been somewhat further impaired in recent years as the result of the increase in the maximum insurable amount under the FHA home mortgage programs to $22,500 in September 1959 and to $25,000 in July 1961. This additional discrepancy, however, has been limited since, in the years from 1959 through 1961, the percentage of FHA-insured home mortgages exceeding $20,000 has been consistantly less than the 5 percent they constituted under Section 203 in 1962.

The influence of FHA on residential financing extends beyond the actual insurance of mortgages. A comparison of dwelling units started under FHA inspection (Table III-4) with new home and project units covered by insured mortgages (Tables III-5 and III-6) reveals that a substan-

Table III-3.—*Status of FHA insurance written as of Dec. 31, 1962*

[Dollar amounts in thousands]

Title and section	Item	Insurance written	Insurance terminated	Insurance in force		
				Total	Amortized (estimated)	Not outstanding
Title I:						
Sec. 2 property improvement loans [1]	Number of loans	26,068,753	23,432,744	2,636,009		
	Net proceeds	$15,168,996	$11,937,855	$3,231,141	$1,630,444	$1,591,697
Sec. 8 home mortgages	Number of mortgages	38,345	11,159	27,186		
	Amount	$204,260	$57,763	$146,497	$37,605	$108,892
Title II:						
Sec. 203 home mortgages	Number of mortgages	5,420,084	2,355,652	3,064,432		
	Amount	$48,924,308	$15,217,033	$33,707,275	$4,547,266	$29,160,009
Sec. 207–210 project mortgages	Number of units	182,880	53,172	129,708		
	Amount	$1,952,517	$248,423	$1,704,094	$64,273	$1,639,821
Sec. 213 cooperative housing	Number of units	115,552	39,112	76,440		
	Amount	$1,429,262	$468,303	$960,959	$50,707	$910,253
Sec. 220 redevelopment housing [2]	Number of units	38,042	475	37,567		
	Amount	$574,852	$6,180	$568,672	$9,166	$559,507
Sec. 221 relocation housing [2]	Number of units	64,231	5,023	59,208		
	Amount	$622,905	$43,282	$579,623	$9,414	$570,209
Sec. 222 servicemen's housing	Number of mortgages	118,897	11,932	106,965		
	Amount	$1,611,193	$153,210	$1,457,983	$94,937	$1,363,047
Sec. 231 elderly housing	Number of units	17,844		17,844		
	Amount	$208,721		$208,721	$684	$208,037
Sec. 232 nursing homes	Number of beds	8,436		8,436		
	Amount	$49,471		$49,471	$130	$49,341
Title VI (war and veterans' emergency program):						
Sec. 603 home mortgages [3]	Number of mortgages	628,015	473,124	154,891		
	Amount	$3,661,322	$2,610,684	$1,050,639	$531,831	$518,808
Sec. 608 project mortgages [4]	Number of units	469,589	156,179	313,410		
	Amount	$3,448,377	$1,095,517	$2,352,860	$500,672	$1,792,188
Sec. 609 manufactured-housing loans [5]	Number of loans	756	756			
	Amount	$5,316	$5,316			
Sec. 611 site-fabricated housing	Number of units	2,059	2,005	54		
	Amount	$12,546	$12,145	$401	$113	$288
Title VIII:						
Sec. 803 military housing [6]	Number of units	203,729	11,361	192,368		
	Amount	$2,570,452	$129,716	$2,440,736	$217,174	$2,223,562
Sec. 809 civilian housing	Number of mortgages	7,013	241	6,772		
	Amount	$96,495	$2,952	$93,543	$4,768	$88,774
Title IX (defense housing program):						
Sec. 903 home mortgages	Number of mortgages	57,156	19,303	37,853		
	Amount	$517,270	$173,568	$343,703	$67,341	$276,362
Sec. 908 project mortgages	Number of units	8,485	2,495	5,090		
	Amount	$63,427	$18,524	$44,902	$7,904	$36,998
Total [7]		$81,121,813	$32,180,581	$48,941,231	$7,843,428	$41,097,803

[1] Includes home mortgages insured under Sec. 2. [2] Number of units terminated are estimated. [3] Includes 3,363 mortgages for $16,108,500 insured under Sec. 610, of which 1,573 mortgages for $6,631,900 have been terminated, leaving 1,790 mortgages for $9,476,600 in force. [4] Includes 3.915 units (23 mortgages) for $8,359,500 insured under Sec. 610, of which 1,548 units (12 mortgages) for $3,109,500 have been terminated, leaving 2,367 units (11 mortgages) for $5,250,000 in force. [5] Includes 745 discounted purchasers' loans for $2,119,559, all of which have been terminated. [6] Includes 118,846 units (878 mortgages) for $1,887,309,182 insured under Sec. 803 armed services housing program, of which 4,866 units (32 mortgages) for $79,663,923 have been terminated, leaving 113,980 units (846 mortgages) for $1,807,645,259 in force. [7] Includes open-end advances of $122,539 insured pursuant to Sec. 225, of which $111,954 has been terminated, leaving $10,585 in force.

tial number of units inspected during construction by FHA are sold upon completion with permanent financing through conventional mortgages or loans guaranteed by the Veterans Administration. Inspections by FHA with guarantees by the Veterans Administration are usually in accordance with an arrangement between the two agencies designed to avoid duplicate inspections in cases in which builders hold commitments from both agencies to insure (or guarantee) the financing upon completion of construction. In 1962, FHA inspections were specified for 44 percent of the Veterans' Administration's new-home appraisal requests.

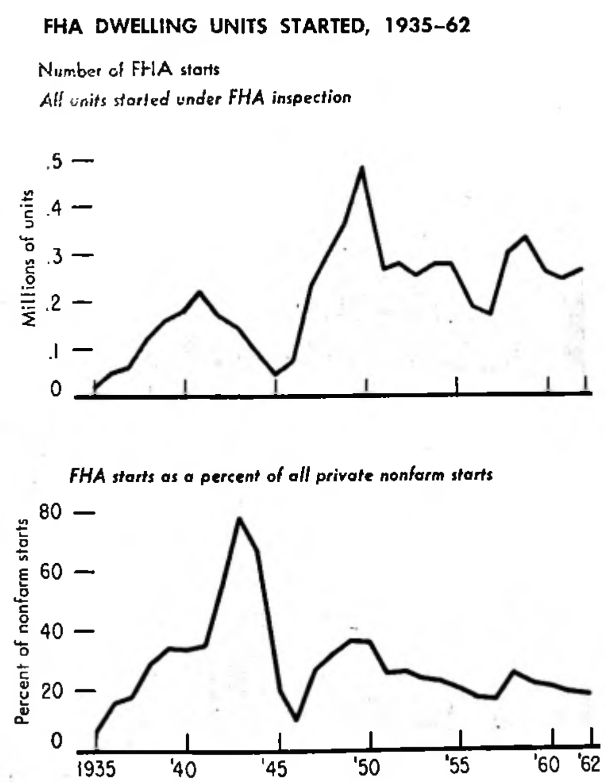
Project Mortgages.—While there is no longer any reliable measure of the relative portion of all multifamily mortgage indebtedness which FHA represents, FHA's importance in the realm of rental and cooperative project financing is apparent. This is true both in the general rental field, as typified by Section 207, and in such special-purpose programs as cooperative housing under Section 213, urban redevelopment under Section 220 and Section 221, and elderly housing and nursing homes under Sections 231 and 232. Special inducements to the development of housing under the various special programs are high-ratio loans, long terms, and low interest rates, as well as the encouragement afforded to financial institutions by the commitments of the Federal National Mortgage Association to purchase FHA-insured mortgages upon completion of construction.

Title I Improvement Loans.—Property improvement loans insured by FHA under Title I during 1962 represented almost 41 percent of the estimated total consumer credit extended for repair and modernization during the year. While this computation does not take into account the secured loans for property improvements insured under Sections 203 and 220, their volume is very small in comparison with the Title I volume and would not materially affect the percentage.

The decline in the relative volume of Title I loans in 1962 represents a continuation of a steady downward trend from 50 percent in 1957.

Construction Starts.—New dwelling units started under FHA inspection during 1962 numbered 260,800, an increase of almost 7 percent over 1961, but a decline from 19 percent to 18 percent in the proportion of total private nonfarm starts represented. Dwelling units in multifamily projects started under FHA inspection increased by 39 percent over the previous year, only slightly less than the 41 percent increase experienced in total private multifamily starts. In contrast, total starts in private nonfarm 1- and 2-family units increased by over 2 percent, while FHA home starts showed a decrease of almost 1 percent. Comparability between the two statistical series in terms of structure type is somewhat impaired, in that FHA home starts cover 1- to 4-family dwellings. Moreover, FHA projects consisting of single-family dwellings would be classed with 1-family units by the Bureau of the Census. The data on FHA starts exclude Section 232 projects, which are reported in terms of nursing home bed accommodations, and Section 803, under which construction inspections are made by the military services rather than by FHA.

Chart III-2



FHA Workload

During 1962, FHA received applications for mortgage insurance covering 862,000 dwelling units. Of this total, 221,100 units were to be in new homes, 570,500 in existing homes (including 1,500 unit-applications for the insurance of loans to finance improvements to existing properties submitted under Section 203(k), and 70,500 units in multifamily projects, exclusive of provisions for 14,700 bed accommodations in nursing home projects. Compared with 1961, total applications were down only 1 percent, with new homes decreasing by 9 percent while existing homes increased by 6 percent. Multifamily project receipts were down by 21 percent, but applications covering beds in nursing home projects were at nearly twice the 1961 level.

FHA field offices processed (approved or rejected) 841,300 unit-applications, or over 3 percent more than in 1961. Commitments for mortgage insurance were issued for 790,000 units, or 94 percent of the total processed. The total processed figure included 72,300 units in multifamily projects, 69,500 or 96 percent of which were committed. Excluded from these workload figures were 16,900 units processed under the Certified Agency Program, and 3,500 units of armed services housing on which preapplication appraisal work was performed. Also excluded were 8,800 bed accommodations in nursing home projects that were processed during the year, on which commitments covering 7,800 beds were issued.

The processing workload in FHA field offices has been lightened somewhat in recent years by the use of fee appraisers on existing-home properties in those offices where the volume of business created backlogs for FHA staff appraisers. Fee appraisals, however, are subject to budget availability, a condition reflected in the fact that, although the processing workload in 1962 was only slightly higher than in 1961, the number of fee appraisals increased from 30,600, to 55,100.

In addition to the processing workload, FHA field office personnel performed construction inspections on approximately 460,800 units in 1962—a 6 percent increase over 1961.

During 1962, FHA received over 8,800 requests (including resubmissions) for subdivision analyses covering a total of 325,000 acres, and issued reports outlining development programs for nearly 4,800 subdivisions containing 114,800 acres and 354,500 lots. Analysis was discontinued on 4,200 submissions because of unacceptability of development proposals or developers' decisions to withdraw.

VOLUME OF INSURANCE WRITTEN

The volume of FHA insurance written under each of the principal programs—home mortgages, project mortgages, and property improvement

TABLE III-4.—*Privately financed nonfarm dwelling units started under FHA programs compared with total for United States, 1935–62*

Home mortgage programs

Year	Secs. 2 and 8[1]	Sec. 203	Sec. 220	Sec. 221	Sec. 222	Sec. 603	Sec. 809	Sec. 903	Total home units
1935		13,220							13,226
1936		48,752							48,752
1937		56,980							56,980
1938	5,845	100,966							106,811
1939	10,783	133,874							144,657
1940	10,194	166,451							176,645
1941	9,145	180,166				27,790			217,091
1942	4,010	41,578				114,616			160,204
1943	307	338				125,474			126,110
1944		208				83,396			83,604
1945		17,049				21,848			38,897
1946		44,244				22,878			67,122
1947	217	20,884				157,168			178,269
1948	3,006	82,979				130,464			216,449
1949	3,261	241,559				7,806			252,626
1950	3,191	324,037				117			328,246
1951	3,357	177,435						132	180,924
1952	5,533	190,973						32,570	229,085
1953	4,572	181,436						30,501	216,509
1954	22,643	220,189			5			8,073	250,910
1955	206	267,411			320			610	268,655
1956	2	182,371	230	8	487		252		183,350
1957		146,917	627	1,208	343		1,031		150,126
1958		260,803	545	7,444	683		725		270,290
1959		298,607	144	6,890	896		408		307,035
1960		217,439	384	6,690	678		545		225,736
1961		192,803	383	4,797	643		130		198,756
1962		184,754	217	11,496	659		200		197,326
Total	92,362	3,995,499	2,530	38,533	4,723	691,557	3,291	71,904	4,900,399

Project mortgage programs

Year	Sec. 207	Sec. 213 Sales type	Sec. 213 Management type	Sec. 220	Sec. 221 Market rate	Sec. 221 Below Market rate	Sec. 231	Sec. 608	Sec. 611	Sec. 803[2]	Sec. 908	Total project units[2,3]	Total FHA units[2,3]	Total U.S. nonfarm units[4]	FHA as percent of U.S. total
1935	738											738	13,964	216,700	6.5
1936	624											624	49,376	304,200	16.2
1937	3,023											3,023	60,003	332,400	18.1
1938	11,930											11,930	118,741	399,300	29.7
1939	13,462											13,462	158,119	458,400	34.5
1940	3,446											3,446	180,091	529,600	34.0
1941	3,200											3,296	220,387	619,500	35.6
1942	1,163							4,295				5,458	165,662	301,200	55.0
1943	41							19,994				20,035	146,154	183,700	79.6
1944								9,655				9,655	93,259	138,700	67.2
1945	200							2,062				2,262	41,159	208,100	19.8
1946	41							1,870				1,911	69,033	662,500	10.4
1947								50,766				50,766	229,035	845,600	27.1
1948								77,610				77,610	294,059	913,500	32.2
1949	813							109,995	100	268		111,176	363,802	988,800	36.8
1950	2,277	141						143,331	372	12,315		158,436	486,681	1,352,200	36.0
1951	4,651	1,780	5,888					30,826	1,328	23,126		76,599	263,523	1,020,100	25.8
1952	7,342	3,791	6,338					5,895	37	24,030	3,374	60,816	279,901	1,068,500	26.2
1953	7,451	2,519	5,464					199	195	15,575	4,057	35,460	251,969	1,068,300	23.6
1954	11,856	3,569	2,659					28		6,313	972	25,307	276,307	1,201,700	23.0
1955	4,180	539	987							2,334		8,040	276,695	1,309,500	21.1
1956	557	1,302	2,129	1,082						919	2	5,991	189,341	1,093,900	17.3
1957	3,672	7,201	2,164	5,260								18,297	168,423	902,800	17.0
1958	14,015	3,801	2,956	3,083	1,292							25,147	295,437	1,141,500	25.9
1959	12,330	1,672	2,700	7,207	1,520							25,438	332,473	1,494,600	22.2
1960	17,694	4,242	3,735	5,232	1,802		2,418					35,213	260,949	1,230,100	21.2
1961	24,188	3,648	6,113	4,334	1,206		6,070					45,559	244,315	1,284,800	19.0
1962	29,608	732	9,277	9,920	1,332	2,989	9,662					63,520	260,846	1,429,000	18.3
Total	178,598	34,937	50,410	36,118	7,251	2,989	18,150	405,526	2,032	84,889	8,405	889,305	5,789,704	22,788,200	25.4

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

[2] Excludes Sec. 803 Armed Services projects, classified as public housing: during 1955, 420 units; 1956, 5,399 units; 1957, 24,872 units; 1958, 41,700 units; 1959, 16,184 units; 1960, 12,682 units; 1961, 13,903 units; and 1962, 2,732 units.

[3] Excludes Sec. 232, expressed as number of beds: during 1960, 80 beds; 1961, 2,269 beds; and 1962, 7,000 beds.

[4] Total number of privately financed nonfarm dwelling units started during 1935–58 estimated by the Bureau of Labor Statistics and during 1959–62, estimated by the Bureau of the Census.

loans—is summarized in this section of the report. The presentation includes detailed information regarding activity under each of the pertinent sections of the National Housing Act.

Home Mortgages

In 1962, FHA home mortgage insurance was available under a number of Title II programs, including under Section 203—the principal home mortgage insurance program, established by the National Housing Act in 1934—provision for insurance under subsection (b) for regular homes, under subsection (h) for disaster housing, under subsection (i) for moderate-cost and suburban farm homes, and under subsection (k) for home improvements. Other programs available under Title II included: Section 213, individual homes released from Section 213 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 low-income families and families relocated from urban renewal projects or displaced by other governmental action; Section 222, career servicemen's homes; Section 223, homes involved in public housing disposition or covered by refinancing of certain existing-home mortgages or by mortgages taken by FHA in connection with the sale of acquired properties; Section 225, "open-end" advances of existing FHA-insured mortgages; Section 233, experimental housing; and Section 234, 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. Under the provisions of Section 810, established in 1959, mortgage insurance will eventually become available for homes released for sale from rental projects built under that section for military personnel and essential civilian personnel serving or employed in connection with an installation of one of the armed services. However, these dwellings cannot be released from the project for five years after initial occupancy unless the Commissioner deems it necessary.

FHA insured a total of 405,100 home dwelling units in 1962 for an aggregate amount of $5.3 billion. New homes accounted for 132,000 units with mortgages involving $1.8 billion, and existing homes for 273,000 units with mortgages amounting to $3.4 billion (Table III-5). In comparison with 1961, the volume increased by 8 percent in term of units, and by 11 percent in terms of mortgage amount. Proposed home units insured declined by less than 1 percent, but rose by 4 percent in mortgage amount. Existing-home mortgage insurance increased 12 percent in number of units, and nearly 15 percent in amount.

Since 1955, existing-home units insured have surpassed those for new-home insurance, until in recent years they have accounted for nearly two-thirds of all home units endorsed (Chart III-3.)

The average mortgage amounts for both new and existing homes continued their steady uptrend in 1962, reaching $14,000 for new homes—4 percent above 1961, and $13,500 for existing homes—3 percent above 1961. These larger average mortgages reflect not only the rising values of FHA-insured homes, but also the fact that 1962 was the first full year in which the increased loan-to-value ratios, increased maximum mortgage amounts, and longer terms allowed by the Housing Act of 1961 were in effect.

A complete summary of FHA home mortgage insurance written from 1935 through 1962 is shown

CHART III-3

VOLUME OF HOME MORTGAGES INSURED, 1935–62

Under all home mortgage programs of FHA

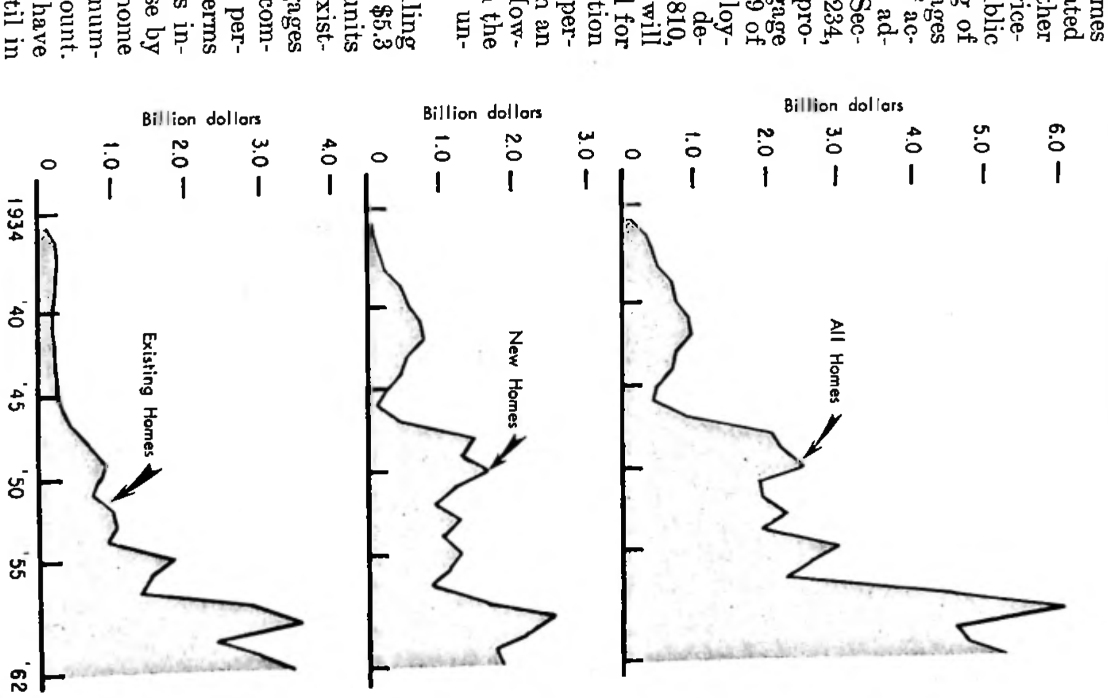


TABLE III-5.—*Home mortgages insured by FHA, 1935–62*

[Dollar amounts in thousands]

Year	Grand total[1] Units	Grand total[1] Amount	Total new construction Units	Total new construction Amount	New construction: Sec. 2 and 8[2] Units	Sec. 2 and 8[2] Amount	Sec. 203[3] Units	Sec. 203[3] Amount	Sec. 220 Units	Sec. 220 Amount	Sec. 221 Units	Sec. 221 Amount	Sec. 222 Units	Sec. 222 Amount	Sec. 603 Units	Sec. 603 Amount	Sec. 809 Units	Sec. 809 Amount	Sec. 903 Units	Sec. 903 Amount
1935–39	513,615	$2,007,777	235,391	$1,012,500	16,628	$37,914	218,763	$974,676												
1940–44	981,388	4,116,585	738,051	3,117,345	22,373	61,888	399,467	1,792,224	----	----	----	----	----	----	316,211	$1,263,233	----	----	----	----
1945–49	970,451	6,116,764	540,390	3,603,452	5,501	20,452	187,002	1,324,183	----	----	----	----	----	----	347,803	2,258,816	----	----	----	----
1950	351,528	2,492,307	225,200	1,636,078	1,750	7,428	221,381	1,613,725	----	----	----	----	----	----	2,129	15,525	----	----	----	----
1951	261,231	1,928,433	161,673	1,215,535	6,100	28,514	155,116	1,187,402	----	----	----	----	----	----	23	184	----	----	----	----
1952	246,100	1,942,307	122,764	968,613	5,015	29,112	102,695	831,748	----	----	----	----	----	----	----	----	----	----	14,440	$107,716
1953	272,209	2,288,626	151,777	1,258,558	4,276	21,393	121,881	1,038,234	----	----	----	----	----	----	----	----	----	----	25,520	198,933
1954	222,665	1,942,266	121,847	1,035,360	15,826	89,007	85,184	777,067	----	----	----	----	----	----	----	----	----	----	20,836	169,340
1955	318,454	3,084,767	131,116	1,260,179	5,705	32,259	120,450	1,188,320	----	----	----	----	1,608	$20,676	----	----	----	----	3,344	27,915
1956	253,300	2,038,230	105,315	1,132,930	130	775	101,454	1,087,690	57	$598	1	$9	2,750	35,629	----	----	5	$65	909	8,150
1957	202,454	2,251,064	74,602	880,143	8	46	70,252	823,824	455	4,887	168	1,351	3,138	43,182	----	----	553	6,671	33	294
1958	389,450	4,551,483	133,829	1,665,886	----	----	123,588	1,544,654	540	6,115	3,416	31,339	5,432	72,902	----	----	853	10,875	----	----
1959	505,403	6,060,418	200,222	2,562,011	----	----	182,648	2,357,042	204	2,001	6,623	59,740	9,079	120,707	----	----	1,068	13,965	----	----
1960	373,261	4,600,506	168,720	2,197,362	----	----	149,414	1,967,603	158	1,500	7,498	68,176	10,627	146,000	----	----	1,023	13,897	----	----
1961	376,248	4,765,216	132,248	1,782,890	----	----	119,046	1,621,908	310	3,944	5,246	50,575	7,375	102,441	----	----	271	4,091	----	----
1962	405,131	5,270,839	132,101	1,849,368	----	----	115,576	1,652,281	380	4,738	10,443	110,200	5,450	78,152	----	----	244	3,933	----	----
Total	6,052,077	56,066,037	3,375,321	27,188,514	84,031	328,676	2,474,326	21,782,509	2,104	23,962	33,385	321,464	46,068	628,846	666,290	3,537,18[illegible]	4,017	53,437	65,091	512,348

Year	Total existing construction[4] Units	Total existing construction[4] Amount	Existing or refinanced construction: Sec. 8 Units	Sec. 8 Amount	Sec. 203 homes Units	Sec. 203 homes Amount	203(k) improvements Units	203(k) improvements Amount	Sec. 213 Units	Sec. 213 Amount	Sec. 220[5] Units	Sec. 220[5] Amount	Sec. 221 Units	Sec. 221 Amount	Sec. 222 Units	Sec. 222 Amount	Sec. 603 and 603–610 Units	Sec. 603 and 603–610 Amount	Sec. 611 Units	Sec. 611 Amount	Sec. 809 Units	Sec. 809 Amount	Sec. 903 Units	Sec. 903 Amount
1935–39	278,224	$995,187	----	----	278,224	$995,187																		
1940–44	243,337	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	706,196	----	----	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	201	69	516	----	----	113	$819
1953	120,522	1,030,068	103	553	117,260	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	115,920	----	----	----	----	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	42,264	39	204	1,814	16,650	8,524	117,969	----	----	----	----	503	7,222	----	----
1961	244,000	2,982,317	----	----	228,795	2,782,937	8	$25	2,952	40,711	59	507	2,206	21,758	9,358	128,352	----	----	----	----	532	8,021	----	----
1962	273,030	3,421,472	----	----	247,637	3,117,091	551	2,925	1,221	20,405	120	910	12,951	131,973	9,782	136,013	----	----	----	----	768	12,151	----	----
Total	3,276,756	28,878,124	429	2,195	3,118,696	27,138,759	559	2,950	31,888	385,282	267	2,025	19,530	191,767	72,829	982,347	28,864	124,140	75	556	2,999	43,058	611	4,922

[1] For total number and amount of mortgages insured under each section in 1961, 1962, and cumulatively through 1962, see Table III–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, 13,621 for $106,600,750 in 1960, 6,564 for $56,281,200 in 1961, 2,118 for $18,240,150 in 1962.

[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, $3,400 for 1962.

[5] Includes improvement loans under Sec. 220(h): 2 units for $6,000 in 1962.

in Table III–5 by sections of the National Housing Act. The following table shows the relative volumes of insurance written in 1962 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	89.7	90.5	87.5	89.3	90.7	91.1
203(k)	.1	.1	----	----	.2	.1
213	.3	.4	----	----	.4	.6
220	.1	.1	.3	.3	(1)	(1)
221	5.8	4.6	7.9	6.0	4.7	3.9
222	3.8	4.1	4.1	4.2	3.6	4.0
809	.2	.3	.2	.2	.3	.4
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] Less than 0.05 percent.

Section 203, the principal home mortgage insurance program, as previously noted, accounted for about 90 percent of both the units and the dollar amount of home mortgages insured. This was almost 3 percentage points below the 1961 proportion, resulting primarily from a sharp increase in the percentage of Section 221 home mortgages insured.

The Section 203 data presented in Table III–5 include mortgages insured under Section 203(i), which provides for insurance of mortgages on low-cost suburban and farm homes. In 1962, mortgages insured under this program involved 2,100 new units and $18 million, down from 6,600 units on which mortgages were insured in 1961 for $56 million.

The year 1962 witnessed the first full year of operations under the new Section 203(k) home improvement loan program. Insurance written under this program covered 551 units for about $3 million, but amounted to less than one-tenth of 1 percent of FHA home insurance business in 1962.

The general decline in the volume of new-home insurance in 1962 was reflected in all programs except Section 220, which showed an increase of 23 percent in the number of units insured, and Section 221, which doubled in volume over 1961. In comparison, all programs shared in the increase over 1961 in volume of existing units insured, except cooperative sales under Section 213, which suffered a decline of more than one-half.

The disposition of Section 203 home mortgage applications for 1962 and selected earlier years is shown in Table III–6. The 1962 totals showed a decline of nearly 2 percentage points in rejected applications to 8.6 percent, an increase of over 5 percentage points in the proportion of expired commitments to 44.8 percent, and a 4 percentage point drop to 46.6 percent in cases closed by insurance. Since closing by rejection of applications, expiration of commitments, or insurance of mortgages in any one year may be affected by occurrences in the previous year, due to the normal time lags involved in processing FHA cases as well as outside influences in the housing market, slight variations in these percentages from year to year may not be particularly significant. However, the trend of closing over the years is accurately portrayed in this table. As can be seen by the high level of expirations (44.8 percent in 1962) builders and lenders often use FHA commitments as a means of obtaining FHA appraisals, construction financing, or FHA construction inspections. These practices have been increasing for existing construction in recent years, causing these expirations to exceed those for new construction in 1962 for the second time in the last four years.

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

Year	Number of cases closed	Percent of cases closed by— Rejection of application[1]	Expiration of commitment[1,2]	Insurance of mortgage
Total construction				
1946	145,500	16.2	37.9	45.9
1950	539,640	10.4	26.9	62.7
1954	357,920	14.6	36.3	49.1
1955	584,779	10.4	39.2	50.4
1956	498,964	7.2	45.7	47.1
1957	422,006	8.8	48.1	43.1
1958	631,104	10.1	33.9	56.0
1959	831,746	6.6	38.0	55.4
1960	681,070	6.6	44.5	48.9
1961	679,048	10.5	39.4	50.1
1962	761,492	8.6	44.8	46.6
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
1962	222,848	5.2	43.1	51.7
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
1962	538,644	10.0	45.6	44.4

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

Project Mortgages

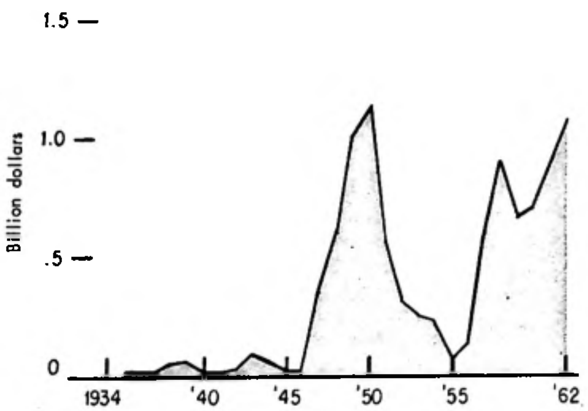
Multifamily housing mortgage insurance in 1962 was available under the following titles and sections of the National Housing Act: Title II, Section 207, covering new and rehabilitated rental housing, trailer courts, public housing sold by certain Federal or State agencies, refinanced Section 608 or 908 mortgages, and sales of Commissioner-held mortgages and properties; Section 213, cooperative housing, including supplementary loans to management-type cooperatives for rehabilitating existing projects; Section 220, redevelopment housing, including improvement loans; Section 221, rental and cooperative housing for families of low and moderate income, and relocation housing; Section 231, housing for the elderly; Section 232, nursing homes; and Section 233, experimental housing. Under Title VIII insurance was available for Section 803 armed services housing, and Section 810 rental housing on military installations. Also authorized, but not used, was the provision for yield insurance under Title VII, Section 701. The provisions of most of these programs are summarized briefly on pages v–vi of this report.

FHA project mortgage insurance in 1962 rose to 65,200 units—some 10 percent above 1961—with the total mortgage amount increasing by 17 percent to $1.1 billion—the first billion dollar year since 1950 (Table III–7). The average mortgage amount increased to $16,700, 7.1 percent above the $15,600 reported for 1961.

CHART III-4

VOLUME OF MULTIFAMILY MORTGAGES INSURED, 1935–62

Under all project mortgage programs of FHA



Multifamily housing mortgage insurance constituted 15 percent of the aggregate amount of all mortgages and loans insured in 1962, compared with 14 percent in 1961 and 11 percent in 1960.

The largest volume of multifamily project mortgage insurance written during the year under under any of the individual sections of the National Housing Act was reported under Section 207, which accounted for 28,100 units and an aggregate mortgage amount of $485 million, this volume representing over 43 percent of all multifamily units insured and a slightly higher proportion of the total mortgage amount. Besides the 26,300 regular apartment units insured under this section, there were 1,063 spaces in 5 mobile home courts mortgaged at $1.7 million, and 371 units in the disposition of public housing projects mortgaged at $1.9 million. Section 207 is the only project mortgage program that has been in continuous operation since 1935. By the end of 1962 it had accounted for nearly $2.0 billion in mortgages insured or about 20 percent of the total multifamily insurance volume—some 4 percentage points higher than reported a year earlier.

Mortgage insurance of cooperative housing projects under Section 213 in 1962 increased by 13 percent in dwelling units and 3 percent in amount over 1961. The 10,200 units insured and $153.8 million in mortgage amount represented a record year for this program. Of the total, newly-constructed management-type cooperatives accounted for 7,800 units ($124.5 million), and existing structures purchased by management-type cooperatives for 1,500 units ($13.2 million). Included in the management-type cooperative total were 3,300 units ($59.1 million) representing investor-sponsored cooperatives. (An investor-sponsor is permitted to construct a project prior to the formation of the cooperative. This allows the project to be marketed without delay and gives prospective members an opportunity to inspect the structure. Such projects are expected to be sold to a management-type cooperative group within two years after completion. Under these provisions, a total of 118 projects containing 16,500 units had been insured through 1962, of which 44 involving 5,900 units were reported sold to management-type groups.)

Although the total management-type project units insured under Section 213 in 1962 set a record for the twelve years in which the program has been active, the volume of sales-type cooperatives insured dropped to the lowest total since 1955, covering some 900 units for $16.1 million in mortgages insured. This represented a decline from 1961 of nearly 70 percent in units and 63 percent in amount insured. Sales-type cooperatives consist of single-family dwellings constructed for release to individual cooperative members. Upon release, these homes may be insured under the single-family provisions of Section 213, or under Section 203, or they may be conventionally financed. The single-family provisions of Section 213 were amended by the Housing Act of 1961 to reduce the 40-year maximum term to 35 years, and at the same time the maximum term under Section 203 was increased from 30 years to 35 years. This has undoubtedly been a factor in the decline in popularity of the cooperative homes program.

Through 1962, Section 213 cooperative project mortgage insurance written totaled over $1.0 billion and covered 83,700 units. Nearly five-eighths of the total ($648.0 million involving 51,000 units) represented management-type cooperatives, while the remaining $396.0 million was secured by 32,600 units in sales-type cooperatives. Most of the latter type units were subsequently refinanced under the individual mortgage provisions of Section 213 upon dissolution of the mortgagor corporations following completion of the projects.

Section 220, urban renewal project mortgage insurance, became the third largest program in

TABLE III–7.—*Multifamily housing mortgages insured by FHA, 1935–62*

[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															33,944	$145,436
1940–44	45,751	188,446	41,890	174,187	7,946	28,752															257,723	1,986,212
1945–49	265,213	2,022,878	260,592	2,008,452	1,054	8,519															135,076	1,007,996
1950	154,597	1,156.681	153,477	1,154,680	2,514	18,065	285	$2,691													33,799	259,937
1951	74,207	583,774	73,333	577,545	4,890	33,201	1,928	17,726	6,067	$55,194											3,457	29,634
1952	39,839	321,911	39,839	321,911	6,043	41,843	3,681	35,788	6,093	55,913												
1953	30,701	259,194	30,701	259,194	7,175	53,839	1,916	20,926	5,664	53,954												
1954	28,257	234,022	28,257	234,022	11,442	92,928	3,665	32,145	2,555	24,273												
1955	9,431	76,489	8,639	73,347	4,316	35,916	636	4,855	909	8,999												
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	33,416	5,161	59,920										
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	1,396	19,795	3,057	45,881	7,627	100,865	1,535	13,166			207	$2,067				
1960	49,101	723,501	47,974	717,904	18,610	266,758	3,378	47,240	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	379,930	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		
1962	65,197	1,087,132	61,456	1,047,800	27,326	478,867	933	16,123	7,819	124,490	9,092	177,537	1,197	10,413	3,182	40,006	8,261	105,061	(5,587)	35,268		
Total	1,015,153	10,007,474	997,089	9,909,778	174,743	1,919,689	32,637	396,000	49,199	631,332	35,369	540,478	7,105	60,698	3,502	42,442	16,612	195,838	(7,088)	43,385	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				Sec. 231		Sec. 232		Sec. 608[3]	
			Military		Armed services												Market rate		Below market rate							
	Units	Amount	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									3,861	$14,259	3,267	$11,444													594	$2,815
1940–44									4,621	14,426	1,344	5,142													3,277	9,284
1945–49	275	$1,650	1,540	$12,071					1,120	2,002															1,120	2,002
1950	473	2,877	15,120	123,052					874	6,229															874	6,229
1951	966	5,832	25,683	205,653																						
1952	125	706	17,233	135,842			3,207	$22,186																		
1953	145	920	12,181	100,568			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	702	3,143														
1956			982	8,410	5,300	70,055			244	662	208	370	36	$202												
1957			584	3,057	24,872	381,701			221	831	221	831														
1958					41,700	626,302			107	463	107	403														
1959					16,068	305,730			344	1,297	334	1,232					10	$65								
1960					12,080	211,381			1,127	5,507	837	2,631	210	2,210							74	$666				
1961					14,001	227,844			1,017	9,545	274	1,437	108	941	52	$304					583	6,165	(300)	$698		
1962					3,646	59,040			3,741	39,332	763	6,135	1,473	13,205	250	2,083	5	53	685	$6,417	575	6,051	(1,048)	5,388		
Total	1,984	11,091	84,883	683,143	118,840	1,887,309	8,485	63,427	18,004	97,696	8,137	32,827	1,828	16,648	302	2,387	15	118	685	6,417	1,232	12,883	(1,348)	6,086	5,865	20,330

[1] For total number and amount of mortgages insured under each section in 1961, 1962, and cumulatively through 1962 see Table 2.

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

[3] Includes Sec. 608–610.

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1962 in the number of dwelling units endorsed (9,300), and second largest in total mortgage amounts ($179.6 million). This represented an increase over 1961 of 74 percent in the number of dwelling units insured and a doubling of the dollar volume.

The volume of Section 221 project mortgage insurance written in 1962 amounted to $57.0 million and involved 5,100 units—over 7 times the amount written in 1961. Most of this marked increase occurred under the special provisions added by the Housing Act of 1961 which allowed projects to be built with mortgages carrying below-market interest rates for families with limited incomes. This program is described more fully in Section I of this report. Insurance written under the "market interest rate" provisions of Section 221 involved $10.5 million and 1,200 dwelling units, while endorsements under the "below-market rate" program involved $46.5 million and 3,900 dwelling units.

Mortgage insurance written under Section 231 covering project dwelling units in housing for the elderly also grew substantially in importance in 1962, with nearly 8,800 units mortgaged for an aggregate of $111.1 million, well over 90 percent of which was in new construction. The dollar volume of insurance written under this section in 4 years of operation amounted to $208.7 million, over half of which was reported for 1962. This section of the Housing Act includes separate provisions for sponsors of projects who represent either non-profit or profitmaking organizations. Since religious organizations make up a high percentage of the sponsors of these projects, the non-profit provisions of this program have been utilized to a much greater extent, accounting for over $156.6 million in mortgages and 13,400 dwelling units through 1962, as opposed to $52.1 million for 4,500 dwelling units in profit-motivated projects. Prior to the enactment of Section 231, mortgage insurance for elderly housing projects was written under special provisions of Section 207 for non-profit organizations only. Mortgage insurance written under these earlier provisions produced 3,400 units with mortgages of $28.9 million.

Section 232 nursing home mortgages insured in 1962 contemplated the provision of 6,600 bed accommodations and involved some $40.7 million in mortgages, nearly five times the dollar volume insured in 1961. The provisions for insurance under this program were relaxed somewhat by the 1961 legislation allowing increases in maximum mortgage amounts. However, since both Section 231 and 232 are relatively new programs, the sharp increases in insurance volume in 1962 probably reflect the approaching development of these programs to their full potential, rather than changes in social or economic conditions that would stimulate construction of these projects.

Armed Services Housing mortgages insured under Section 803 covered 3,600 units and mortgage amounts of $59.9 million in 1962. Some 900 of these units amounting to $14.4 million were projects refinanced after they were abandoned by the builder and the mortgages were assigned to FHA. Compared with 1961, total insurance written declined 74 percent in both number of units and total mortgage amount.

Under the provisions of the National Housing Act, FHA's authority to issue commitments under Section 803 expired effective October 1, 1962. Housing insured since the inception of the present armed services provisions of this section in 1955 totaled 118,800 units with mortgage amounts of $1.9 billion, through the end of 1962. From 1949 to 1955, housing for armed forces personnel was authorized under the earlier military housing provisions of Section 803, which differed mainly in that the mortgagors were private individuals or corporations rather than the armed services involved. This earlier Section 803 program provided for a total of 84,900 dwelling units, with mortgage amounts of $683.1 million on or near military or atomic energy installations.

Title I Property Improvement Loans

Under Title I Section 2, FHA insures approved financial institutions against loss on loans made to improve existing properties or to build new non-residential structures. Approximately 98 percent of these loans require no security and are classified as consumer credit notes, based on the borrower's character and credit rating. Upon certification by the lender that a loan has been made in conformance with the FHA regulations, the Commissioner accepts the loan for insurance without investigation, but subject to examination and verification of eligibility for insurance if a claim for indemnification is later submitted. The portfolio of each institution is insured up to 10 percent of its aggregate amount of net proceeds outstanding, and individual claim payment is limited to 90 percent of the calculated principal loss sustained by the lender on a defaulted note. The volume of these improvement loans insured is shown in Table III–8, in aggregates prior to 1950, annually from 1950, and also cumulatively. During 1962 an average of 4,000 approved financial institutions submitted 798,600 loans with net proceeds totaling over $834 million. Compared with the volume insured in 1961, this is a decrease of 7 percent in number and 2 percent in proceeds. A trend comparison of the volume of net proceeds insured by years since 1934 is presented graphically in Chart III–5. Increasing yearly over the last decade, the average net proceeds of individual loans reached a new peak of $1,045 during 1962—an increase of 5 percent over 1961. By the end of 1962 a cumulative total of over 26 million loans with net proceeds aggregating $15 billion had been insured.

TABLE III–8.—*Title I improvement loans insured by FHA, 1934–62*

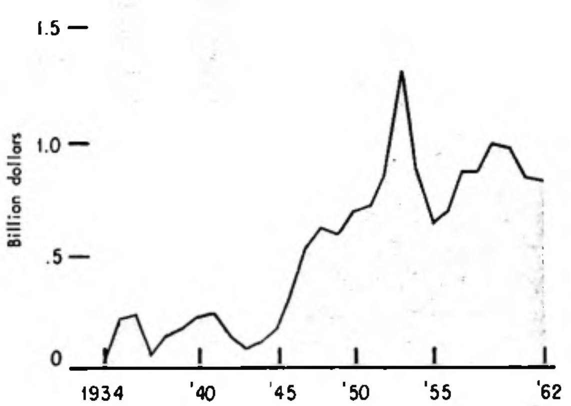
Year	Annual			Cumulative		
	Number	Net proceeds (000)	Average	Number	Net proceeds (000)	Average
1934–39	2,329,648	$821,332	$353	2,329,648	$821,332	$353
1940–44	2,458,920	770,782	313	4,788,568	1,592,115	332
1945–49	5,151,998	2,233,205	433	9,940,566	3,825,320	385
1950	1,447,101	693,761	479	11,387,667	4,519,081	397
1951	1,437,764	707,070	492	12,825,431	5,226,151	407
1952 [1]	1,495,741	848,327	567	14,321,172	6,074,478	424
1953 [1]	2,244,227	1,334,287	595	16,565,399	7,408,765	447
1954	1,506,480	890,606	591	18,071,879	8,299,372	459
1955	1,024,698	645,645	630	19,096,577	8,945,017	468
1956	1,013,086	691,992	683	20,109,663	9,637,008	479
1957	1,111,962	868,568	781	21,221,625	10,505,576	495
1958	1,038,315	868,443	836	22,259,940	11,374,019	511
1959	1,096,635	996,042	909	23,356,575	12,370,601	530
1960	1,011,858	982,405	971	24,368,433	13,353,067	548
1961	855,582	854,859	999	25,224,015	14,207,926	563
1962	798,623	834,460	1,045	26,022,638	15,042,386	578

[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.

CHART III–5

VOLUME OF PROPERTY IMPROVEMENT LOANS INSURED, 1934–62

Under the Title I program—excludes small homes



STATE DISTRIBUTION OF FHA INSURANCE WRITTEN

The distribution of FHA insurance activity by State location of the properties involved is presented in this portion of the report. Many factors influence the size of FHA business in the various States—some of the more basic being variations in the demand for housing and home improvements and the size and condition of the housing inventory in relation to population size and growth and general economic conditions. Other important factors that influence the volume of FHA activity in different localities are the availability of mortgage money, and the financing policies and practices of both borrowers and lenders.

Insurance Written in 1962

All Programs.—The volume of insurance written during 1962 under each of the principal program categories is presented in Table III–9 by State location of property. California properties secured the largest volume of mortgages and loans reported for any State during the year, accounting for nearly $1.1 billion. New York, although ranking second in total insurance written with $680 million, was first in the volume of project mortgages ($308 million) and Title I property improvement loans ($112 million). Home mortgage insurance predominated in almost all the States and major possessions except New York, the District of Columbia, and the Canal Zone, where multifamily projects represented the largest proportion of total business.

Home Mortgage Programs.—The leading State in home mortgages insured in 1962 was California with 57,400 mortgages aggregating $868 million. Texas with 29,100 cases for $340 million ranked second. Florida and Michigan, which were third and fourth, respectively, each reported over 20,000 cases (Table III–9).

The distribution by State location of properties for each of the home mortgage insurance programs established by the National Housing Act is shown in Table III–10. California led in the amount of both new- and existing-home mortgages insured, its existing-home volume ($650 million) being almost three times as large as the $218 million reported for newly-constructed dwellings. Texas ranked second in new-home mortgages ($162 million), followed closely by Florida ($153 million). In no other State was more than $100 million in new-home mortgages insured during 1962. New York was a distant second in the amount of existing-home endorsements ($208 million), with Washington fairly close behind ($192 million). The 1962 existing-home mortgage dollar volume insured exceeded the new-home volume in all areas except Alaska, Arizona, Florida, Hawaii, Mississippi, Puerto Rico and the Virgin Islands.

The largest volumes of mortgages insured in 1962 were reported under the regular home mortgage provisions of Section 203 for both new and existing homes. Insurance activity under the special-purpose programs was relatively small and, in the case of Section 213 sales-type cooperative housing, was concentrated mostly in Florida and California. Section 809 civilian housing at military research installations was almost all confined to Alabama, while Section 220 urban renewal and Section 221 relocation and low cost homes were fairly well dispersed among the various States.

Project Mortgage Programs.—Of the 65,200 multifamily dwelling units insured in 1962, some 16,500 units or over 25 percent were located in New York State. California, the second ranking State in volume of project units insured, reported 9,700 units, or 15 percent of the total. Multifamily project mortgages were insured in 42 States, the District of Columbia, the Canal Zone, and Puerto Rico in 1962.

Section 207 accounted for 28,100 units insured, or 43 percent of the total. Over 43 percent of

TABLE III-9.—*Volume of FHA-insured mortgages and loans, by State location of property, 1962*

[Dollar amounts in thousands]

State	Total amount	Home mortgages [1]		Project mortgages [1]		Property improvement loans	
		Number	Amount	Units [2]	Amount	Number	Net proceeds
Alabama	$98,273	6,720	$89,233	12	$557	8,048	$8,483
Alaska	13,151	479	12,410	----	----	435	741
Arizona	174,015	9,903	127,204	2,924	35,979	11,951	10,832
Arkansas	51,573	3,159	37,768	458	7,495	7,452	6,310
California	1,052,223	57,446	867,930	9,666	159,677	21,890	24,616
Colorado	87,508	5,115	73,339	253	3,265	10,928	10,904
Connecticut	101,503	5,580	80,864	1,045	16,470	2,769	4,169
Delaware	37,290	2,440	32,720	231	4,456	85	115
District of Columbia	22,953	281	4,000	910	14,177	4,045	4,776
Florida	398,186	23,731	298,864	4,301	69,838	31,311	29,485
Georgia	132,686	8,609	113,633	501	8,688	11,145	10,365
Hawaii	42,122	1,703	30,730	699	11,387	6	5
Idaho	35,565	2,205	28,662	32	554	5,397	6,349
Illinois	218,845	6,429	89,725	4,750	81,873	45,430	47,247
Indiana	143,256	9,463	120,147	----	367	23,029	22,741
Iowa	54,889	3,124	41,121	----	222	13,190	13,546
Kansas	57,125	3,028	37,329	663	8,293	11,877	11,503
Kentucky	51,515	3,071	37,829	78	729	18,149	12,956
Louisiana	101,773	5,900	80,214	878	12,465	9,114	9,094
Maine	23,555	1,925	20,621	----	----	2,967	2,934
Maryland	138,158	8,237	116,900	462	7,900	12,787	13,357
Massachusetts	134,788	7,616	103,048	459	8,830	19,281	22,910
Michigan	354,760	20,080	249,262	1,768	34,440	68,856	71,058
Minnesota	116,075	5,924	86,661	216	3,894	26,858	25,520
Mississippi	55,939	3,952	47,500	321	4,089	5,527	4,350
Missouri	116,587	6,569	85,643	279	5,414	30,156	25,530
Montana	28,402	1,723	24,487	----	163	3,214	3,752
Nebraska	72,652	3,712	50,957	960	14,756	6,573	6,939
Nevada	68,432	3,484	56,832	1,071	10,660	073	940
New Hampshire	15,358	1,119	13,280	----	----	1,962	2,078
New Jersey	274,852	13,338	185,607	3,992	64,861	16,552	24,384
New Mexico	44,400	3,057	40,846	----	----	3,001	3,554
New York	679,942	18,558	260,074	16,450	307,843	81,767	112,026
North Carolina	62,514	3,632	44,542	231	3,547	16,364	14,424
North Dakota	15,509	480	6,304	382	6,185	2,854	3,019
Ohio	335,837	17,746	247,236	2,386	32,494	62,627	56,107
Oklahoma	125,492	9,140	108,629	173	3,200	12,385	13,603
Oregon	88,098	5,566	66,702	920	10,776	8,909	10,620
Pennsylvania	237,718	15,626	178,389	1,516	29,670	28,131	20,659
Rhode Island	30,283	2,441	28,717	----	----	1,499	1,565
South Carolina	44,252	3,267	37,520	200	3,936	3,047	2,796
South Dakota	19,160	1,194	14,450	102	1,642	2,833	3,068
Tennessee	117,708	7,902	94,732	496	7,782	19,372	15,193
Texas	434,978	29,099	339,975	2,094	33,028	63,023	61,974
Utah	53,595	3,118	46,038	164	638	6,576	6,920
Vermont	7,579	639	6,964	----	----	535	615
Virginia	159,400	9,181	134,880	981	14,821	10,733	9,700
Washington	288,298	18,234	245,645	895	12,461	25,965	30,192
West Virginia	22,556	1,167	16,293	----	----	6,018	6,263
Wisconsin	51,510	2,836	37,380	737	8,570	5,101	5,560
Wyoming	16,696	1,117	16,173	----	----	446	523
Canal Zone	3,145	----	----	200	3,145	----	----
Guam	37	3	33	----	----	5	4
Puerto Rico	107,944	8,826	91,349	594	7,607	4,854	8,988
Virgin Islands	387	26	353	----	----	20	34
Total [3]	7,229,334	398,920	5,307,742	65,197	1,087,132	798,623	834,460

[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 1962 including adjustments not distributed by States.

these units were located in New York, with the remainder scattered throughout 28 States, the District of Columbia, and Puerto Rico. Section 213, the second largest multifamily housing insurance program in terms of units (10,200), was concentrated in 10 States. Nearly 9,300 units or 91 percent were management-type cooperative units about one-half of which were located in California, with Florida and New York accounting for another 15 percent each. Insurance written under Sections 221 and 232 showed the greatest increase from 1961 to 1962 in the number of States participating. Section 221 spread from 5 States and the District of Columbia in 1961 to 17 States, the District of Columbia and Puerto Rico in 1962, while Section 232 activity spread from 13 to 31 States and the District of Columbia. Section 803, since it expired during 1962, showed activity in only 13 States as compared with 27 States and Puerto Rico in 1961. Table III-11 shows the State distributions of project mortgage insurance in 1962 for all programs combined as well as for the individual sections.

Title I Property Improvement Program.—The number and net proceeds of improvement loans insured by State location of property during 1962 are also shown in Table III-9. Improvements to properties in 3 States—New York, Michigan, and Texas—were responsible for approximately 30 percent of the total net proceeds insured. The largest amount, $112 million, was in New York, followed by Michigan with $71 million and Texas with $62 million. Although average net proceeds are not shown by States, they vary widely, ranging from a high average of $1,852 in Puerto Rico to a low of $554 in South Carolina.

TABLE III-10.—*Volume of FHA-insured new- and existing-home mortgages, by State location of property, by sections, 1962*

[Dollar amounts in thousands]

State	Total new construction			Section 203(i)	Section 203 other	Section 220	Section 221	Section 222	Section 809	Total existing construction			Section 203	Section 203(k)	Section 213	Section 220 [1]	Section 221	Section 222	Section 809
	Number	Units	Amount	Units	Units	Units	Units	Units	Units	Number	Units	Amount	Units	Units	Units	Units	Units	Units	Units
Alabama	2,004	2,007	$27,402	25	1,412	17	389	48	116	4,716	4,753	$61,832	3,861	4	----	----	106	133	649
Alaska	246	262	6,741	----	221	27	----	14	----	233	240	5,660	231	1	----	1	----	16	----
Arizona	5,591	5,612	75,103	15	5,306	2	53	203	33	4,312	4,369	52,100	3,998	22	145	1	31	167	5
Arkansas	1,370	1,377	17,354	31	983	4	319	40	----	1,789	1,806	20,414	1,674	5	----	9	60	58	----
California	12,944	13,002	218,272	38	12,162	65	288	437	12	44,502	45,233	649,658	41,783	93	430	38	1,417	1,426	46
Colorado	1,888	1,891	28,792	6	1,803	2	6	74	----	3,227	3,234	44,547	2,971	2	----	1	6	254	----
Connecticut	783	803	11,668	----	753	8	16	26	----	4,707	5,347	69,197	4,946	3	----	40	180	178	----
Delaware	926	947	13,779	----	821	----	101	25	----	1,514	1,518	18,941	1,414	----	----	----	76	28	----
District of Columbia	26	26	334	----	1	----	25	----	----	255	263	3,666	216	1	----	----	38	8	----
Florida	12,064	12,098	152,813	504	8,859	7	1,873	737	28	11,607	11,795	146,051	10,004	16	494	----	476	761	44
Georgia	2,688	2,688	36,558	82	2,081	3	353	169	----	5,921	5,960	77,074	5,424	5	----	----	103	428	----
Hawaii	1,287	1,287	22,690	----	1,035	----	208	44	----	410	416	8,030	343	----	----	----	5	68	----
Idaho	503	512	7,316	1	487	2	15	7	----	1,702	1,751	21,346	1,692	6	----	----	5	48	----
Illinois	2,286	2,291	34,166	53	1,811	42	356	29	----	4,143	4,219	55,559	3,447	10	----	1	551	210	----
Indiana	4,000	4,004	54,928	23	3,281	24	623	53	----	5,463	5,516	65,220	5,354	9	----	6	107	40	----
Iowa	1,036	1,041	14,505	4	928	----	102	7	----	2,088	2,088	26,616	2,050	----	----	----	19	10	----
Kansas	568	568	8,512	----	475	1	6	86	----	2,460	2,472	28,817	2,122	5	----	----	260	85	----
Kentucky	1,014	1,014	12,856	87	787	4	129	7	----	2,057	2,063	24,073	1,812	1	----	----	218	32	----
Louisiana	2,734	2,741	40,043	17	2,358	----	224	142	----	3,166	3,201	40,172	3,030	38	7	----	44	82	----
Maine	114	114	1,446	----	107	----	----	7	----	1,811	2,004	19,175	1,975	1	----	8	12	98	----
Maryland	3,327	3,347	51,025	17	3,106	2	2	220	----	4,010	4,963	65,875	4,304	5	1	----	305	348	----
Massachusetts	452	452	6,450	----	407	----	14	31	----	7,164	8,807	96,598	8,437	2	----	----	71	297	----
Michigan	6,893	6,899	92,624	35	5,916	12	891	45	----	13,187	13,901	156,630	12,913	29	----	10	889	60	----
Minnesota	1,396	1,396	21,932	----	1,373	----	12	11	----	4,528	4,601	64,729	4,526	16	----	----	18	41	----
Mississippi	2,098	2,107	27,162	8	1,852	----	137	110	----	1,854	1,862	20,339	1,676	2	----	----	82	102	----
Missouri	1,747	1,749	25,980	4	1,613	4	103	25	----	4,822	4,914	59,653	4,127	6	----	----	715	66	----
Montana	370	374	5,465	----	333	----	23	18	----	1,353	1,430	19,022	1,403	3	----	----	----	33	----
Nebraska	1,494	1,497	22,214	1	1,248	----	14	234	----	2,218	2,228	28,743	1,981	1	----	----	9	237	----
Nevada	1,665	1,669	27,240	----	1,625	3	----	41	----	1,819	1,855	20,583	1,720	----	100	----	----	26	----
New Hampshire	82	82	1,159	2	62	----	3	13	2	1,037	1,140	12,121	1,031	2	----	----	1	102	4
New Jersey	4,115	4,130	58,025	135	3,509	1	254	141	----	9,223	9,735	127,582	9,028	3	----	----	515	189	----
New Mexico	1,073	1,087	15,998	3	897	----	63	91	33	1,084	2,000	24,848	1,816	35	----	----	36	118	1
New York	3,676	3,703	52,317	123	3,460	5	173	26	----	14,882	17,121	207,756	16,703	60	----	2	111	146	----
North Carolina	1,440	1,443	18,619	32	1,263	----	112	36	----	2,192	2,197	25,923	2,127	2	----	----	3	65	----
North Dakota	117	117	1,641	13	99	----	5	----	----	363	369	4,663	353	1	8	----	----	7	----
Ohio	6,208	6,303	91,340	50	5,645	26	395	178	----	11,448	11,710	155,896	10,602	5	----	4	876	163	----
Oklahoma	3,097	3,101	41,683	4	2,709	1	100	188	----	6,043	6,049	66,046	5,717	3	----	----	110	219	----
Oregon	1,158	1,166	14,725	----	1,005	1	142	18	----	4,408	4,478	51,077	4,000	11	----	1	302	65	----
Pennsylvania	3,882	3,894	51,488	80	3,434	134	215	31	----	11,744	11,903	126,901	10,659	6	----	24	1,212	92	----
Rhode Island	218	220	2,817	----	180	----	10	21	----	2,223	2,663	25,901	2,280	2	----	----	----	381	----
South Carolina	1,121	1,127	14,130	31	847	----	33	210	----	2,146	2,170	23,381	1,817	5	----	----	40	308	----
South Dakota	422	426	5,069	3	337	7	61	18	----	772	780	8,781	707	1	----	----	58	14	----
Tennessee	3,133	3,136	40,104	48	2,507	14	462	80	16	4,760	4,829	54,628	4,316	6	----	1	380	96	21
Texas	12,658	12,681	161,900	106	9,981	100	1,761	733	----	16,441	16,588	178,070	14,307	44	----	14	1,340	883	----
Utah	1,354	1,374	21,110	1	1,324	----	----	49	----	1,764	1,782	24,928	1,737	4	----	----	----	41	----
Vermont	41	43	581	----	42	----	----	1	----	508	695	6,383	680	5	----	----	----	10	----
Virginia	2,207	2,208	35,350	3	1,774	37	51	343	----	6,074	6,907	99,524	5,820	10	----	----	118	1,049	----
Washington	3,539	3,554	53,593	16	3,331	6	39	162	----	14,095	14,055	102,052	12,550	8	----	8	1,830	553	----
West Virginia	108	108	3,068	----	189	----	8	1	----	909	983	13,224	970	8	----	----	1	4	----
Wisconsin	730	751	10,910	1	728	----	14	8	----	2,097	2,272	26,461	2,092	1	----	----	156	23	----
Wyoming	426	436	6,581	----	308	----	21	16	----	691	690	9,502	670	----	----	----	----	29	----
Guam	----	----	----	----	----	----	----	----	----	3	3	33	3	----	----	----	----	----	----
Puerto Rico	7,023	7,041	76,134	178	6,068	26	30	133	----	1,803	2,288	15,215	2,202	22	----	3	----	1	----
Virgin Islands	20	20	353	----	20	----	----	----	----	----	----	----	----	----	----	----	----	----	----
Total [2]	131,557	132,111	1,844,712	1,870	113,754	587	10,240	5,402	240	207,363	277,410	3,403,030	251,054	539	1,185	172	12,001	9,898	770

[1] Includes improvement loans under Sec. 220(h).
[2] Cases tabulated in 1962.

TABLE III–11.—*Volume of FHA-insured multifamily housing mortgages, by State location of projects, by sections, 1962*

[Dollar amounts in thousands]

State	All sections			Sec. 207		Sec. 213 Sales		Sec. 213 Management		Sec. 220		Sec. 221 Market rate		Sec. 221 Below-market rate		Sec. 231		Sec. 232		Sec. 809	
	No.	Units [1]	Amount	No.	Units	No.	Units	No.	Units	No.	Units	No.	Units	No.	Units	No.	Units	No.	Beds [1]	No.	Units
Alabama	2	12	$557					1	12									1	(81)		
Alaska																					
Arizona	28	2,924	35,979	7	666	5	138	1	40			9	582			5	1,498	1	(64)		
Arkansas	6	458	7,495	3	218									1	240			2	(150)		
California	125	9,666	159,677	21	1,621	20	494	60	4,377	2	944			4	599	9	1,431	8	(595)	1	200
Colorado	3	253	3,265	2	214											1	39				
Connecticut	15	1,045	16,470	4	333									4	399	1	63	4	(364)	2	250
Delaware	1	231	4,456	1	231																
District of Columbia	6	910	14,177	2	195					1	316			1	40	1	359	1	(184)		
Florida	41	4,301	69,838	9	1,737	17	199	9	1,417							3	948	3	(349)		
Georgia	4	501	8,688							1	201							1	(100)	2	300
Hawaii	2	699	11,387							1	582	1	117								
Idaho	2	32	554													1	32	1	(64)		
Illinois	17	4,750	81,873	5	1,692			2	022	5	2,136							5	(893)		
Indiana	1		367															1	(60)		
Iowa	1		222															1	(46)		
Kansas	5	663	8,293	1	422											2	241	2	(64)		
Kentucky	2	78	729											1	52	1	26				
Louisiana	7	878	12,465	2	140	1	7	2	454							2	277				
Maine																					
Maryland	4	462	7,900	1	154					2	308							1	(84)		
Massachusetts	6	459	8,830	2	230					1	79			1	150			2	(100)		
Michigan	21	1,768	34,440	4	657			1	96	2	428	1	121	5	466			8	(540)		
Minnesota	3	216	3,894	1	108											2	108				
Mississippi	2	321	4,089	1	115											1	206				
Missouri	3	279	5,414	1	160											1	119	1	(112)		
Montana	1		163															1	(42)		
Nebraska	11	960	14,756	4	296											5	664	2	(140)		
Nevada	10	1,071	10,660	4	701	3	107					1	113			1	150	1	(100)		
New Hampshire																					
New Jersey	26	3,992	64,861	19	2,947			4	586	1	83			1	376			1	(100)		
New Mexico																					
New York	89	16,450	307,843	68	12,214			8	1,403	7	2,828	1	5					5	(702)		
North Carolina	3	231	3,547											1	95			1	(71)	1	136
North Dakota	4	382	6,185																	4	382
Ohio	15	2,386	32,494	7	694					1	163			3	817	2	712	2	(94)		
Oklahoma	6	173	3,200	2	120											1	53	3	(238)		
Oregon	10	920	10,776	3	397					1	27	2	116			2	380	2	(96)		
Pennsylvania	9	1,516	29,670							2	1,116							3	(244)	4	400
Rhode Island																					
South Carolina	2	200	3,936															1	(108)	1	200
South Dakota	1	102	1,642																	1	102
Tennessee	7	496	7,782							1	114							2	(197)	4	382
Texas	18	2,094	33,028	3	425							1	42	1	160	5	1,177	6	(520)	2	200
Utah	2	164	638	1	164													1	(75)		
Vermont																					
Virginia	7	981	14,821	4	681															3	300
Washington	15	895	12,461	5	102					1	19			2	65	1	209			6	500
West Virginia																					
Wisconsin	11	737	8,570	6	335									1	264	2	138	2	(86)		
Wyoming																					
Canal Zone	1	200	3,145																	1	200
Puerto Rico	7	594	7,607	5	345							1	105	1	144						
Total	561	65,197	1,087,132	197	28,079	46	933	88	9,292	29	9,342	17	1,202	27	3,867	49	8,836	76	(6,635)	32	3,646

[1] Units under Sec. 232 are in terms of beds and are excluded from totals; no units are shown in the all sections column when activity was exclusively under Sec. 232.

Cumulative Insurance Written, 1934–62

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 1962 are presented in Table III–12. California continued to lead all other States in total cumulative volume of insurance written through that date with $10.6 billion, followed by New York with $7.4 billion. Over one-third of all FHA insurance activity has occurred in four States; California, New York, Michigan, and Texas, reflecting the position of these States among the leaders in population size and growth and the generally high percentage of their residents living in urban areas, where most FHA insurance activity occurs.

Home Mortgage Programs.—Table III–13 shows the State distribution of the total cumulative number and amount of FHA home mortgages insured from 1935 through 1962, along with the number of home mortgages insured for the individual sections of the National Housing Act. California continued to lead all other States in the cumulative amount of home mortgage insurance with $8.6 billion. Texas and Michigan also continued in second and third positions with $3.5 billion and $3.4 billion, respectively. These three States and New York are the only ones that have insured over $3 billion in home mortgages since the inception of the agency, and together they have accounted for one-third of the total dollar volume insured. Of the States, Vermont with $63 million recorded

TABLE III–12.—*Volume of FHA-insured mortgages and loans by State location of property, 1934–62*

[Dollar amounts in thousands]

State	Total amount	Home mortgages [1]		Project mortgages [1]		Property improvement loans	
		Number	Amount	Units	Amount	Number	Net proceeds
Alabama	$1,083,913	86,808	$787,632	14,016	$113,321	371,487	$182,960
Alaska	170,266	6,217	118,171	3,853	45,765	4,536	6,330
Arizona	1,392,222	114,292	1,066,203	16,674	169,521	242,706	156,497
Arkansas	615,728	59,254	462,950	4,773	57,147	180,038	95,630
California	10,629,400	969,883	8,588,824	87,372	929,433	2,390,236	1,111,203
Colorado	940,750	78,452	735,188	6,111	62,802	256,228	151,760
Connecticut	1,066,008	80,750	814,330	13,211	141,213	202,868	110,555
Delaware	286,924	20,975	220,273	5,950	59,130	15,696	7,521
District of Columbia	373,696	8,553	73,296	26,466	217,767	137,806	82,634
Florida	3,273,004	255,776	2,424,111	33,134	389,225	685,224	459,668
Georgia	1,534,284	123,979	1,127,776	27,570	228,387	337,121	178,121
Hawaii	305,857	21,678	254,817	10,198	137,889	4,125	3,151
Idaho	423,893	34,964	301,026	1,748	19,471	154,552	103,397
Illinois	3,129,047	219,000	1,797,340	34,870	373,076	1,581,251	959,231
Indiana	2,053,895	187,794	1,506,153	10,534	87,953	880,039	459,790
Iowa	782,834	62,998	545,527	2,676	24,287	373,014	213,020
Kansas	1,125,590	105,309	861,318	9,548	104,182	291,146	160,099
Kentucky	762,400	58,144	486,124	10,233	102,666	341,276	173,618
Louisiana	1,360,741	112,817	1,067,874	13,853	131,652	272,712	161,215
Maine	311,322	26,123	204,499	4,307	48,845	108,738	57,977
Maryland	1,521,176	99,324	889,335	46,877	341,834	559,761	290,006
Massachusetts	1,190,261	68,161	695,729	10,164	119,896	658,415	374,636
Michigan	4,887,716	398,265	3,400,577	23,905	265,863	2,184,921	1,221,277
Minnesota	1,160,011	71,317	707,154	8,288	73,160	675,639	379,698
Mississippi	557,874	50,553	418,837	5,174	52,913	169,146	86,123
Missouri	1,925,945	157,167	1,362,751	17,700	181,448	751,767	381,745
Montana	321,371	24,641	229,580	2,665	36,045	77,446	55,746
Nebraska	710,721	62,048	539,810	6,306	76,187	157,733	94,714
Nevada	378,239	25,577	294,853	4,898	58,614	33,190	24,773
New Hampshire	152,603	11,742	99,673	1,344	18,326	64,913	34,604
New Jersey	3,131,447	224,627	1,910,939	75,525	685,538	789,644	534,970
New Mexico	552,064	45,848	439,518	5,063	59,901	69,315	52,645
New York	7,383,627	329,878	3,062,424	200,950	2,232,915	2,796,110	2,088,288
North Carolina	1,009,616	77,314	635,969	23,878	194,305	308,204	179,341
North Dakota	162,381	7,349	68,232	3,655	57,845	56,256	36,304
Ohio	3,084,054	304,086	2,832,179	31,890	277,758	1,624,589	874,118
Oklahoma	1,443,231	144,905	1,153,265	7,384	78,449	375,421	211,517
Oregon	945,723	86,118	708,370	7,967	71,451	291,923	165,902
Pennsylvania	3,307,010	297,770	2,326,585	31,837	299,825	1,281,468	680,600
Rhode Island	269,630	22,904	211,270	1,528	17,355	78,656	41,004
South Carolina	602,376	56,110	436,231	11,252	105,896	119,312	60,249
South Dakota	240,988	21,744	175,597	2,365	27,569	57,829	37,822
Tennessee	1,441,953	120,306	1,076,795	13,759	98,793	547,567	266,365
Texas	4,826,145	427,027	3,504,574	44,433	384,302	1,612,930	937,269
Utah	692,264	58,584	530,189	2,674	21,042	251,781	141,033
Vermont	79,375	8,612	63,322	193	1,512	27,250	14,541
Virginia	1,913,453	144,876	1,336,977	50,762	376,726	370,258	199,750
Washington	2,668,918	246,951	2,092,793	16,196	166,209	671,710	409,915
West Virginia	356,652	33,651	263,074	900	5,383	142,721	88,195
Wisconsin	710,187	53,609	486,046	6,628	62,263	304,209	161,578
Wyoming	193,001	19,938	170,985	711	6,626	22,653	15,390
Canal Zone	8,544			530	8,544		
Guam	29,778	319	4,478	1,270	24,801	449	499
Puerto Rico	607,109	54,528	463,647	8,785	74,447	57,864	69,015
Virgin Islands	1,751	138	1,658			92	93
Total [2]	81,086,330	6,398,818	56,036,470	1,015,153	10,007,474	26,022,638	15,042,386

[1] For volume by sections see Tables 13 and 14.
[2] Based on cases tabulated through 1962, including adjustments not distributed by States, and excluding Sec. 609.

the lowest volume of cumulative home mortgages insured.

The ranking of States by the volume of home mortgage insurance is determined to a great degree by the volume of Section 203 business in each State, since this program has been the preponderant program in all areas. The now expired Section 603, which was used extensively in lieu of Section 203 during the immediate postwar years, as well as Sections 213, 222, and 903, also tended to correlate with the size of the population in the States, as demonstrated by California's leadership in these programs too. The special-purpose programs that require some Federal Governmental action before they can be implemented, such as Sections 220 and 809, showed almost no correlation between insurance activity and population. For example, Utah led in the number of Section 220 mortgages endorsed, while Alabama and Florida have reported the bulk of Section 809 insurance.

Project Mortgage Programs.—By the end of 1962, FHA had insured multifamily housing mortgages in all States, the District of Columbia, Guam, Puerto Rico, and the Canal Zone for a total of 1,015,000 units, exclusive of 8,400 bed accommodations in nursing home projects. Nearly 20 percent or 201,000 units were located in New York, with California second with 87,400 units and New Jersey third with 75,500 units. The leadership of these States in multifamily project insurance reflects, in addition to population size, growth, and urbanization, the size and density of their urban areas, which, in turn, influence land costs and scarcity and often occasion apartment development. A

TABLE III-13.—*Volume of FHA-insured home mortgages by State location of property, by section, 1935–62*

[Dollar amounts in thousands]

State	All sections: Number	All sections: Amount	Number of mortgages: Sec. 2 and Sec. 8	Sec. 203	Sec. 203(k)	Sec. 213	Sec. 220[1]	Sec. 221	Sec. 222	Sec. 603[2]	Sec. 611	Sec. 809	Sec. 903
Alabama	86,808	$787,632	916	67,009	4	45	94	3,511	1,473	9,836	------	3,197	723
Alaska	6,217	118,171	21	6,017	1	------	55	------	122	1	------	------	------
Arizona	114,292	1,066,203	2,672	94,007	21	6,476	3	272	1,162	7,132	50	164	2,333
Arkansas	59,254	462,950	273	50,343	5	552	134	773	1,214	5,377	------	------	583
California	969,883	8,588,824	15,283	789,853	93	10,954	176	2,153	16,007	126,012	25	244	9,083
Colorado	78,452	735,188	1,995	68,664	2	355	3	31	2,120	5,069	------	------	213
Connecticut	80,750	814,330	264	70,380	4	------	24	175	1,894	7,537	------	------	472
Delaware	20,975	220,273	41	17,695	------	------	------	247	172	2,631	------	------	189
District of Columbia	8,553	73,206	1	5,445	1	------	------	232	94	2,780	------	------	------
Florida	255,776	2,424,111	4,380	200,409	16	4,133	7	6,627	8,616	26,895	------	3,112	1,581
Georgia	123,979	1,127,776	1,568	96,132	5	57	3	4,338	5,328	13,350	------	------	3,198
Hawaii	21,678	254,817	6	19,089	------	306	17	421	1,023	544	------	------	272
Idaho	34,964	301,026	107	33,610	6	20	2	23	302	527	------	------	367
Illinois	219,090	1,797,340	3,065	188,938	10	------	51	1,138	1,033	21,975	------	------	2,880
Indiana	187,794	1,506,153	1,733	165,899	9	198	39	960	615	15,823	------	------	2,512
Iowa	62,998	545,527	905	58,113	------	351	------	154	208	2,551	------	------	716
Kansas	105,309	861,318	1,854	86,997	5	------	1	428	1,874	10,368	------	------	3,782
Kentucky	58,144	486,124	292	50,376	1	70	13	1,672	378	4,737	------	------	605
Louisiana	112,817	1,067,874	1,056	92,457	38	1,057	------	1,389	3,698	12,381	------	------	741
Maine	26,123	204,499	46	23,275	1	------	15	15	916	1,290	------	------	565
Maryland	99,324	889,335	1,728	78,255	5	125	2	314	3,530	14,409	------	------	956
Massachusetts	68,161	695,729	650	60,531	2	------	------	82	3,526	3,076	------	------	294
Michigan	398,265	3,400,577	7,273	343,197	29	1,791	46	3,305	740	41,334	------	------	550
Minnesota	71,317	707,154	401	64,620	16	771	------	32	426	4,810	------	------	241
Mississippi	50,553	418,837	752	43,055	2	------	------	373	1,483	4,168	------	------	720
Missouri	157,167	1,362,751	338	146,663	6	10	5	1,006	997	7,118	------	------	1,024
Montana	24,641	229,580	41	23,600	3	------	------	114	391	334	------	------	158
Nebraska	62,048	539,819	681	51,960	1	365	------	31	2,948	5,868	------	------	194
Nevada	25,577	294,853	69	21,124	------	1,361	3	97	247	1,925	------	------	751
New Hampshire	11,742	99,673	165	10,295	3	------	------	4	881	337	------	7	50
New Jersey	224,627	1,910,939	2,632	200,260	3	------	38	870	3,032	17,014	------	------	778
New Mexico	45,848	439,518	86	39,440	36	809	------	110	1,779	2,624	------	34	930
New York	329,878	3,062,424	9,111	293,289	68	------	7	369	2,308	23,699	------	------	1,027
North Carolina	77,314	635,970	657	64,123	2	------	------	993	1,161	8,829	------	------	1,549
North Dakota	7,349	68,232	10	6,907	1	66	------	11	75	162	------	------	117
Ohio	304,086	2,832,179	1,620	266,815	5	305	33	4,414	3,245	24,786	------	------	2,863
Oklahoma	144,905	1,153,265	1,866	119,177	4	666	1	219	3,830	17,741	------	------	1,401
Oregon	86,118	708,370	789	77,235	10	52	3	463	461	6,847	------	------	258
Pennsylvania	297,770	2,326,585	1,211	260,541	6	------	192	1,873	1,373	31,454	------	------	1,120
Rhode Island	22,904	211,270	51	19,333	2	------	------	11	2,169	1,263	------	------	75
South Carolina	56,110	436,231	664	42,212	5	25	------	108	4,392	6,378	------	------	2,326
South Dakota	21,744	175,597	206	19,838	1	------	7	120	874	520	------	------	178
Tennessee	129,396	1,076,795	1,131	104,643	6	398	57	4,264	1,398	16,050	------	237	1,206
Texas	427,027	3,504,574	9,553	346,555	47	173	126	4,164	10,892	52,145	------	------	3,372
Utah	58,584	530,189	177	48,767	4	225	999	1	457	7,920	------	------	34
Vermont	8,612	63,322	17	8,183	3	------	------	------	126	283	------	------	------
Virginia	144,876	1,336,977	3,289	106,810	10	25	37	1,340	11,941	18,898	------	------	2,526
Washington	246,951	2,092,793	1,873	217,408	7	19	4	1,984	4,730	20,143	------	------	783
West Virginia	33,651	263,074	141	32,049	8	9	------	94	25	1,325	------	------	------
Wisconsin	53,609	486,046	327	47,271	1	------	------	457	253	4,444	------	------	856
Wyoming	19,938	170,985	122	18,440	------	40	------	21	190	1,125	------	------	------
Guam	319	4,478	------	314	------	------	------	------	5	------	------	------	------
Puerto Rico	54,528	463,647	465	48,562	19	------	205	414	696	4,162	------	------	5
Virgin Islands	138	1,658	------	134	------	------	------	------	2	2	------	------	------
Total[3]	6,398,818	56,036,470	84,460	5,416,314	537	31,809	2,402	52,223	118,832	628,015	75	6,995	57,156

[1] Includes improvement loans under Sec. 220(h).
[2] Includes Sec. 603–610.
[3] Cases tabulated through 1962, including adjustments not distributed by States.

number of States with smaller populations rank fairly high in FHA multifamily project units insured because of the large number of military and armed services housing units built in their areas.

By programs, the Section 608 War and Veterans' Emergency Housing Program, although active for only a decade (1942–52) accounted for slightly less than half of all units insured in the United States and a high percentage of units insured in most States. New York was the leader in Section 608 projects with 86,400 units insured, followed by New Jersey with 51,500 and Maryland with 34,700. One or more projects were insured under Section 608 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 amount of project mortgage insurance, with 204,000 units or 20 percent of the total. California and Texas, both with extensive military installations, led in these units insured with 26,900 and 16,300, respectively. The remainder were scattered fairly evenly through all but 3 States and the District of Columbia. This section expired in October 1962 and, like Section 608, will gradually diminish in relation to total cumulative project insurance written. The regular Section 207 rental housing program authorized by the original National Housing Act in 1934 ranked third in the number of units insured through 1962 with 182,900 or 18 percent of the total. The cumulative volume of insurance written in each State for all multifamily housing programs is shown in Table III–14.

TABLE III-14.—*Volume of FHA-insured multifamily housing mortgages by State location of projects, by sections, 1935–62*

[Dollar amounts in thousands]

State	All sections: Number	All sections: Units	All sections: Amount	Number of units: Sec. 207	Sec. 213: Sales	Sec. 213: Management	Sec. 220	Sec. 221: Market rate	Sec. 221: Below market rate	Sec. 231	Sec. 232[1]	Sec. 608[2]	Sec. 611	Sec. 803: Military	Sec. 803: Armed services	Sec. 908
Alabama	255	14,616	$113,321	674	48	20	72	------	------	80	(81)	10,265	------	1,005	2,384	38
Alaska	34	3,853	45,705	1,496	------	------	------	------	------	------	------	2,357	------	------	------	------
Arizona	332	16,674	169,521	2,334	6,547	124	------	597	------	2,477	(64)	947	160	1,619	1,869	------
Arkansas	74	4,773	57,147	550	578	------	------	------	240	74	(150)	932	------	------	2,399	------
California	1,570	87,372	929,433	10,811	11,117	7,853	2,314	250	599	3,900	(671)	21,633	973	13,693	13,235	994
Colorado	121	6,111	62,802	823	365	148	------	------	------	185	------	1,896	50	680	1,700	264
Connecticut	144	13,211	141,213	4,628	------	235	539	261	399	113	(364)	3,013	------	450	1,490	2,083
Delaware	29	5,950	59,130	909	------	------	------	------	------	------	------	3,791	------	------	1,250	------
Dist. of Columbia	203	26,466	217,707	3,443	------	682	1,916	689	40	659	(184)	19,037	------	------	------	------
Florida	736	33,134	389,225	3,561	4,430	3,792	------	------	------	1,403	(399)	10,669	------	4,168	5,111	------
Georgia	210	27,570	228,387	2,190	57	298	201	------	------	48	(100)	19,032	195	2,150	3,199	200
Hawaii	134	10,198	137,889	499	•311	------	582	117	------	------	------	850	------	2,077	5,762	------
Idaho	19	1,748	19,471	------	20	------	------	------	------	32	(64)	571	------	500	570	55
Illinois	352	34,870	373,076	7,910	------	991	4,450	------	------	92	(1,189)	17,012	------	3,416	983	16
Indiana	165	10,534	87,953	1,869	199	------	------	------	------	------	(60)	6,065	------	510	930	961
Iowa	53	2,676	24,287	499	351	------	------	------	------	------	(46)	1,591	------	------	235	------
Kansas	120	9,548	104,182	768	------	------	------	11	------	262	(64)	3,593	------	823	4,079	12
Kentucky	126	10,233	102,066	920	70	------	52	------	62	460	(60)	2,247	------	3,465	2,754	204
Louisiana	211	13,853	131,652	1,534	1,060	454	------	------	------	277	------	7,221	25	782	2,500	------
Maine	38	4,307	48,845	------	------	------	------	------	------	------	------	688	------	1,924	1,695	------
Maryland	355	46,877	341,834	4,680	135	138	327	------	320	------	(84)	34,707	------	4,794	1,668	108
Massachusetts	91	10,164	119,896	2,167	------	------	832	------	150	25	(175)	3,186	------	1,502	2,258	44
Michigan	505	23,905	265,803	6,430	1,950	712	1,554	317	466	188	(669)	7,714	------	661	3,913	------
Minnesota	230	8,288	73,160	1,556	773	184	156	------	------	343	(92)	5,036	------	------	240	------
Mississippi	62	5,174	52,913	588	------	------	------	------	------	206	------	1,852	------	858	1,670	------
Missouri	205	17,700	181,448	2,070	10	214	1,785	------	------	119	(112)	9,439	------	120	3,943	------
Montana	24	2,665	36,045	------	------	------	------	------	------	158	(42)	135	------	592	1,670	110
Nebraska	103	6,306	76,187	666	366	71	------	------	------	690	(140)	1,786	------	611	2,116	------
Nevada	99	4,898	58,614	1,105	1,370	168	------	113	------	150	(100)	240	------	801	951	------
New Hampshire	12	1,344	18,326	------	------	------	------	------	------	------	------	244	------	------	1,100	------
New Jersey	698	75,525	685,538	12,976	------	2,239	2,984	------	376	------	(359)	51,451	------	1,983	3,054	462
New Mexico	75	5,063	59,901	------	828	------	------	------	------	------	------	277	------	2,395	1,563	------
New York	1,390	200,950	2,232,915	65,360	------	30,239	12,764	5	------	------	(1,040)	86,373	556	1,642	4,011	------
North Carolina	162	23,878	194,305	3,086	------	------	------	------	95	144	(71)	9,192	------	5,571	5,614	176
North Dakota	43	3,655	57,845	16	69	------	------	------	------	52	------	43	------	------	3,380	95
Ohio	408	31,890	277,758	5,130	307	680	1,104	3,073	817	712	(156)	16,217	------	2,528	400	922
Oklahoma	176	7,384	78,449	430	667	------	------	------	------	77	(270)	2,974	------	500	2,347	389
Oregon	174	7,907	71,451	692	52	79	27	116	------	1,300	(198)	5,155	------	------	464	82
Pennsylvania	431	31,837	299,825	5,456	------	1,360	3,182	209	------	206	(244)	19,924	------	400	631	469
Rhode Island	19	1,528	17,355	36	------	------	------	------	------	------	------	210	------	706	576	------
South Carolina	119	11,252	105,806	290	25	------	------	------	------	------	(108)	6,329	25	585	3,998	------
South Dakota	20	2,365	27,569	125	------	------	------	------	------	79	------	258	------	891	1,012	------
Tennessee	184	13,759	98,793	2,456	398	48	486	272	------	------	(197)	7,165	------	1,740	1,194	------
Texas	535	44,433	384,302	6,520	173	------	------	42	160	1,818	(616)	19,432	------	9,072	7,216	------
Utah	47	2,674	21,042	633	226	------	------	------	------	174	(75)	737	------	854	50	------
Vermont	7	193	1,512	56	------	------	------	------	------	------	------	137	------	------	------	------
Virginia	412	50,762	376,726	11,698	25	------	------	100	------	------	------	30,112	------	4,329	3,997	501
Washington	187	16,196	166,209	1,147	20	------	33	------	65	1,021	------	6,369	------	3,100	4,141	300
West Virginia	18	900	5,383	188	9	94	------	------	------	------	(75)	609	------	------	------	------
Wisconsin	218	6,628	62,263	1,343	41	104	------	448	264	320	(127)	3,828	------	------	280	------
Wyoming	11	711	6,626	------	40	------	------	------	------	------	------	71	------	500	100	------
Canal Zone	4	530	8,544	------	------	------	------	------	------	------	------	------	------	------	530	------
Guam	14	1,270	24,801	------	------	------	------	------	------	------	------	------	------	------	1,270	------
Puerto Rico	47	8,785	74,447	553	------	100	311	500	144	------	------	4,947	------	886	1,344	------
Total	12,017	1,015,163	10,007,474	182,880	32,637	51,027	35,671	7,120	4,187	17,844	(8,436)	469,589	1,984	84,883	118,846	8,485

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

Title I Property Improvement Loans.—The cumulative volume of improvement loans insured in States (Table III–12) reflects principally the density of housing and the extent to which financial institutions in the area participate actively in the Title I program.

In New York from 1934 through 1962 nearly 2.8 million improvement loans with net proceeds of $2.1 billion had been insured by FHA. California ranked second in number of loans (2.4 million), with net proceeds of $1.1 billion. The amount of $1.2 billion insured in Michigan was greater, but loans numbered only 2.2 million. Property improvements in these 3 States have been responsible for 28 percent of all loans and 29 percent of the total net proceeds insured under Title I.

LENDING INSTITUTION ACTIVITY

FHA mortgages and property improvement loans may be originated only by FHA-approved financial institutions. Governmental institutions such as the Federal Reserve Banks, Federal Home Loan Banks, National Mortgage Associations, and certain other Federal, State, or municipal agencies are automatically approved as mortgagees under 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 Corporation or the Federal Deposit Insurance Corporation may be approved as mortgagees upon application. Other types of institutions may be approved if they meet certain qualifications and comply with

TABLE III-15.—*Financing of FHA-insured mortgages and loans by type of institution, 1962*

[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)	108	84	1,565	19	158	115		34	2,082
Sec. 203 (other)	46,185	22,158	202,212	12,522	37,017	25,392	5,454	3,977	355,175
Sec. 203(k)	133	68	100	6	63	16		3	389
Sec. 213	12	58	1,098	7	8			2	1,186
Sec. 220	104	41	416	21	36	40	17	9	685
Sec. 220(h)		2							2
Sec. 221	1,046	801	18,142	419	2,028	393	5	105	22,953
Sec. 222	1,375	534	9,800	851	1,589	935	3	195	15,300
Sec. 809	18	61	924	1		5			1,009
Total	48,981	23,807	234,257	13,846	40,897	26,800	5,479	4,325	398,780
Project programs:									
Sec. 207	18	39	53	8	4	49	5	4	180
Sec. 213 sales	1	5	60	1					67
Sec. 213 management	4	61	15	1	1	6			88
Sec. 220	5	8	6	3	1	3		1	27
Sec. 221 market rate	3	1	11			1		1	17
Sec. 221 below-market rate	4	2	14				2		22
Sec. 231	9	6	20	3	1	1			40
Sec. 232	8	7	36	3	4	5		2	65
Sec. 803 armed services	8	6	1	6		9			30
Total	60	135	216	25	11	74	7	8	536
Title I improvement loans: Sec. 2	383,544	254,588	29,635	108	95,850	18,124		16,774	7[illegible],623
Total all programs	432,585	278,530	264,108	13,979	136,758	45,094	5,486	21,107	1,19[illegible],939
Face amount of mortgages and loans:									
Home programs:									
Sec. 203(i)	$903	$643	$13,371	$164	$1,338	$1,016		$292	$17,737
Sec. 203 (other)	646,304	312,731	2,731,931	183,025	463,038	345,704	$46,853	54,972	4,788,325
Sec. 203(k)	749	359	511	24	322	139		21	2,124
Sec. 213	189	1,174	18,053	86	118			28	19,648
Sec. 220	1,764	489	5,039	266	371	481	194	110	8,724
Sec. 220(h)		6							6
Sec. 221	11,189	9,320	189,196	4,658	20,022	4,278	40	1,134	239,977
Sec. 222	19,470	8,076	136,161	13,097	21,430	13,575	39	2,558	21[illegible],698
Sec. 809	266	1,081	14,603	12		75			16,037
Total	680,834	333,878	3,108,864	201,332	506,639	365,268	47,125	59,114	5,307,276
Project programs:									
Sec. 207	50,891	83,523	103,200	22,684	7,347	141,655	562	6,597	416,458
Sec. 213 sales	189	1,581	17,911	86					19,767
Sec. 213 management	4,489	79,664	26,995	7,355	2,411	10,196			131,110
Sec. 220	16,638	66,621	12,665	38,661	54	21,100		1,561	157,301
Sec. 221 market rate	4,338	210	6,085			53		993	11,679
Sec. 221 below-market rate	8,408	1,671	18,722				1,366		30,167
Sec. 231	23,038	16,594	28,777	14,511	1,048	1,540			85,508
Sec. 232	4,002	3,624	18,344	2,426	1,720	3,085		763	34,564
Sec. 803 armed services	16,151	8,759	1,642	8,668		14,866			50,086
Total	128,144	262,246	234,342	94,392	12,580	193,096	1,928	9,913	936,641
Title I improvement loans: [3] Sec. 2	390,796	267,462	31,159	133	101,947	23,189		19,774	834,460
Total all programs	1,199,774	863,586	3,374,365	295,857	621,166	581,553	49,053	88,802	7,078,377
Percentage distribution of amount:									
Home programs:									
Sec. 203(i)	5.1	3.6	75.4	0.9	7.6	5.7		1.7	100.0
Sec. 203 (other)	13.5	6.5	57.1	3.8	9.7	7.2	1.0	1.2	100.0
Sec. 203(k)	35.3	16.9	24.0	1.1	15.2	6.5		1.0	100.0
Sec. 213	1.0	6.0	91.9	.4	.6			0.1	100.0
Sec. 220	20.3	5.6	57.8	3.0	4.3	5.5	2.2	1.3	100.0
Sec. 220(h)		100.0							100.0
Sec. 221	4.7	3.9	78.9	1.9	8.3	1.8	(4)	0.5	100.0
Sec. 222	9.1	3.8	63.5	6.1	10.0	6.3	(4)	1.2	100.0
Sec. 809	1.6	6.7	91.1	.1		.5			10.00
Total	12.8	6.3	58.6	3.8	9.6	6.9	.9	1.1	100.0
Project programs:									
Sec. 207	12.2	20.1	24.8	5.4	1.8	34.0	.1	1.6	100.0
Sec. 213 sales	1.0	8.0	90.6	.4					100.0
Sec. 213 management	3.4	60.8	20.6	5.6	1.8	7.8			100.0
Sec. 220	10.6	42.4	8.0	24.6	(4)	13.4		1.0	100.0
Sec. 221 market rate	37.1	1.8	52.1			.5		8.5	100.0
Sec. 221 below-market rate	27.9	5.5	62.1				4.5		100.0
Sec. 231	26.9	19.4	33.7	17.0	1.2	1.8			100.0
Sec. 232	11.6	10.5	53.1	7.0	5.0	10.6		2.2	100.0
Sec. 803 armed services	32.2	17.5	3.3	17.3		29.7			100.0
Total	13.7	28.0	25.0	10.1	1.3	20.6	.2	1.1	100.0

See footnote at end of table.

TABLE III-15.—*Financing of FHA-insured mortgages and loans by type of institution, 1962*—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]
Title I improvement loans: Sec. 2	46.8	32.1	3.7	(4)	12.2	2.8		2.4	100.0
Total all programs	17.0	12.2	47.7	4.2	8.8	8.2	.7	1.2	100.0
Number of financing institutions:									
Home programs:									
Sec. 203(i)	23	11	166	6	54	9		2	271
Sec. 203 (other)	972	1,040	1,091	150	1,265	352	2	125	4,997
Sec. 203(k)	31	17	45	1	40	12		3	149
Sec. 213	1	2	12	1	1			1	18
Sec. 220	14	13	85	7	12	18	1	4	154
Sec. 220(h)		1							1
Sec. 221	88	79	498	11	196	34	1	14	921
Sec. 222	121	97	605	29	256	121	1	17	1,247
Sec. 809	3	5	39	1		2			50
Project programs:									
Sec. 207	13	19	39	3	4	19	1	3	101
Sec. 213 sales	1	1	8	1					11
Sec. 213 management	4	11	10	1	1	6			33
Sec. 220	5	4	5	2	1	3		1	21
Sec. 221 market rate	3	1	5			1		1	11
Sec. 221 below-market rate	4	2	7				1		14
Sec. 231	8	4	16	2	1	1			32
Sec. 232	8	7	29	3	4	4		2	57
Sec. 803 armed services	3	3	1	2		3			12

[1] On this and following lending institution tables, includes industrial banks, finance companies, endorsed institutions, private and State benefit funds, etc.
[2] As tabulated in Washington including adjustments not distributed by mortgagees. [3] Based on net proceeds of co-insurance only. [4] Less than 0.05 percent.

regulations prescribed for such approval. As of December 31, 1962, there were some 14,700 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 do not always agree with the corresponding reported totals in other sections of this report.

Mortgage and Loan Financing During 1962

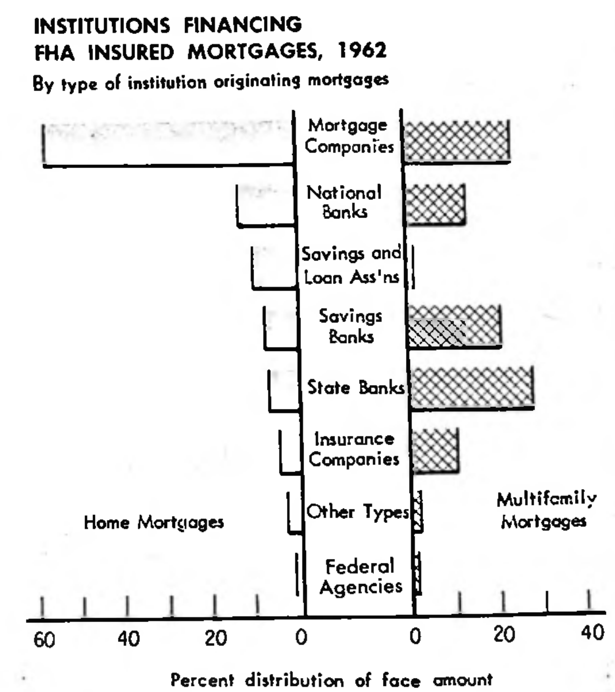
A total of $7.1 billion of FHA-insured mortgages and property improvement loans was financed by an estimated 5,000 lending institutions during 1962. As shown in Table III-15, mortgage companies were the most active financers of FHA mortgages with 48 percent, followed by national banks with 17 percent and State banks with 12 percent.

The following table shows the extent of participation in the various FHA programs by the different types of lending institutions, based on loan amounts:

Type of institution	Percentage distribution			
	Home mortgages	Multi-family project mortgages	Property improvement loans	Total
National bank	56.7	10.7	32.6	100.0
State bank	38.6	30.4	31.0	100.0
Mortgage company	92.1	7.0	.9	100.0
Insurance company	68.1	31.9	(1)	100.0
Savings and loan association	81.6	2.0	16.4	100.0
Savings bank	62.8	33.2	4.0	100.0
All other	66.6	11.1	22.3	100.0

[1] Less than 0.05 percent.

CHART III-6



Home mortgages accounted for the largest share of FHA mortgages and loans originated by each type of financial institution in 1962, ranging from 39 percent for State banks to 92 percent for mortgage companies.

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
1962	12.8	6.3	58.6	3.8	9.6	6.9	.9	1.1	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	19.1	----	.5	9.8	----	1.2	100.0
1956	38.5	38.0	5.5	3.3	----	14.6	----	.1	100.0
1957	32.7	37.9	14.0	2.3	5.1	7.6	----	.4	100.0
1958	30.4	37.4	18.8	.6	1.3	9.0	----	2.5	100.0
1959	33.2	38.6	10.7	.2	2.9	11.6	----	2.8	100.0
1960	22.3	27.2	19.4	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
1962	13.7	28.0	25.0	10.1	1.3	20.6	.2	1.1	100.0
Property improvement loans:									
1950	52.8	29.2	.6	----	4.6	1.3	----	11.5	100.0
1954	51.4	30.2	----	(1)	9.0	2.3	----	7.1	100.0
1955	38.2	40.5	1.0	(1)	8.7	2.2	----	9.4	100.0
1956	47.0	32.6	.3	----	8.5	2.5	----	9.1	100.0
1957	50.2	31.0	1.0	(1)	10.5	2.3	----	5.0	100.0
1958	47.5	31.9	.6	(1)	13.5	3.0	----	3.5	100.0
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	49.6	27.5	4.0	(1)	13.2	3.0	----	2.7	100.0
1962	46.8	32.1	3.7	(1)	12.2	2.8	----	2.4	100.0

[1] Less than 0.05 percent.

Home Mortgage Financing

Home mortgages insured by FHA in 1962 totaled $5.3 billion—11 percent above 1961. This increase was shared by all of the major types of institutions financing these mortgages, except insurance companies and those in the "all other" category. Mortgage companies, which have traditionally been large originators of home mortgages, were again the leaders with $3.1 billion or 59 percent of the total, equaling the record percentage of 1961. National banks experienced the greatest rise in home mortgages financed, increasing 43 percent to $681 million. This gave national banks nearly 13 percent of total home originations—3 percentage points above 1961 and enough to move these institutions ahead of savings and loan associations as the second largest supplier of home mortgage funds. Savings and loan associations dropped to third place, with nearly 10 percent of the total, followed by savings banks and State banks with 7 and 6 percent, respectively. The relative proportions of home mortgages insured by all types of institutions for 1962 and selected earlier years are shown in Table III-16, and illustrate the gradual rise over the years in mortgage company participation as opposed to the steady decline in national and State banks participation.

The relative participation of the various types of institutions in the origination of FHA home mortgages for 1962, with a further breakdown by sections of the National Housing Act, is shown in Table III-15. As usual, mortgage companies were the leading originators under all home mortgage programs except the new Section 203(k) and 220(h) home improvement loan provisions. For each of the regular home mortgage sections, mortgage companies financed greater volumes than all the other institutions together, ranging from 57 percent of Section 203 regular home mortgages to more than 91 percent of both Section 213 and Section 809. National banks originated the largest number of Section 203(k) loans (35 percent) while State banks originated all of the Section 220(h) loans.

Multifamily Housing Mortgage Financing

Lending institutions financed a total of 536 FHA multifamily projects with mortgages of $937 million. State banks were the leading originators of project mortgages in 1962 with $262 million or 28 percent of the total. Mortgage companies improved their relative position from fourth to second place in 1962 in the volume of multifamily projects insured, with $234 million or 25 percent of the total—nearly double the 1961 share and the highest reported since these data were first reported in 1946. Savings banks ranked third—the same as in 1961—with $193 million or 21 percent of the total. National banks dropped from first to fourth place with $128 million or 14 percent of the total. The proportions financed by each major type of institution for 1962 and selected earlier years are shown in Table III-16.

TABLE III-17.—*Holdings of FHA-insured mortgages by type of institution, as of Dec. 31, 1962*

[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	1,552	1,054	232	3,192	6,364	6,760	7,426	609	27,189
Sec. 203	442,863	217,020	183,064	896,148	434,566	627,801	161,650	62,003	3,025,124
Sec. 203(k)	141	85	142	6	76	17	2	1	470
Sec. 213	222	170	1,112	3,255	374	4,204	15,851	1,866	27,054
Sec. 220	54	62	247	54	22	47	1,495	35	2,016
Sec. 220(h)		2							2
Sec. 221	1,113	844	14,969	616	2,545	1,011	25,346	221	46,665
Sec. 222	9,321	3,581	9,691	29,640	12,620	24,851	13,909	1,590	105,203
Sec. 603	22,422	12,681	2,822	77,379	8,611	21,644	6,313	2,979	154,851
Sec. 611	1	----	----	16	1	36	----	----	54
Sec. 809	158	113	1,175	954	123	1,060	3,040	46	6,669
Sec. 903	632	144	447	794	354	1,485	33,969	53	37,878
Total	478,479	235,765	213,901	1,012,054	465,656	688,916	269,001	69,403	3,433,175
Project programs:									
Sec. 207	58	161	47	125	11	399	62	137	1,000
Sec. 213 sales	----	----	18	----	----	1	----	1	20
Sec. 213 management	13	70	13	31	2	128	44	32	333
Sec. 220	15	21	8	12	1	17	64	7	145
Sec. 221 market rate	5	3	7	----	1	2	21	1	40
Sec. 221 below-market rate	3	2	13	----	----	----	4	----	22
Sec. 231	19	14	25	10	4	5	17	8	102
Sec. 232	9	10	32	12	5	14	----	1	83
Sec. 608	222	282	210	2,679	34	1,315	8	286	5,036
Sec. 803 military	----	10	1	73	----	70	43	45	242
Sec. 803 armed services	64	47	2	48	21	55	154	454	845
Sec. 908	----	7	----	9	----	16	25	2	59
Total	408	627	376	2,999	79	2,022	442	974	7,927
Total homes and projects	478,887	236,392	214,277	1,015,053	465,735	690,938	269,443	70,377	3,441,102
Face amount of mortgage:									
Home programs:									
Sec. 8	$7,659	$5,358	$1,270	$16,985	$34,217	$36,338	$41,500	$3,191	$146,519
Sec. 203 [2]	4,718,400	2,273,380	2,363,223	9,697,278	4,559,528	7,027,035	1,849,162	686,192	33,174,198
Sec. 203(k)	803	463	688	24	382	141	9	7	2,517
Sec. 213	2,770	2,777	17,771	38,263	5,305	53,133	192,949	19,578	332,547
Sec. 220	1,021	694	2,955	721	191	527	17,809	361	24,278
Sec. 220(h)		6							6
Sec. 221	11,555	9,483	155,195	6,564	24,458	10,314	237,876	2,303	457,747
Sec. 222	124,867	49,532	132,282	424,656	160,895	343,200	173,090	22,312	1,430,832
Sec. 603 [3]	146,042	81,086	18,997	529,572	55,803	157,828	42,628	19,498	1,050,454
Sec. 611	7	----	----	119	8	268	----	----	401
Sec. 809	2,139	1,806	17,626	13,891	1,799	15,461	38,543	653	91,917
Sec. 903	5,616	1,420	3,748	6,827	2,918	13,523	309,389	477	343,917
Total	5,019,878	2,426,006	2,713,755	10,734,899	4,845,503	7,657,769	2,902,955	754,571	37,055,336
Project programs:									
Sec. 207	143,895	265,122	82,148	132,480	9,762	735,139	46,890	191,660	1,607,096
Sec. 213 sales	----	----	5,484	----	----	1,311	----	113	6,909
Sec. 213 management	20,763	137,306	14,086	43,186	3,972	259,145	47,010	73,815	599,283
Sec. 220	69,008	123,968	16,051	83,589	54	43,442	168,311	17,452	522,775
Sec. 221 market rate	8,450	1,645	7,218	----	550	807	27,446	993	47,108
Sec. 221 below-market rate	7,231	1,671	18,047	----	----	----	3,219	----	30,167
Sec. 231	35,972	32,155	38,129	25,796	6,433	5,089	15,440	16,255	175,269
Sec. 232	6,658	5,409	14,108	5,997	1,932	7,243	----	397	41,744
Sec. 608 [3]	29,684	119,051	160,563	958,397	6,756	837,787	15,301	225,233	2,352,771
Sec. 803 military	----	25,175	3,237	220,579	----	165,967	104,908	113,225	633,091
Sec. 803 armed services	124,568	77,498	6,727	80,507	42,384	84,450	403,506	984,803	1,804,443
Sec. 908	----	5,702	----	7,183	----	14,926	15,742	1,349	44,902
Total	447,129	794,702	365,798	1,557,714	71,843	2,155,304	847,773	1,625,295	7,865,558
Total homes and projects	5,467,008	3,220,708	3,079,553	12,292,613	4,917,346	9,813,073	3,750,728	2,379,866	44,920,89
Percentage distribution of amount:									
Home programs:									
Sec. 8	5.2	3.7	0.9	11.6	23.3	24.8	28.3	2.2	100.0
Sec. 203	14.2	6.9	7.1	29.2	13.7	21.2	5.6	2.1	100.0
Sec. 203(k)	31.9	18.4	27.3	1.0	15.1	5.6	.4	.3	100.0
Sec. 213	.8	.8	5.4	11.5	1.6	16.0	58.0	5.9	100.0
Sec. 220	4.2	2.8	12.2	3.0	.8	2.2	73.3	1.5	100.0
Sec. 220(h)		100.0							100.0
Sec. 221	2.5	2.1	33.9	1.4	5.3	2.3	52.0	.5	100.0
Sec. 222	8.7	3.5	9.2	29.7	11.2	24.0	12.1	1.6	100.0
Sec. 603	13.8	7.7	1.8	50.4	5.3	15.0	4.1	1.9	100.0
Sec. 611	1.7	----	----	29.5	1.9	66.9	----	----	100.0
Sec. 809	2.3	2.0	19.2	15.1	2.0	16.8	41.9	.7	100.0
Sec. 903	1.6	.4	1.1	2.0	.9	3.9	90.0	.1	100.0
Total	13.6	6.5	7.3	29.0	13.1	20.7	7.8	2.0	100.0

See footnotes at end of table.

[Dollar amounts in thousands]

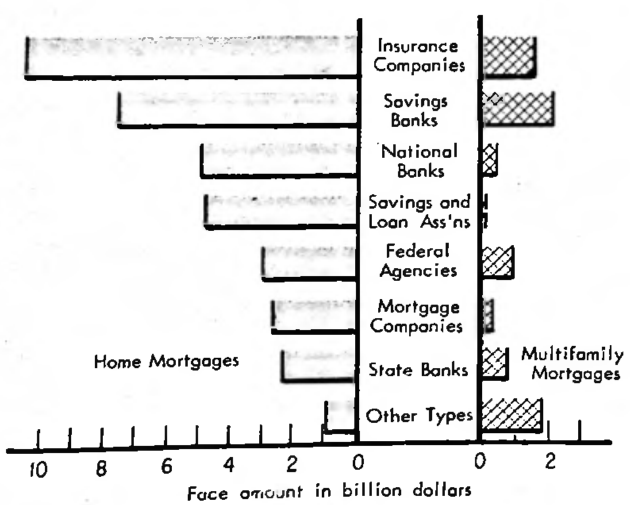
Section	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total [1]
Project programs:									
Sec. 207	9.0	16.5	5.1	8.2	0.6	45.8	2.9	11.9	100.0
Sec. 213 sales	—	—	79.4	—	—	19.0	—	1.6	100.0
Sec. 213 management	3.5	22.9	2.4	7.2	.7	43.2	7.8	12.3	100.0
Sec. 220	13.4	23.7	3.1	16.0	(4)	8.3	32.2	3.2	100.0
Sec. 221 market rate	17.9	3.5	15.3	—	1.2	1.7	58.3	2.1	100.0
Sec. 221 below-market rate	24.0	5.5	59.8	—	—	—	10.7	—	100.0
Sec. 231	20.5	18.3	21.8	14.7	3.7	2.9	8.8	9.3	100.0
Sec. 232	15.9	13.0	33.8	14.4	4.6	17.3	—	1.0	100.0
Sec. 608	1.3	5.1	6.8	40.7	.3	35.6	.6	9.6	100.0
Sec. 803 military	—	4.0	.5	34.8	—	26.2	16.6	17.9	100.0
Sec. 803 armed services	6.9	4.3	.4	4.5	2.3	4.7	22.3	54.6	100.0
Sec. 908	—	12.7	—	16.0	—	33.2	35.1	3.0	100.0
Total	5.7	10.1	4.6	19.8	.9	27.4	10.8	20.7	100.0
Total homes and projects	12.2	7.2	6.9	27.4	10.9	21.8	8.3	5.3	100.0
Number of holding institutions:									
Home programs:									
Sec. 8	124	150	61	74	266	83	2	21	781
Sec. 203	2,662	3,593	1,410	598	2,571	469	7	400	11,710
Sec. 203(k)	33	21	59	1	41	11	1	1	168
Sec. 213	9	7	33	14	14	35	1	6	119
Sec. 220	6	13	39	6	9	7	1	4	85
Sec. 220(h)	—	1	—	—	—	—	—	—	1
Sec. 221	136	123	499	49	287	99	1	36	1,230
Sec. 222	474	405	684	249	863	326	2	105	3,108
Sec. 603	779	1,000	143	351	672	258	2	68	3,273
Sec. 611	1	—	—	2	1	1	—	—	5
Sec. 809	8	14	55	33	22	71	1	9	213
Sec. 903	29	15	40	16	29	36	2	6	173
Project programs:									
Sec. 207	28	31	30	37	9	41	2	19	197
Sec. 213 sales	—	—	6	—	—	1	—	1	8
Sec. 213 management	10	18	8	11	1	20	1	8	77
Sec. 220	12	11	6	3	1	8	1	3	45
Sec. 221 market rate	5	2	6	—	1	2	1	1	18
Sec. 221 below-market rate	3	2	7	—	—	—	1	—	13
Sec. 231	13	9	17	7	4	4	1	3	58
Sec. 232	9	9	25	10	5	10	—	1	69
Sec. 608	41	42	18	132	24	90	1	27	375
Sec. 803 military	—	3	1	6	—	19	1	9	39
Sec. 803 armed services	8	5	1	7	7	10	1	34	73
Sec. 908	—	3	—	4	—	8	1	2	18

[1] Based on tabulation of audited cases. [2] Includes Sec. 203(i). [3] Includes Sec. 610. [4] Less than 0.05 percent.

CHART III–7

INSTITUTIONS HOLDING FHA-INSURED MORTGAGES, DECEMBER 31, 1962

By type of institution holding mortgages



The leading institutions in the financing of FHA projects by individual sections of the National Housing Act varied considerably. Savings banks led in the volume of Section 207 regular rental projects with $142 million or 34 percent of the total, while State banks led in Section 213 management-type projects with $80 million or 61 percent and Section 220 urban renewal projects with $67 million or 42 percent. Mortgage companies were second in the amount of Section 207 project mortgages financed, with $103 million or 25 percent of the total, and, since they tend to specialize in the financing of special-purpose project programs, they were the leaders in the origination of Section 213 sales-type cooperatives ($18 million, 91 percent), Section 221 market-interest-rate projects ($6 million, 52 percent), Section 221 below-market-interest-rate projects ($19 million, 62 percent), Section 231 elderly housing projects ($29 million, 34 percent), and Section 232 nursing homes ($18 million, 53 percent). National banks led in the volume of Section 803 armed services housing financed, with $16 million or 32 percent; but the drop from first to fourth place in the ranking of these institutions in 1962 can be attributed to a large degree to the $54 million decrease in the volume of projects originated under this program, which expired in October 1962. (See Table III–15.)

Title I Property Improvement Loan Financing

Continuing a well established pattern, commercial banks originated and financed 4 out of 5 of the Title I loans insured during 1962. Table III–15 shows that national banks reported 384,000 loans with net proceeds of $391 million and State banks 255,000 loans with $267 million in proceeds. Savings and loan associations financed an additional 96,000 loans with net proceeds of $102 million.

Relative percentages of net proceeds insured, by type of institution, in 1962 and for selected earlier years are compared in Table III–16. Since 1950, national banks have financed nearly one-half of all Title I improvements and State banks have supplied proceeds that averaged roughly another 30 percent. In recent years savings and loan associations have increased their participation to account for 11 to 14 percent or approximately three times their volume in 1950.

Mortgages and Loans Held in Portfolio

FHA-insured mortgage holdings totaled $44.9 billion in face amount at the end of 1962. Title I loans outstanding were estimated at an additional $1,954 billion. The distributions of home and project mortgages, by type of institution, are shown in Table III–17, while Title I holdings are covered separately. Holding institutions for home mortgages numbered over 12,000 at the year-end; for project mortgages, over 400; and for Title I loans, about 5,500.

Insurance companies, with holdings totaling $12.3 billion and accounting for 27 percent of all holdings, were the leading investors in home and project mortgages at the end of 1962. Savings banks ranked second with investments of $9.8 billion, or 22 percent of the total, followed by national banks with $5.5 billion, or 12 percent. Not shown separately in Table III–17 are the holdings of State and municipal funds and of public employee retirement funds, which together accounted for nearly $2.0 billion or about 82 percent of the holdings of "all other" institutions. At the year-end State and municipal funds held $39 million in home mortgages and $634 million in project mortgages. Public employee retirement funds held $384 million in mortgages on homes and $902 million on projects. These mortgagees acquire their holdings largely through purchases. In 1962 State and municipal funds bought $5 million in home mortgages and $56 million in project mortgages, while public employees retirement funds purchased $71 million of home mortgages and $207 million of project mortgages.

Home Mortgage Holdings.—The 3.4 million FHA-insured home mortgages with face amounts of $37.1 billion held by all mortgagees at the end of 1962 represented an increase of 6 percent in number and almost 11 percent in amount over comparable holdings at the end of 1961.

Insurance companies, maintaining their traditional position as the largest holders of FHA-insured home mortgages, held 29 percent of the total amounts held among all institutions. Savings banks, with 21 percent, and national banks, with almost 14 percent, ranked second and third (Table III–17). For these latter, the percentages were practically unchanged from the 1961 year-end, as were the relative shares held by State banks (7 percent), savings and loan associations (13 percent) and Federal agencies (8 percent). Mortgage companies displayed the largest relative gain over the year—from 4 percent in 1961 to 7 percent in 1962. Under the most-used programs—Sections 203, 222, and 603—insurance companies were the largest holders. Federal agencies (largely FNMA) held most home mortgages under special-purpose programs—Sections 213, 220, 221, 809, and 903.

Data shown in Table III–17 include as their own holdings any mortgages sold to private investors, organizations, or pension funds under special regulations effective from July 1960 through March 15, 1962 and held in custody for servicing by the mortgagees making the sales. No accounting was made of the number of such mortgages when the authority for these special sales expired on March 15, but as of September 30, 1961 they numbered some 3,125 and involved $38.3 million.

Project Mortgage Holdings.—Project mortgages totaling $7.9 billion in face amount were held in portfolio by financing institutions at the end of 1962. Savings banks, with 27 percent of the total, led in volume of project mortgages held, followed by miscellaneous institutions (accounted for largely by State and municipal funds and public employees' retirement funds, which were discussed earlier) with 21 percent, and insurance companies with 20 percent. These percentages remain little changed from the relative holdings of these institutions at the end of 1961, mainly because the year-to-year net additions to holdings among types of mortgagees do not have a great effect on their cumulative holdings. Long-term changes do occur, however, as, for example, in the case of savings banks. The actual change in position for these institutions from 1961 to 1962 was a slight increase from 26.8 percent to 27.4 percent. From 1954–56, the years in which they held 37 percent of the total and displaced insurance companies for first place, until 1962, savings banks have held a progressively smaller percentage.

The dominance of savings banks among institutional holders of project mortgages results from large holdings under Section 207, 213, 608, and 803 (military). The decline in position of insurance companies stems from the fact that their holdings are heavily weighted by mortgages under

TABLE III-18.—*Purchases of FHA-insured mortgages and loans, by type of institution, 1962*

[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 and loans:									
Home programs:									
Sec. 8	57	4	10	5	9	44	14		143
Sec. 203	23,288	9,690	10,448	49,617	22,264	55,165	32,585	9,208	214,678
Sec. 203(k)							2		2
Sec. 213		2	8	129	51	436	1,324	17	1,967
Sec. 220	1		21	12		10	140	29	217
Sec. 221	183	112	104	254	317	548	3,947	78	5,569
Sec. 222	393	444	449	2,547	816	3,263	2,378	257	10,824
Sec. 603	2,569	97	47	47	27	33	177	2	3,021
Sec. 809	97	1	360	153	6	216	412	1	1,246
Sec. 903	13	4			4				22
Total	26,601	10,354	11,447	52,764	23,494	59,715	40,979	9,592	237,689
Project programs:									
Sec. 207	3	11	6	23		28	5	24	100
Sec. 213 management	1	1		25		11	7	4	49
Sec. 220	2	1		5		9	18	1	36
Sec. 221 market rate	1					1	10		12
Sec. 221 below-market rate							2		2
Sec. 231	4	4	4	8		4	12	8	44
Sec. 232	1	2		7		6			16
Sec. 608	1	3							4
Sec. 803 military								9	9
Sec. 803 armed services	1	6	5	9	2	10		94	127
Total	14	28	15	77	2	69	54	140	399
Title I improvement loans:									
Sec. 2	39,872	29,309	190		196	1		1,123	70,691
Total all programs	66,487	39,691	11,652	52,841	23,692	59,785	41,033	10,855	308,779
Face amount of mortgages and loans:									
Home programs:									
Sec. 8	$273	$20	$57	$25	$50	$227	$67		$720
Sec. 203	268,603	118,596	136,705	680,933	255,215	736,514	427,374	$122,472	2,774,483
Sec. 203(k)							9		9
Sec. 213		22	121	1,805	717	6,793	17,883	208	27,639
Sec. 220	10		230	150		112	2,065	289	2,898
Sec. 221	1,775	1,143	1,058	2,644	3,080	5,476	39,739	853	56,005
Sec. 222	5,508	5,930	6,032	36,886	9,844	45,716	31,910	3,720.	149,508
Sec. 603 [2]	12,063	644	254	306	186	311	1,006	9	14,932
Sec. 809	1,308	15	5,170	2,182	99	3,352	6,170	12	18,308
Sec. 903	88	37			28				160
Total	289,628	126,408	149,626	724,937	269,220	798,500	526,222	127.651	3,044,662
Project programs:									
Sec. 207	14,151	11,241	5,568	37,471		89,514	11,047	49,329	218,322
Sec. 213 management	751	4,793		20,885		31,991	7,910	8,685	75,014
Sec. 220	3,952	10,028		26,078		6,861	58,739	8,369	114,027
Sec. 221 market rate	1,072					754	12,110		13,936
Sec. 221 below-market rate							1,852		1,852
Sec. 231	3,485	8,277	4,229	14,248		3,252	13,029	12,543	59,062
Sec. 232	2,031	1,520		2,784		2,420			8,755
Sec. 608	75	494							569
Sec. 803 military								6,296	6,296
Sec. 803 armed services	524	10,167	8,884	13,622	3,764	13,938		178,147	229,046
Total	26,041	46,520	18,680	115,088	3,764	148,729	104,687	263,369	726,879
Title I improvement loans:									
Sec. 2	35,529	17,922	87		208	1		949	54,696
Total all programs	351,199	190,850	168,393	840,025	273,192	947,231	630,910	231,969	3,826,237
Percentage distribution of amount:									
Home programs:									
Sec. 8	37.9	2.9	7.9	3.4	7.0	31.6	9.3		100.0
Sec. 203	9.8	4.3	5.0	24.8	9.3	26.8	15.6	4.4	100.0
Sec. 203(k)							100.0		100.0
Sec. 213		.1	.4	6.5	2.6	24.6	64.7	1.1	100.0
Sec. 220	.3		8.0	5.5		3.9	22.2	10.1	100.0
Sec. 221	3.2	2.1	1.9	4.7	5.5	9.8	71.3	1.5	100.0
Sec. 222	3.8	4.1	4.1	25.3	6.8	31.4	21.9	2.6	100.0
Sec. 603	81.6	4.3	1.7	2.1	1.3	2.1	6.8	.1	100.0
Sec. 809	7.2	.1	28.2	11.0	.5	18.3	33.7	.1	100.0
Sec. 903	57.6	24.1			18.3				100.0
Total	9.6	4.2	5.0	24.1	8.9	26.5	17.5	4.2	100.0

See footnotes at end of table.

TABLE III-18.—*Purchases of FHA-insured mortgages and loans, by type of institution, 1962*—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]
Project programs:									
Sec. 207	6.5	5.1	2.5	17.2		41.0	5.1	22.6	100.0
Sec. 213 management	1.0	6.4		27.8		42.7	10.5	11.6	100.0
Sec. 220	3.5	8.8		22.9		6.0	51.5	7.3	100.0
Sec. 221 market rate	7.7					5.4	86.9		100.0
Sec. 221 below-market rate							100.0		100.0
Sec. 231	5.9	14.0	7.2	24.1		5.5	22.1	21.2	100.0
Sec. 232	23.2	17.4		31.8		27.6			100.0
Sec. 608	13.2	86.8							100.0
Sec. 803 military								100.0	100.0
Sec. 803 armed services	.2	4.4	3.9	6.0	1.6	6.1		77.8	100.0
Total	3.6	6.4	2.6	15.8	.5	20.5	14.4	36.2	100.0
Title I improvement loans:									
Sec. 2	64.9	32.8	.2		.4	([3])		1.7	100.0
Total all programs	9.3	5.0	4.4	22.2	7.2	25.0	16.6	10.3	100.0
Number of purchasing institutions:									
Home programs:									
Sec. 8	7	4	6	2	4	7	1		31
Sec. 203	541	653	464	308	743	300	2	151	3,162
Sec. 203(k)							1		1
Sec. 213		4	2	3	3	9	1	2	24
Sec. 220	1		2	2		3	1	2	11
Sec. 221	43	48	27	32	95	73	1	19	338
Sec. 222	104	110	102	114	175	180	1	47	833
Sec. 603	28	23	21	8	11	4	1	2	98
Sec. 809	2	1	7	11	4	19	1	2	47
Sec. 903	4	2			4				10
Project programs:									
Sec. 207	3	4	4	11		16	1	11	50
Sec. 213 management	1	1		7		6	1	3	19
Sec. 220	1	1		3		2	1	1	9
Sec. 221 market rate	1					1	1		3
Sec. 221 below-market rate							1		1
Sec. 231	2	3	3	6		4	1	3	22
Sec. 232	1	2		7		4			14
Sec. 608	1	2							3
Sec. 803 military								2	2
Sec. 803 armed services	1	2	1	1	2	2		20	29
Title I improvement loans:									
Sec. 2	46	35	2		12	1		3	99

[1] Includes adjustments not distributed by mortgagees. [2] Includes Sec. 610. [3] Less than 0.05 percent.

Sections 608 and 803 (military), both inactive programs.

Title I Property Improvement Loan Holdings.—Institutional holdings of property improvement loans under Title I are estimated on the basis of periodic call reports. At the end of 1962, outstanding loans were estimated to number more than 2.3 million with face amounts of $1,954 million. Of these totals, national banks held 1,157,000 loans with amounts of almost $919 million; State chartered banks, 752,000 with $653 million; savings and loan associations, 319,000 with $271 million; and finance companies, 20,700 with $16 million. Miscellaneous institutions held an additional 102,000 loans amounting to $96 million.

Mortgages and Loans Purchased and Sold in 1962

Almost 309,000 FHA-insured mortgages and loans amounting to more than $3.8 billion were traded among more than 4,000 approved lending institutions during 1962. About 80 percent of the amount of transfers was in home mortgages, 19 percent in project mortgages, and 1 percent in property improvement loans.

Savings banks and insurance companies accounted for almost half (47 percent) of the amount of purchases. Mortgage companies, which are interested more in earnings from origination and servicing of mortgages than in income from interest on long-term investment, accounted for 61 percent of the amount of all mortgages sold. Details of purchases and sales of FHA-insured obligations are presented in Tables III-18 and III-19.

The amount of mortgages and loans transferred was off 8 percent from 1961. Home mortgage transfers and property improvement loans were both down, by 15 percent and 32 percent, respectively, but project mortgages showed an increase of more than half (56 percent).

Home Mortgages.—Transfers of insured home mortgages in 1962 involved 238,000 mortgages with face amounts of more than $3.0 billion. Section 203 accounted for 215,000 mortgages amounting to $2.8 billion, or more than 90 percent of both the number and amount of home mortgages transferred. Savings banks displaced insurance companies in 1962 as the leading purchasers of home

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TABLE III-19.—*Sales of FHA-insured mortgages and loans by type of institution, 1962*

[Dollar amounts in thousands]

Section	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings Bank	Federal agency	All other	Total [1]
	Type of institution								
Number of mortgages and loans:									
Home programs:									
Sec. 8	40	35	9	5	14	15	25		143
Sec. 203	15,730	10,593	148,787	4,982	6,790	3,146	20,123	4,160	214,678
Sec. 203(k)			2						2
Sec. 213	47	68	1,811	23	1		7	10	1,967
Sec. 220	6	24	186	1					217
Sec. 221	92	214	5,076	13	24	3	98	45	5,569
Sec. 222	490	426	7,719	587	319	193	816	155	10,824
Sec. 603	206	141	4	115	230	15	2,310		3,031
Sec. 809	19	24	642	6		51	504		1,246
Sec. 903	3	8					11		22
Total	16,633	11,533	164,236	5,732	7,378	3,423	23,894	4,370	237,089
Project programs:									
Sec. 207	17	33	40		1	6		3	100
Sec. 213 management	5	23	18				3		49
Sec. 220	3	13	15				5		36
Sec. 221 market rate	1	3	7			1			12
Sec. 221 below-market rate	1		1						2
Sec. 231	11	6	21		1		5		44
Sec. 232	3	2	10		1				16
Sec. 608		3				1			4
Sec. 803 military						9			9
Sec. 803 armed services	41	21	8	6	33	3		15	127
Total	82	104	120	6	36	20	13	18	390
Title I improvement loans:									
Sec. 2	44,549	14,678	5,994		1,005	673		3,792	70,691
Total all programs	61,264	26,315	170,350	5,738	8,419	4,116	23,907	8,180	308,779
Face amount of mortgages and loans:									
Home programs:									
Sec. 8	$189	$167	$49	$25	$80	$83	$127		$720
Sec. 203	193,265	142,061	1,947,845	57,616	83,877	30,061	249,514	$56,607	2,774,483
Sec. 203(k)			9						9
Sec. 213	729	1,268	25,092	328	17		95	110	27,639
Sec. 220	172	275	2,439	13					2,898
Sec. 221	936	2,372	50,893	114	255	23	887	487	56,005
Sec. 222	6,765	6,151	107,002	8,067	4,222	2,799	10,756	2,044	149,508
Sec. 603 [2]	1,174	955	30	755	1,376	116	10,526		14,932
Sec. 809	258	353	9,780	93		823	7,001		18,308
Sec. 903	30	53					78		160
Total	203,517	153,654	2,143,139	67,012	89,827	42,905	278,984	59,249	3,044,662
Project programs:									
Sec. 207	40,760	77,188	69,584		693	24,427		5,669	218,322
Sec. 213 management	11,863	22,047	36,941				4,163		75,014
Sec. 220	4,351	75,260	22,252				12,165		114,027
Sec. 221 market rate	1,072	9,639	2,813			412			13,936
Sec. 221 below-market rate	1,178		675						1,852
Sec. 231	16,373	7,027	26,291		309		8,162		59,062
Sec. 232	854	713	7,086		103				8,755
Sec. 608		191				378			569
Sec. 803 military						6,296			6,296
Sec. 803 armed services	76,444	42,063	12,998	10,294	52,700	6,001		28,547	229,046
Total	152,895	235,026	178,641	10,294	53,805	37,513	24,490	34,216	726,879
Title I improvement loans:									
Sec. 2	32,381	11,548	6,342		720	484		3,221	54,696
Total all programs	388,792	400,228	2,328,122	77,305	144,352	80,902	303,474	96,686	3,826,237
Percentage distribution of amount:									
Home programs:									
Sec. 8	26.3	23.2	6.8	3.4	11.1	11.5	17.7		100.0
Sec. 203	7.0	5.1	70.3	2.1	3.0	1.4	9.0	2.1	100.0
Sec. 203(k)			100.0						100.0
Sec. 213	2.6	4.6	90.8	1.2	.1		.3	.4	100.0
Sec. 220	5.9	9.5	84.2	.4					100.0
Sec. 221	1.7	4.2	90.9	.2	.5	(3)	1.6	.9	100.0
Sec. 222	4.6	4.2	72.4	5.4	2.8	1.9	7.3	1.4	100.0
Sec. 603	7.9	6.4	.2	5.0	9.2	.8	70.5		100.0
Sec. 809	1.4	1.9	53.4	.5		4.5	38.3		100.0
Sec. 903	18.7	32.8					48.5		100.0
Total	6.7	5.1	70.5	2.2	3.0	1.4	9.2	1.9	100.0

See footnotes at end of table.

TABLE III-19.—*Sales of FHA-insured mortgages and loans by types of institution, 1962*—Continued

[Dollar amounts in thousands]

Section	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total [1]
	Type of institution								
Project programs:									
Sec. 207	18.7	35.3	31.9		0.3	11.2		2.6	100.0
Sec. 213 management	15.8	29.4	49.2				5.6		100.0
Sec. 220	3.8	66.0	19.5				10.7		100.0
Sec. 221 market rate	7.7	69.2	20.2			2.9			100.0
Sec. 221 below market rate	63.6		36.4						100.0
Sec. 231	27.8	13.4	44.5		.5		13.8		100.0
Sec. 232	9.8	8.1	80.9		1.2				100.0
Sec. 608		33.5				66.5			100.0
Sec. 803 military						100.0			100.0
Sec. 803 armed services	33.4	18.4	5.7	4.5	23.0	2.6		12.4	100.0
Total	21.0	32.3	24.6	1.4	7.4	5.2	3.4	4.7	100.0
Property improvement loans:									
Sec. 2	59.2	21.1	11.6		1.3	.9		5.9	100.0
Total all programs	10.2	10.5	61.0	2.0	3.8	2.1	7.9	2.5	100.0
Number of selling institutions:									
Home programs:									
Sec. 8	3	5	5	2	2	7	2		26
Sec. 203	437	511	1,481	391	471	447	4	106	3,848
Sec. 203(k)			2						2
Sec. 213	1	1	17	3	1		1	1	25
Sec. 220	4	6	31	1					42
Sec. 221	23	21	391	6	14	3	1	4	463
Sec. 222	74	96	684	64	106	75	2	32	1,133
Sec. 603	16	23	2	13	10	3	2		69
Sec. 809	2	2	46	5		5	1		61
Sec. 903	1	1					1		3
Project programs:									
Sec. 207	11	19	28		1	5		3	67
Sec. 213 management	5	6	9				1		21
Sec. 220	3	6	7				1		17
Sec. 221 market rate	1	1	3			1			6
Sec. 221 below market rate	1		1						2
Sec. 231	10	6	15		1		1		33
Sec. 232	3	2	9		1				15
Sec. 608		2				1			3
Sec. 803 military						1			1
Sec. 803 armed services	10	6	3	1	3	3		6	32
Title I improvement loans:									
Sec. 2	47	35	7		12	2		9	112

[1] Includes adjustments not distributed by mortgagees. [2] Includes Sec. 610. [3] Less than 0.05 percent.

mortgages with purchases of almost $800 million. Even so, new acquisitions by savings banks fell off 19 percent, or more than $180 million, from those in 1961. Insurance companies, with a 37 percent decline to $725 million, dropped to second place among purchasing institutions in 1962. National banks and federal agencies (largely the Federal National Mortgage Association) were the only types of institutions that bought substantially more home mortgages in 1962 than in 1961. National banks, with a volume of $290 million, more than doubled their purchases, while federal agencies, with $526 million, increased theirs by one-fifth. Purchases of mortgage companies remained practically unchanged at about $150 million.

There was a distinctive difference in the kinds of loans purchased by various institutions. Section 203, Section 222, and Section 809 mortgages were widely sought by all institutions. The FNMA bought a disproportionate share of mortgages under special-purpose programs—Sections 213, 220, and 221, and national banks bought a major share of well-seasoned Section 603 mortgages.

In the 1962 sales of home mortgages, mortgage companies maintained their dominant position, selling $2.1 billion or 71 percent of the mortgages transferred. This volume compares with $2.6 billion sold by these companies in 1961, when they accounted for 71 percent of the sales. The major sellers of home mortgages—State banks, mortgage companies, and Federal agencies—all showed declines in 1962 as compared with 1961, whereas national banks, insurance companies, savings and loan associations, and savings banks disposed of greater volumes.

Project Mortgages.—The volume of FHA-insured projects transferred during 1962 increased more than half (56 percent) over 1961 to a high of $727 million. Purchases were highest among institutions classed as "all other." These miscellaneous mortgagees purchased $263 million or 36 percent of project mortgages transferred. Among them were State and municipal funds which acquired $56 million and public employees' retirement funds which bought $207 million, together accounting for practically all purchases in this category. Sales were heaviest among State banks, which represented almost a third of all such dispositions.

Trading was most active in mortgages insured under Section 803 (armed services housing), with purchases by State and municipal funds ($26 million) and public employees' retirement funds ($153 million) accounting for the bulk of $229 million purchased. Sales of these mortgages were chiefly by national banks ($76 million), savings and loan associations ($53 million), and State banks ($42 million). Trading was also heavy in Section 207 mortgages, with savings banks the leading purchaser ($90 million) and State banks the leading seller ($77 million). Purchases by Federal agencies decreased from 17 percent of the total in 1961 to 14 percent in 1962 when total acquisitions amounted to $105 million. Heaviest purchases by FNMA were under special-purpose programs (Sections 220, 221, and 231).

Title I Property Improvement Loans.—Purchases and sales of improvement loans during 1962 numbered 70.7 thousand with net proceeds of $54.7 million. This was a decrease of 44 percent in number of loans and 32 percent in dollar volume from the 1961 secondary market transactions in Title I loans.

In 1962, purchases by commercial banks accounted for 98 percent of both loans and proceeds, with national banks acquiring 56 percent of the loans and 65 percent of the proceeds. Sales by banks were responsible for 94 percent of the loans that had 80 percent of the proceeds, with national banks marketing 63 percent of the loans and 59 percent of the proceeds. Mortgage companies and institutions classified as "all other", acting mainly as agents to service loans, sold an additional 17 percent of the total proceeds transferred.

TABLE III-20.—*Terminations of FHA-insured home mortgages, by type, 1935–62*

[Dollar amounts in thousands]

Disposition	Total[1]		Sec. 8		Sec. 203		Sec. 203(k)		Sec. 213		Sec. 220		Sec. 221	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	6,356,127	$55,940,027	38,345	$204,260	5,419,537	$48,921,358	547	$2,950	31,888	$385,282	2,152	$25,981	52,500	$513,231
Mortgage insurance terminated:														
Prepaid in full	2,197,845	13,504,207	6,540	33,295	1,824,140	11,386,406	3	13	2,326	24,094	23	274	87	754
Prepaid by supersession	538,090	3,676,837	3,068	16,006	426,004	3,020,692			1,043	10,611	11	107	26	221
Matured loans	36,031	138,388	18	81	35,053	134,829								
Default terminations (total):	(101,425)	(929,165)	(1,397)	(7,742)	(65,060)	(633,023)	(—)	(—)	(1,404)	(16,742)	(41)	(424)	(3,137)	(26,927)
Mortgages assigned by mortgagee:														
Mortgages held or sold by FHA	430	4,286			59	666							2	19
Titles acquired by FHA	1	12			1	12								
Titles acquired by mortgagee:														
Property transferred to FHA	89,633	845,321	1,267	7,049	56,632	471,299			1,398	16,675	41	424	3,130	26,865
Property retained by mortgagee	11,361	79,546	130	693	8,368	61,046			6	67			5	43
Voluntary terminations	5,310	42,390	133	624	4,733	38,375								
Other terminations	830	4,604	3	14	659	3,695			1	11				
Total terminations	2,879,531	18,295,641	11,159	57,763	2,355,649	15,217,020	3	13	4,774	51,458	75	805	3,250	27,902
Mortgages in force	3,476,596	37,644,386	27,186	146,497	3,063,888	33,704,338	544	2,937	27,114	333,825	2,077	25,176	49,250	485,329

Disposition	Sec. 222		Sec. 603		Sec. 603–610		Sec. 611		Sec. 809		Sec. 903	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	118,897	$1,611,193	624,652	$3,645,214	3,363	$16,109	75	$556	7,013	$96,495	57,156	$517,270
Mortgage insurance terminated:												
Prepaid in full	5,321	70,892	354,116	1,947,207	1,288	5,460	15	110	79	1,007	3,907	34,590
Prepaid by supersession	3,849	50,027	101,237	555,901	238	1,003	5	38	53	657	2,556	21,619
Matured loans			935	3,410	25	68						
Default terminations (total):	(2,748)	(32,103)	(14,675)	(93,513)	(15)	(60)	(1)	(7)	(108)	(1,275)	(12,839)	(117,350)
Mortgages assigned by mortgagees:												
Mortgages held or sold by FHA			28	484							341	3,117
Titles acquired by FHA												
Titles acquired by mortgagee:												
Property transferred to FHA	2,720	31,759	11,834	75,770	13	46	1	7	108	1,275	12,489	114,152
Property retained by mortgagee	28	344	2,813	17,258	2	14					9	80
Voluntary terminations	7	99	428	3,227	7	41			1	13	1	9
Other terminations	7	90	160	794								
Total terminations	11,932	153,210	471,551	2,604,052	1,573	6,632	21	155	241	2,952	19,303	173,568
Mortgages in force	106,965	1,457,983	153,101	1,041,162	1,790	9,477	54	401	6,772	93,543	37,853	343,703

[1] Excludes Sec. 2 home loans. Includes Sec. 225 open-end advances of $122,539; of which $111,954 represents mortgage insurance terminated and $10,585 in force. Also includes 2 home improvement loans for $6,000 under Sec. 220(h), both in force.

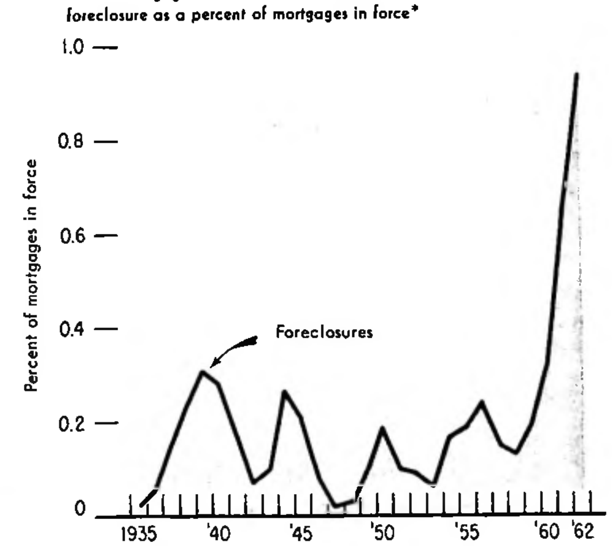
TERMINATIONS, DEFAULTS, AND CLAIMS PAID

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 1962 amounted to $32.2 billion or 39.7 percent of the $81.1 billion in total insurance written (Table III-3). Terminations of insurance on home mortgages accounted for $18.3 billion of this amount, project mortgages for $1.9 billion, and Title I improvement loans for $11.9 billion. During the year 1962, total terminations aggregated almost $3,052 million—$2,022 million in home mortgages, $260 million in project mortgages, and $770 million in property improvement loans.

CHART III-8

FORECLOSURES OF FHA HOME MORTGAGES, 1935–62

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



* Includes cases held in mortgagee inventory.

Terminations of Home and Project Mortgages by Type of Termination

Home Mortgages.—The insurance contract on a home mortgage terminates as the result of any of the following actions:

1. The matured loan is paid off according to schedule.
2. The loan is prepaid, either with or without refinancing. When refinanced with a new FHA-insured mortgage, the transaction is termed prepayment by supersession.
3. The mortgage is foreclosed upon default and title to the property is acquired by the mortgagee. The mortgagee has the option of either transferring title to FHA in exchange for debentures and a certificate of claim (for interest losses and foreclosure expenses not covered by the debentures), or of withdrawing from the insurance contract for the purpose of marketing the property on his own terms. Also classed as withdrawals are the cases in which the foreclosed property is purchased by a party other than the mortgagee.
4. The defaulted mortgage is assigned by the mortgagee to FHA.
5. The insurance is voluntarily terminated. This action is accomplished upon the request of the mortgagor and the mortgagee and upon payment of a termination fee.

By the end of 1962, insurance had been terminated on nearly 2.9 million homes, or 45 percent of the total number of home mortgages insured. Table III-20 shows the distribution by type of termination for all home programs combined, together with the variation reported for the individual programs.

Insurance on three-fourths of the mortgages insured under Section 603, the last of which were underwritten in 1954, had been terminated by December 31, 1962. Newer programs had only small proportions of terminated cases; for example, Section 220 and Section 809, each with less

TABLE III-21.—*Disposition of FHA-acquired home properties, Dec. 31, 1962*

Section	Total number acquired[1]	Number of initial sales			Number of properties on hand[3]
		Total	Sold for all cash	Sold for cash and notes[2]	
8	1,267	1,011	81	930	270
203	56,633	29,749	2,415	27,334	27,053
213	1,398	607	45	562	802
220	41	8		8	33
221	3,130	519	14	505	2,621
222	2,720	1,002	24	978	1,720
603[4]	11,847	11,573	2,971	8,602	307
611	1	1		1	
809	108	44	3	41	64
903	12,489	6,874	652	6,222	5,893
Total	89,634	51,388	6,205	45,183	38,763

[1] Excludes FHA repossessions.
[2] Or contracts of deeds.
[3] Includes 517 repossessions.
[4] Includes Sec. 603–610.

TABLE III-22.—*Termination of FHA-insured multifamily housing mortgages, by type, 1935–62*

[Dollar amounts in thousands]

Disposition	Total		Sec. 207		Sec. 213 Sales		Sec. 213 Management		Sec. 220		Sec. 221 Market rate		Sec. 221 Below-market rate	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	12,017	$10,007,474	1,537	$1,952,517	1,325	$396,000	366	$647,980	152	$548,865	54	$60,815	28	$48,859
Mortgage insurance terminated:														
Prepaid in full	2,821	1,168,689	374	146,841	1,301	386,770	3	1,871	1	59				
Prepaid by supersession	31	17,958	13	8,032										
Matured loans	3	828	3	828										
Default terminations (total)	(1,039)	(636,294)	(99)	(83,144)	(3)	(2,192)	(13)	(18,549)	(2)	(4,925)	(9)	(9,355)		
Mortgages assigned by mortgagee:														
Mortgage held or sold by FHA	368	280,550	46	46,837	2	1,974	7	10,268	2	4,925	3	1,512		
Title acquired by FHA	381	193,804	18	12,770	1	219	1	700			1	1,078		
Titles acquired by mortgagee:														
Property transferred to FHA	278	159,894	28	22,130			5	7,581			5	6,765		
Property retained by mortgagee	12	2,046	7	1,407										
Voluntary terminations	77	69,817	6	8,640			1	2,397						
Transfer with reinsurance	7	11,482					2	5,066	1	391	4	6,025		
Other terminations	23	36,700	9	938										
Total terminations	4,001	1,941,769	504	248,423	1,304	389,962	19	27,883	4	5,374	13	15,350		
Mortgages in force	8,016	8,065,704	1,033	1,704,094	21	7,038	347	620,097	148	543,491	41	45,436	28	48,859

Disposition	Sec. 231		Sec. 232		Sec. 608 [1]		Sec. 611		Sec. 803 Military		Sec. 803 Armed services		Sec. 908	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	116	$208,721	98	$49,471	7,067	$3,448,377	25	$11,991	274	$683,143	878	$1,887,309	97	$63,427
Mortgage insurance terminated:														
Prepaid in full					1,113	616,575	25	11,991	1	4,050			3	534
Prepaid by supersession					18	9,926								
Matured loans														
Default terminations (total)					(823)	(407,366)			(31)	(46,002)	(24)	(46,771)	(35)	(17,991)
Mortgages assigned by mortgagee:														
Mortgage held or sold by FHA					259	144,044			11	19,500	24	46,771	14	4,720
Title acquired by FHA					330	144,933			14	22,200			16	11,905
Titles acquired by mortgagee:														
Property transferred to FHA					229	117,751			6	4,302			5	1,366
Property retained by mortgagee					5	639								
Voluntary terminations					70	58,780								
Transfer with reinsurance														
Other terminations					6	2,870					8	32,893		
Total terminations					2,030	1,095,517	25	11,991	32	50,052	32	79,664	38	18,524
Mortgages in force	116	208,721	98	49,471	5,037	2,352,860			242	633,091	846	1,807,645	59	44,902

[1] Includes Sec. 608–610.

than 4 percent. Section 203, with the largest volumes of insurance written and insurance terminated, had a ratio of 43 percent.

Ninety-five percent of the terminations through 1962 resulted from prepayments, either without supersession (76 percent) or with supersession (19 percent), these types of termination having accounted for the majority of terminations under most programs. In the newer programs, which had low termination ratios, the percentage of default terminations was high, as for example, Sections 220 with 55 percent, Section 221 with 97 percent, and Section 809 with 45 percent. Even though Section 903 is an older program, the last insurance being in 1957, foreclosures and acquired notes accounted for two-thirds of all its insurance terminations.

Programs of sufficient duration to allow for matured loans were Sections 8, 203, 603, and 603–610. Section 203 accounted for 97 percent of the 36,000 such terminations.

Foreclosures through 1962 represented 3.5 percent of terminations as compared with 2.6 percent in 1961. Property acquisitions by FHA comprised 3.1 percent and withdrawals 0.4 percent. Withdrawals represented only 11 percent of total foreclosures in 1962 as compared with 15 percent in 1961, 19 percent in 1960, and 21 percent in 1959.

TABLE III-23.—*Disposition of FHA-acquired multifamily housing properties and mortgages, December 31, 1962*

Section	FHA-acquired multifamily housing properties: Total	Properties sold by FHA: Total	With reinsurance	Without reinsurance	With mortgage held by FHA	On hand [1]
Number of projects:						
Sec. 207	46	30	8	10	12	16
Sec. 213 sales	1	1			1	
Sec. 213 management	6					6
Sec. 221 market rate	6	2		1	1	4
Sec. 608 [2]	559	400	7	107	286	159
Sec. 803 military	20	10		5	5	10
Sec. 908	21	13		2	11	8
Total	659	456	15	125	316	203
Number of units:						
Sec. 207	6,445	4,205	1,705	1,508	992	2,240
Sec. 213 sales	26	26			26	
Sec. 213 management	521					521
Sec. 221 market rate	941	127		11	116	814
Sec. 608 [2]	37,591	24,096	1,049	5,038	18,009	13,495
Sec. 803 military	3,395	1,527		676	851	1,868
Sec. 908	1,749	1,001		220	781	748
Total	50,668	30,982	2,754	7,453	20,775	19,686

Section	Mortgage notes assigned to FHA: Total	Mortgage note disposition: Total	Sold with reinsurance	Sold without reinsurance	Foreclosed with property acquired by FHA	On hand
Number of projects:						
Sec. 207	64	19	1		18	45
Sec. 213 sales	3	2		1	1	1
Sec. 213 management	8	1			1	7
Sec. 220	2					2
Sec. 221 market rate	4	1			1	3
Sec. 608	589	356		26	330	233
Sec. 803 military	25	14			14	11
Sec. 803 armed services	24	10	10			14
Sec. 908	30	16			16	14
Total	749	419	11	27	381	330
Number of units:						
Sec. 207	7,587	2,704	1,102		1,602	4,883
Sec. 213 sales	211	170		144	26	41
Sec. 213 management	880	70			70	810
Sec. 220	334					334
Sec. 221 market rate	289	116			116	173
Sec. 608	39,688	21,201		821	20,380	18,487
Sec. 803 military	5,461	2,861			2,861	2,600
Sec. 803 armed services	2,866	1,152	1,152			1,714
Sec. 908	2,237	1,559			1,559	678
Total	59,553	29,833	2,254	965	26,614	29,720

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

These successive declines attest to growing difficulties encountered by mortgagees in profitably disposing of acquired properties.

Assignments of mortgages in lieu of foreclosure, first authorized in 1959, increased from 7 in 1961 to 430 (on an on-hand basis) at the end of 1962. An additional assigned note was foreclosed in 1962 and the property acquired.

Although the number of voluntary terminations, also initially authorized in 1959, remained insignificant in relation to the total, they increased in 1962 to 5,300 from less than 400 at the previous year end.

Of the 89,600 home properties acquired by the end of 1962, FHA had sold 51,400, or 57 percent—50 percent for cash and mortgage notes and an additional 7 percent for cash. The unsold inventory, including 500 repossessions, amounted to 38,800 (Table III–21).

Section 203, under which 63 percent of the home properties were acquired, showed the largest volume of acquisitions during the year—almost 24,600. This section, however, also showed one of the more favorable experiences in the disposition of properties, since sales during the year numbered almost 14,100, or the equivalent of 57 percent of the year's acquisitions. Section 603 set the best record on dispositions, having sales which exceeded new acquisitions by two-thirds. The year's disposition rate was also favorable for Sections 903 (90 percent of new acquisitions), Section 8 (66 percent), and Section 809 (60 percent). Dispositions lagged most for the newer programs, Sections 220 and 221, which had 1962 sales representing 17 percent and 22 percent, respectively, of new acquisitions. Detailed information on the financial experience with acquired properties is presented in Section 5 of this report.

Project Mortgages.—At the end of 1962, mortgage insurance had been terminated on 4,000 project mortgages with face amounts totaling $1.9 billion. These terminations represented 33 percent of the number and 19 percent of the amount of mortgages insured through 1962.

Terminations of project mortgage insurance result from the same actions as for home mortgages, with an additional provision for terminating insurance of mortgages, under certain sections and reinsuring them at a lower rate of interest under Section 221(d)(3). A cumulative summary of terminations, by types and by program, is presented in Table III–22. Prepayments comprised the greatest number of project mortgage terminations, over 70 percent being prepayments in full and an additional 1 percent being prepayments by supersession. The latter figure differs considerably from the 19 percent of home mortgages which were prepaid by supersession.

Only 3 of the 4,000 terminations of project mortgage insurance represented loans paid off at maturity.

Default terminations constituted 26 percent of project mortgage insurance terminations, as compared with less than 4 percent for homes. Nineteen percent of these were assignments of mortgages in lieu of foreclosure, about equally divided between mortgages still held or sold by FHA and mortgages subsequently foreclosed by FHA and the titles acquired. Titles acquired upon foreclosure by mortgagees comprised over 7 percent of terminations, practically all of which were transferred to FHA in exchange for debentures.

Voluntary terminations showed a marked increase from 19 at the end of 1961 to 77 a year later. Transfers with reinsurance represented terminations under Sections 213, 220, and 221, as shown in Table III–22, with reinsurance under the low-rate interest provisions of Section 221(d)(3).

Details of the disposition of project mortgages and mortgage notes acquired by FHA is shown in Table III–23. The acquired properties shown in the upper portion of the table represent the sum of properties acquired in exchange for debentures and the acquisitions resulting from FHA's foreclosure of assigned mortgage notes. The latter appear separately in the lower portion of the table. Projects acquired by FHA through the end of 1962 numbered 659 and included 50,700 units. Of these, 381 projects representing 26,600 units resulted from FHA foreclosure of mortgage notes.

Net property sales at the end of 1962 covered 456 projects or 31,000 units, leaving on hand 203 projects containing 19,700 units. Sales of 38 notes and acquisitions of 381 properties through foreclosure by FHA left 330 notes on hand, covering 29,700 units.

Terminations of Home and Project Mortgages by Years

Trends in the annual volume of mortgage insurance terminations, foreclosures, and property acquisitions in relation to the volume of insurance written are shown for each home program in Table III–24. Table III–25 presents comparable data for projects but without specific reference to property acquisitions. Home mortgage insurance terminations during 1962 rose to a record level of 216,600, almost a third greater than the 164,200 terminations in 1961, and 10 percent above the previous high of 196,200 reported in 1959. The cumulative proportion of insured mortgages represented by terminations was up moderately to 45.30 percent. Default terminations, which cover foreclosures with titles transferred to FHA or retained by the mortgagee, the mortgagee inventory of foreclosed properties, and assignments of mortgages in lieu of foreclosure, increased in volume in 1962 by 56 percent as compared with 22 percent between 1960 and 1961. The 1962 ratio of cumulative default terminations to insurance written stood at 1.69 percent. Property acquisitions increased 60 percent over 1961 as compared with 162 percent in 1961 over 1960. The ratio of acquisitions to insured cases rose to 1.4 percent.

Project terminations declined in number from 532 in 1961 to 446 in 1962. In terms of dwelling units, the decrease was from 32,494 to 30,442. Despite this decrease, insurance was terminated at a faster rate than new insurance was written, with the result that the ratio of terminations to insured cases rose from 24.34 percent in 1961 to 25.78 percent in 1962. For default terminations, the ratio remained practically unchanged at 8.28 percent.

Home Mortgages.—Among the various programs, the percentage of home mortgages for which insurance has terminated is dependent largely on the number of years the program has operated and on whether or not the authority to insure is still effective. For example, Section 603 had roughly half of the cases insured under it prior to 1945 and the last insurance written in 1954. For this program, more than three-fourths of the insurance had been terminated by the close of 1962. Under the newer programs—Sections 220, 221, and 809, all of which are still active—none of the termination ratios exceed 7 percent.

Terminations of home mortgage insurance under Section 203, which accounted for 86 percent of all home terminations, increased 32 percent in 1962 to 186,600. The 1962 ratio of terminations

CHART III–9

TERMINATIONS OF THE FHA HOME MORTGAGES, 1935–62

Home mortgages terminated under all sections

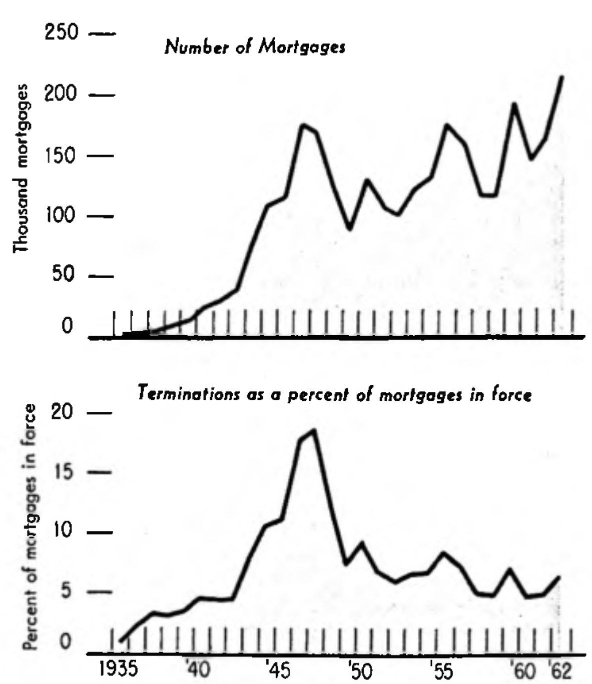


TABLE III–24.—*Terminations of FHA-insured home mortgages, selected years, 1950–62*

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 through end of year: Percent of total insured	Default terminations [1]: Number for the period	Default terminations [1]: Cumulative through end of year: Number	Default terminations [1]: Cumulative through end of year: Percent of total insured	FHA acquisitions: Number for the period	FHA acquisitions: Cumulative through end of year: Number	FHA acquisitions: Cumulative through end of year: Percent of total insured
Total: [2]											
1950	341,032	2,628,197	131,833	1,116,795	42.50	2,610	16,301	0.62	1,860	12,707	0.48
1952	234,426	3,115,292	101,134	1,327,724	42.62	1,478	19,302	.62	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	159,458	1,920,462	46.28	5,268	33,138	.80	4,677	25,521	.61
1957	198,429	4,348,490	117,661	2,038,123	46.87	3,405	36,543	.84	2,657	28,178	.65
1958	381,883	4,730,373	117,393	2,155,516	45.57	3,087	39,630	.84	2,271	30,449	.64
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
1962	395,808	6,356,127	216,633	2,879,531	45.30	32,248	107,157	1.69	29,789	89,634	1.41
Section 8:											
1952	5,815	12,203	89	91	.75	5	5	.04	2	2	.02
1954	15,897	32,479	283	567	1.75	45	114	.35	25	82	.25
1955	5,714	38,193	754	1,321	3.46	79	193	.51	46	128	.34
1956	139	38,332	935	2,256	5.89	174	367	.96	141	269	.70
1957	8	38,345	879	3,135	8.18	217	584	1.52	219	488	1.27
1958	----	38,345	1,028	4,163	10.86	189	773	2.02	155	643	1.68
1959	----	38,345	2,042	6,205	16.18	171	944	2.46	155	798	2.08
1960	----	38,345	1,446	7,651	19.95	137	1,081	2.82	146	944	2.46
1961	----	38,435	1,492	9,143	23.84	172	1,253	3.27	152	1,096	2.86
1962	----	38,345	2,016	11,159	29.10	169	1,422	3.71	171	1,267	3.30
Section 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	204,772	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	99,650	1,632,766	45.64	1,514	14,339	.40	910	8,679	.24
1958	353,418	3,930,956	101,436	1,734,202	44.12	2,061	16,400	.42	1,328	10,007	.25
1959	460,966	4,391,922	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	340,337	5,065,366	141,163	2,169,086	42.82	16,846	43,569	.86	15,125	32,042	.63
1962	354,171	5,419,537	186,563	2,355,649	43.47	26,606	70,175	1.29	24,591	56,633	1.04
Section 203(k):											
1962	539	547	3	3	.55	----	----	----	----	----	----
Section 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
1962	1,221	31,888	1,819	4,774	14.97	860	1,613	5.06	747	1,398	4.38
Section 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
1962	423	2,152	55	75	3.49	30	42	1.95	30	41	1.91
Section 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	1,296	1,806	6.16	1,204	1,647	5.62
1962	23,201	52,500	1,548	3,250	6.19	1,476	3,282	6.25	1,483	3,130	5.96
Section 222:											
1955	6,635	6,645	13	13	.20	----	----	----	----	----	----
1956	11,457	18,102	133	146	.81	1	1	.01	----	----	----
1957	10,779	28,881	258	404	1.40	7	8	.03	4	4	.01
1958	16,374	45,255	565	969	2.14	19	27	.06	17	21	.05
1959	22,517	67,772	1,996	2,965	4.37	120	147	.22	47	68	.10
1960	19,151	86,923	1,505	4,470	5.14	320	467	.54	294	362	.42
1961	16,733	103,656	2,543	7,013	6.77	811	1,278	1.23	808	1,170	1.13
1962	15,241	118,897	4,919	11,932	10.04	1,582	2,860	2.41	1,550	2,720	2.29

See footnotes at end of table.

TABLE III-24.—*Terminations of FHA-insured home mortgages, selected years, 1950–62*—Continued

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 through end of year: Percent of total insured	Default terminations[1]: Number for the period	Default terminations[1]: Cumulative through end of year: Number	Default terminations[1]: Cumulative through end of year: Percent of total insured	FHA acquisitions: Number for the period	FHA acquisitions: Cumulative through end of year: Number	FHA acquisitions: Cumulative through end of year: Percent of total insured
Section 603:[2]											
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
1962		628,015	16,801	473,124	75.34	152	14,726	2.34	46	11,847	1.89
Section 809:											
1958	1,326	2,054	1	1	.05						
1959	1,619	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
1962	1,011	7,013	113	241	3.44	60	111	1.58	57	108	1.54
Section 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	15.58	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
1962		57,156	2,791	19,303	33.77	1,312	12,924	22.61	1,114	12,489	21.85

[1] Includes foreclosures with titles transferred 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); see Table III-26 for mortgagee inventory.

[2] Includes Sec. 220(h) home improvement loans and Sec. 613 but excludes Sec. 2 home loans.

[3] Includes Sec. 603-610.

TABLE III-25.—*Terminations of FHA-insured multifamily housing mortgages, selected years, 1950–62*

Year	Total terminations: Number for the period: Number of mortgages	Total terminations: Number for the period: Number of units	Total terminations: Cumulative through end of year: Number of mortgages	Total terminations: Cumulative: Dwelling units: Number	Total terminations: Cumulative: Dwelling units: Percent of total insured	Default terminations[1]: Number for the period: Number of mortgages	Default terminations[1]: Number for the period: Number of units	Default terminations[1]: Cumulative through end of year: Number of mortgages	Default terminations[1]: Cumulative: Dwelling units: Number	Default terminations[1]: Cumulative: Dwelling units: Percent of total insured
All sections:[3]										
1950	137	10,961	553	52,232	10.54	66	2,646	112	9,005	1.82
1952	99	8,321	803	70,989	11.65	39	3,162	233	16,473	2.70
1954	187	12,013	1,129	95,241	14.25	76	5,548	377	27,416	4.10
1955	290	16,991	1,419	112,232	16.56	95	6,909	475	34,325	5.06
1956	162	16,022	1,581	128,254	18.62	65	7,536	540	41,861	6.08
1957	291	10,824	1,872	139,078	18.99	68	4,286	608	46,147	6.30
1958	485	18,750	2,357	157,828	19.79	73	6,720	681	52,867	6.63
1959	349	21,126	2,706	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	34 24.57	94	7,773	969	77,990	8.29
1962	446	30,442	4,001	261,668	25.78	70	6,054	1,039	84,044	8.28
Section 207:										
1950	18	2,883	327	37,252	81.16			25	4,483	9.77
1952	10	733	343	38,512	67.76	1	20	26	4,503	7.92
1954	12	1,136	364	40,616	53.83	1	214	30	4,876	6.46
1955	20	1,710	384	42,326	52.54	10	887	40	5,763	7.15
1956	9	763	393	43,089	53.00	2	360	42	6,123	7.53
1957	5	203	398	43,292	50.48			42	6,123	7.14
1958	16	1,460	414	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
1962	27	2,595	504	53,172	29.07	13	1,300	99	12,778	6.99

TABLE III-25.—*Terminations of FHA-insured multifamily housing mortgages, selected years, 1950–62*—Continued

Year	Total terminations: Number for the period: Number of mortgages	Total terminations: Number for the period: Number of units	Total terminations: Cumulative through end of year: Number of mortgages	Total terminations: Cumulative: Dwelling units: Number	Total terminations: Cumulative: Dwelling units: Percent of total insured	Default terminations[1]: Number for the period: Number of mortgages	Default terminations[1]: Number for the period: Number of units	Default terminations[1]: Cumulative through end of year: Number of mortgages	Default terminations[1]: Cumulative: Dwelling units: Number	Default terminations[1]: Cumulative: Dwelling units: Percent of total insured
Section 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	89	3,029	186	11,993	99.03			3	211	1.74
1956	12	420	198	12,413	92.88			3	211	1.58
1957	168	3,083	366	15,496	80.49			3	211	1.10
1958	326	5,723	692	21,219	89.03			3	211	.89
1959	152	3,186	844	24,405	96.73			3	211	.84
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
1962	146	2,340	1,304	32,265	98.86			3	211	.65
Section 213 management:										
1954	1	12	1	12	.06					
1955	1	44	2	56	.26					
1956	1	70	3	126	.55	1	70	1	70	.30
1957	1	22	3	104	.40	1	22	2	92	.36
1958	1	46	4	150	.53			2	92	.32
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
1962	11	1,533	19	2,073	4.06	7	849	13	1,331	2.61
Section 220:										
1961	2	138	2	138	.52	1	132	1	132	.50
1962	2	254	4	392	1.10	1	202	2	334	.94
Section 221 market rate:										
1960	5	930	5	930	17.78	5	930	5	930	17.78
1961	1	11	6	941	15.90 16.08	1	11	6	941	15.98
1962	7	806	13	1,747	24.54	3	173	9	1,114	15.65
Section 608:[2]										
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	28.39	58	3,778	778	53,488	11.39
1962	252	22,884	2,030	156,179	33.26	45	3,500	823	56,988	12.14
Section 803 military:										
1954	1	55	1	55	.07	1	55	1	55	.07
1955	4	1,069	5	1,124	1.35	4	1,069	5	1,124	1.35
1956	2	550	7	1,674	1.99	2	550	7	1,674	1.99
1957	11	952	18	2,626	3.09	11	952	18	2,626	3.09
1958	4	986	22	3,612	4.26	4	986	22	3,612	4.26
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
1962	1	30	32	6,495	7.65	1	30	31	5,995	7.06
Section 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
1962			32	4,866	4.09			24	2,866	2.41
Section 908:										
1954	4	253	4	253	3.02	4	253	4	253	3.02
1955	8	594	12	847	9.98	8	594	12	847	9.98
1956	7	948	19	1,795	21.15	7	948	19	1,795	21.15
1957	7	265	26	2,060	24.28	7	265	26	2,060	24.28
1958	5	200	31	2,260	26.64	4	160	30	2,220	26.16
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
1962			38	2,495	29.40			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, 5 projects, 89 units.

[2] Includes Sec. 611.

[3] Includes Sec. 608-610.

of 43.47 percent of mortgages insured reversed a 4-year downward trend for this program. The volume of both default terminations and FHA acquisitions for Section 203 exceeded all other programs in terms of number, but in relation to volume of insurance each had the lowest ratio of all programs, 1.29 percent and 1.04 percent, respectively.

The highest default termination and FHA acquisition ratios occur under Section 903. This

TABLE III-26.—*Default status of FHA-insured home mortgages, selected years, 1950–62*

As of year end	Insured mortgages in force	Defaults and potential FHA acquisitions: Total defaults		Foreclosures in process		Mortgagee inventory [1]	
		Number	Percent of in force	Number	Percent of in force	Number	Percent of in force
Total: [2]							
1950	1,511,402	17,058	1.13	1,167	0.08	950	0.06
1952	1,787,568	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
1962	3,476,596	46,186	1.33	8,931	.26	5,732	.16
Section 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
1962	27,186	403	1.48	59	.22	25	.09
Section 203: [3]							
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
1962	3,064,432	40,593	1.32	7,530	.25	5,115	.17
Section 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
1962	27,114	841	3.10	258	.95	209	.77
Section 220: [3]							
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
1962	2,079	12	.58	5	.24	1	.05
Section 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
1962	49,250	1,287	2.61	432	.88	145	.29
Section 222:							
1954	10	-----	-----	-----	-----	-----	-----
1955	6,632	1	.02	-----	-----	-----	-----
1956	17,056	18	.10	1	.01	1	.01
1957	28,477	25	.09	4	.01	4	.01
1958	44,286	88	.20	17	.04	4	.01
1959	64,807	322	.50	68	.10	74	.11
1960	82,453	614	.74	110	.14	94	.11
1961	96,643	991	1.03	221	.23	86	.09
1962	106,965	1,324	1.24	306	.29	112	.10

See footnotes at end of table.

TABLE III-26.—*Default status of FHA-insured home mortgages, selected years, 1950–62*—Continued

As of year end	Insured mortgages in force	Defaults and potential FHA acquisitions: Total defaults		Foreclosures in process		Mortgagee inventory [1]	
		Number	Percent of in force	Number	Percent of in force	Number	Percent of in force
Section 603: [4]							
1950	391,226	7,578	1.94	665	0.17	644	0.16
1952	347,062	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
1962	154,891	669	.43	83	.05	36	.02
Section 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	-----	-----
1962	6,772	59	.87	12	.18	3	.04
Section 903:							
1952	12,510	17	.14	-----	-----	-----	-----
1954	52,544	4,164	7.92	185	.35	449	.85
1955	51,801	3,831	7.40	981	1.89	223	.43
1956	49,179	1,930	3.92	702	1.43	47	.10
1957	47,579	1,025	2.15	60	.13	189	.40
1958	46,661	1,435	3.08	512	1.10	146	.31
1959	44,063	1,130	2.56	362	.82	116	.26
1960	42,399	1,344	3.17	153	.36	157	.37
1961	40,644	1,769	4.35	127	.31	231	.57
1962	37,853	997	2.63	246	.65	85	.22

[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 home improvement loans. [4] Includes Sec. 603–610.

program was activated in 1951 to stimulate housing in critical defense areas during the Korean emergency. Absence of adequate growth in some localities has resulted in more than a fifth of all Section 903 home mortgages foreclosed and the properties acquired by FHA.

Project Mortgages.—Terminations of project mortgage insurance are shown for selected years, 1950 through 1962, in Table III–25. Insurance representing more than one-fourth of all insured dwelling units had been terminated by the end of 1962. Units in defaulted projects accounted for less than one-fifth of the terminations, as compared with almost one-fourth in 1961.

Units in Section 608 projects continued to predominate in both total terminations (75 percent) and in default terminations (58 percent). The legislative authority for insurance under this program expired in 1954; therefore, the ratio of units terminated to units insured, which reached 33 percent in 1962, will continue to rise.

The 2,600 units in terminated Section 207 projects constituted the second highest volume of terminations for the year. Because this program is still active and with an increasing volume of new insurance, the termination ratio has fallen steadily, attaining a level of 29 percent in 1962.

Practically all insurance written under the Section 213 sales-type cooperative program has been terminated (99 percent). This high rate results from the nature of the program. Sales cooperatives are organized to promote and build houses for individual ownership. Upon completion of construction, the separate units are released from the project mortgage and their pro rata insurance terminated as the individual titles are acquired by members of the cooperative. The purchaser may finance his home under the Section 213 home mortgage provisions, under Section 203, or by whatever other method he finds suitable.

Default termination ratios were highest for Section 908 housing for critical defense areas (insurance written during period 1952–55), Section 608 (insurance written during 1942–52), and Section 221 relocation and low-income housing (authorized 1954 and still active) with rates of 29 percent, 12 percent, and 16 percent, respectively. Changes in industrial activity and attendant shifts in population account for the high percentage of foreclosures under Section 908, as was explained in the earlier discussion of home mortgage insurance terminations under Section 903. Similarly, the special purposes for which Section 608 and relocation programs were devised make them more responsive to changes in social or economic conditions than those programs adhering to financing principles based on long-range economic soundness.

Defaults of Home and Project Mortgages by Years

Defaults in home mortgages showed an increase of 13 percent at the end of 1962 over the number

TABLE III–27.—*Default status of FHA-insured multifamily housing mortgages, selected years, 1950–62*

As of year end	Insured mortgages in force		Insured mortgages in default			Mortgage notes being assigned to FHA			Projects being acquired by mortgagee		
	Number of mortgages	Number of units	Number of mortgages	Number of units	Percent of units in force	Number of mortgages	Number of units	Percent of units in force	Number of mortgages	Number of units	Percent of units in force
All sections: [1]											
1950	6,673	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	639,684	62	4,334	.68	8	170	.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
1962	8,016	753,485	63	8,368	1.11	11	476	.06	11	1,410	.19
Section 207:											
1950	76	8,650	1	800	9.25						
1952	193	18,323	2	42	.23						
1954	354	34,836	7	886	2.54	1	104	.30	2	150	.43
1956	384	38,207									
1958	526	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			
1962	1,033	129,708	14	1,339	1.08	3	215	.17			
Section 213 sales:											
1950	6	285									
1952	24	3,832									
1954	76	2,510	1	274	10.92						
1956	39	951									
1958	111	2,614									
1959	59	824									
1960	147	2,298									
1961	121	1,779									
1962	21	372									
Section 213 management:											
1952	57	12,160									
1954	109	20,367									
1956	125	22,917	1	22	.10				1	22	.10
1958	165	28,179									
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
1962	347	48,954	5	546	1.12						
Section 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						
1962	148	35,279	22	4,654	13.19				7	941	2.67
Section 221 market rate:											
1958	11	2,024									
1959	17	3,569									
1960	25	4,302	2	84	1.95						
1961	31	4,977	3	302	6.07						
1962	41	5,373	1	180	3.35						

See footnotes at end of table.

TABLE III–27.—*Default status of FHA-insured multifamily housing mortgages, selected years, 1950–62*—Continued

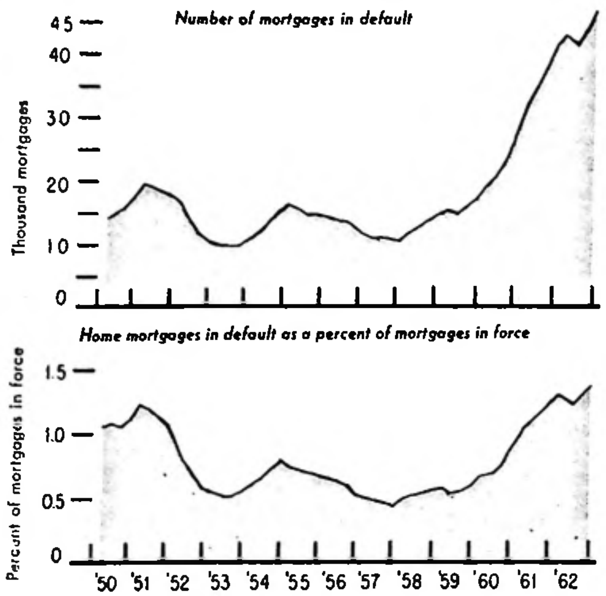
As of year end	Insured mortgages in force		Insured mortgages in default			Mortgage notes being assigned to FHA			Projects being acquired by mortgagee		
	Number of mortgages	Number of units	Number of mortgages	Number of units	Percent of units in force	Number of mortgages	Number of units	Percent of units in force	Number of mortgages	Number of units	Percent of units in force
Section 221 below market rate:											
1961	1	320									
1962	28	4,187									
Section 231:											
1959	1	207									
1960	25	3,248									
1961	67	9,008	1	74	0.82						
1962	116	17,844	2	631	3.54	1	74	0.41			
Section 232: [2]											
1960	2	(171)									
1961	22	(1,801)									
1962	98	(8,436)	1	(75)	.89						
Section 608: [3]											
1950	6,528	416,854	112	5,695	1.37	12	212	.05	36	1,933	.46
1952	6,648	440,694	67	5,524	1.25	2	208	.05	17	526	.12
1954	6,429	426,146	66	4,025	.94	9	766	.18	14	814	.19
1956	6,132	402,416	38	5,689	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	360,468	53	2,079	.58	4	352	.10	4	97	.03
1961	5,289	336,294	50	3,111	.93	7	267	.08	1	280	.08
1962	5,037	313,410	18	958	.31	7	187	.06	4	469	.15
Section 803 military: [4]											
1950	56	16,669									
1952	186	59,585									
1954	259	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									
1962	242	78,388									
Section 803 armed services:											
1956	17	5,819									
1958	482	72,391									
1959	610	86,459									
1960	703	97,777									
1961	814	110,334									
1962	846	113,980									
Section 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	5,990									
1962	59	5,990									

[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 1962, acquisitions numbered 221 projects involving 73,508 units.

CHART III-10

DEFAULTS OF FHA HOME MORTGAGES, 1950–62

Mortgages in default under all home mortgage programs



reported a year earlier. This rate of increase in defaults was substantially below the 52 percent increase from 1960 to 1961. The home default ratio—defaults as percentage of mortgages in force—stood at 1.33 percent as of December 31, 1962. Project mortgages, on the other hand, had 17 percent fewer defaults in terms of dwelling units than at the end of 1961. The project default ratio was 1.11 percent at the end of 1962.

Home Mortgages.—The year-end default status of home mortgages is shown in Table III–26 for each section for selected years 1950 through 1962. Total defaults in this table include those for which foreclosure had been started and potential acquisitions (mortgagee inventory). The 1961 and 1962 totals also include defaults under forbearance agreement, numbering 245 and 358, respectively. These agreements, first authorized in 1961, permit lenders under certain circumstances to defer foreclosure when the borrower has a good prospect for curing the default.

Eighty-eight percent of all defaults at the end of 1962 were under Section 203. Because of the large number of mortgages in force under Section 203, however, this program had one of the lowest default ratios—only 1.32 percent.

Section 603 had the second highest volume of home mortgages in force, but because the number of defaults at the end of 1962 was relatively small (669) the default ratio of 0.43 percent for this section was the lowest for all home programs. This low ratio can be attributed largely to the fact that virtually all insurance under this section was written prior to 1952. The generally higher incomes in 1962 available for payments on homes purchased at 1940 and early 1950 prices reduce the likelihood that mortgage payments will become delinquent. Moreover, the equities built up over the period increase the incentive of mortgagors to meet their obligations.

The highest 1962 default ratios were under Section 213 (3.10 percent), Section 903 (2.63 percent), and Section 221 (2.61 percent). For Section 213 this ratio was an increase over the 2.21 percent at the end of 1961, but for the other two programs the ratios dropped from 4.35 percent and 4.37 percent, respectively.

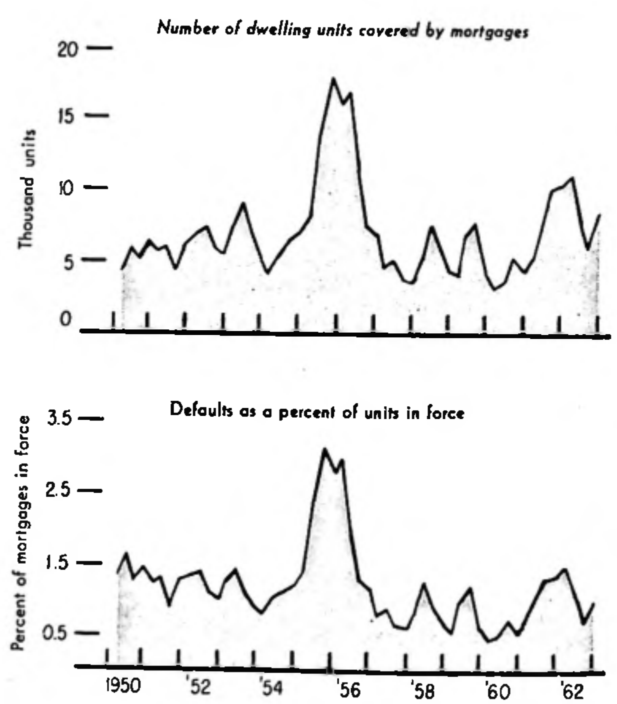
The trends in foreclosures in process tend to foretell foreclosure trends shown earlier in this report in Table III–24. On the basis of the high level of foreclosures in process at the end of 1962—21 percent more than at the end of 1961—it is reasonable to anticipate a continuing high rate of foreclosures for the year 1963. Similarly, the increase of 28 percent in the size of the mortgagee inventory at the end of 1962 as compared with 1961 suggests a sustained high rate of FHA acquisitions in 1963.

Project Mortgages.—Multifamily housing mortgages in default, along with the number of dwelling units involved, are shown by program and by selected years, 1950–62, in Table III–27. Defaulted mortgages with notes in the process of assignment to FHA in lieu of foreclosure and projects in the process of being acquired by the mortgagee are shown in separate subtotals. All of the default totals are represented in terms of dwelling units as a percentage of units in mortgages in force.

CHART III-11

DEFAULTS OF MULTIFAMILY MORTGAGES, 1950–62

Mortgages in default under all multifamily programs



Projects in default dropped 24 percent from 83 at the end of 1961 to 63 at the end of 1962, and dwelling units comprising them dropped 17 percent from 10,100 to 8,400. This decline produced a default ratio of 1.11 percent for 1962 as compared with 1.41 percent for the 1961 year end. Chart III–11 depicts quarterly trends of project defaults. The chart shows more clearly the over-all trend for project defaults than is apparent from the table because of the omission of certain years.

The highest volume and the highest rate of defaults for 1962 were under Section 220. The 4,700 units in defaulted projects under this program constituted more than half of the total of defaulted units, while the ratio to units in force under this program was 13.19 percent. Although the number of defaulted units was practically the same in 1962 as at the end of 1961, the 1962 ratio represented a decline from almost 18 percent because of the greater volume of insurance in force in 1962. It was only under Section 220 that the mortgages in default produced any significant volume of projects in the process of being acquired. The 7 such projects, involving 941 units, portend a possible quadrupling of default terminations for this program by the end of 1963 (Table III–25).

Sales-type cooperative mortgages under Section 213, below-market interest rate mortgages under Section 221, and mortgages under both Sections 803 and 908 were all in good standing at the end of 1962. Of the programs with mortgages not in good standing, Section 608 had the lowest default ratio—only 0.31 percent. This low rate is attributed to the fact that this program is no longer active (with respect to new insurance) and all mortgages in force have been sufficiently seasoned to reduce the likelihood of delinquency.

Terminations and Defaults by States

State distributions of mortgage insurance terminations and mortgages in default are presented for homes in Tables III–28 and 29 and for projects in Table III–30. Home mortgage default terminations for the year 1962 are summarized in Table III–28, including information by program on the number of insurance terminations resulting from default and the ratio of these terminations to mortgages in force at the beginning of 1962. The two succeeding tables are on a cumulative basis, with terminations as percentages of total insurance and defaults as percentages of mortgages in force.

Home Mortgages.—The analysis of default terminations by State in Table III–28 makes the volume of current terminations in each State more meaningful by relating it to the volume of insurance in force. For example, Florida, with the highest total volume (5,924) also had the highest ratio of default terminations to mortgages in force (3.78 percent). While total default terminations in Texas were second highest in volume, numbering 5,257, the ratio of 2.19 percent reveals that foreclosures in Texas may be relatively less of a problem than in Louisiana, which had a ratio of 3.23 percent based on volume of terminations numbering only 1,928. California, with the greatest volume of mortgages in force, had a ratio of only 0.33 percent. Two areas had no default terminations during the year—Hawaii and the Virgin Islands.

Detailed data by program do not necessarily reflect current economic conditions. Section 203 has had wide general use, but the high default termination ratios under some of the special purpose programs need to be examined in light of such factors as the objectives for which they were authorized, age of mortgages in force, and whether the life of the program provides sufficient experience on which to base judgment.

Eleven States, led by Illinois with a percentage of 64.54, had more than half of their insured mortgages terminated (Table III–29). Most terminations, as discussed earlier, were the result of prepayments. Only Alaska and South Carolina had foreclosures amounting to more than 5 percent of cases insured since 1935. Twenty-three States had fewer than 1 percent foreclosures. The Virgin Islands had none. The high proportion of FHA acquisitions among total foreclosures in most States is evident from the closeness of the foreclosure and acquisition ratios. The difference between these ratios represents not only properties retained by mortgagees for their own disposition but those which have been foreclosed and may yet be transferred to FHA.

Mortgages in default at the end of 1962 were in somewhat more favorable position in relation to the situation a year earlier than were foreclosures, the over-all default ratio having risen from 1.24 percent to 1.33 percent as compared with the rise from 1.26 to 1.68 percent for foreclosures. By State, however, there was considerable variation in these comparisons. While States in general showed slight increases, some of the States with relatively high ratios in 1961 displayed decreases at the end of 1962—for example, Florida's default ratio dropped from 3.10 to 2.68, Rhode Island's from 2.26 to 1.52, Georgia's from 1.53 to .97, and Alabama's from 1.23 to .74. Seven States, led by Michigan and Florida, had more than 2 percent of their mortgages in default at the end of 1962. Guam and the Virgin Islands had none, and 21 States had fewer than 1 percent.

Project Mortgages.—Terminations of project mortgage insurance by State are shown in Table

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TABLE III-28.—*FHA home mortgage default terminations during the year 1962, by program*

State	Total: Insurance in force Dec. 31, 1961	Total: Default term. in 1962 [1]	Total: Percent [2]	Sec. 8: Insurance in force Dec. 31, 1961	Sec. 8: Default term. in 1962	Sec. 8: Percent	Sec. 203: Insurance in force Dec. 31, 1961	Sec. 203: Default term. in 1962	Sec. 203: Percent	Sec. 213: Insurance in force Dec. 31, 1961	Sec. 213: Default term. in 1962	Sec. 213: Percent	Sec. 220: Insurance in force Dec. 31, 1961	Sec. 220: Default term. in 1962	Sec. 220: Percent
Alabama	50,710	809	1.73	573	2	0.37	40,557	421	1.13	43	1	2.50	68	3	4.56
Alaska	3,889	19	.53				3,768	17	.49				35		
Arizona	78,171	576	.80	1,024			64,941	412	.68	6,127	141	2.47			
Arkansas	32,505	198	.66	168	1	.64	28,247	158	.61	442	2	.48	123		
California	433,015	1,316	.33	225	1	47	373,347	1,196	.35	8,662	8	.10	78	2	2.65
Colorado	42,198	102	.26	922	1	.12	37,832	96	.27	341	3	.94			
Connecticut	44,442	88	.22	120			41,304	84	.22				4		
Delaware	12,154	221	1.97	1			11,642	221	2.06						
District of Columbia	3,028	4	.14				1,830	1	.05						
Florida	169,967	5,924	3.78	3,022	39	1.37	134,819	4,800	3.86	3,528	371	11.29			
Georgia	74,301	959	1.40	1,004	12	1.28	59,196	663	1.22	55					
Hawaii	12,663			6			11,058			304			16		
Idaho	17,092	51	.33	9			16,487	50	.33	19					
Illinois	76,369	298	.42	1,106	5	.48	68,372	287	.46				8		
Indiana	91,427	482	57	1,269	10	.85	83,053	453	.60	196	2	1.09	9		
Iowa	32,292	96	.33	562	7	1.33	30,094	85	.30	346	4	1.24			
Kansas	55,223	676	1.32	1,483	3	.21	46,896	536	1.24						
Kentucky	28,998	130	.49	152	2	1.40	25,717	87	.37	68			9		
Louisiana	64,596	1,928	3.23	406	3	.79	55,259	1,403	2.76	832	37	4.78			
Maine	12,917	46	.39	20			11,902	40	.37				13		
Maryland	48,714	178	.40	313			41,558	114	.29	122	1	.88			
Massachusetts	38,000	232	.66	163			35,112	194	.60						
Michigan	204,232	2,171	1.15	3,877	13	.36	184,228	1,937	1.14	1,673	91	5.84	25	1	4.14
Minnesota	36,739	80	.24	22			34,484	76	.24	770	4	.56			
Mississippi	30,123	459	1.65	463	6	1.38	25,882	432	1.81						
Missouri	78,422	456	.63	97			75,040	401	.58	10			1		
Montana	12,738	21	.17	4			12,088	21	.18						
Nebraska	30,466	82	.29	514			26,320	73	.30	341	3	.94			
Nevada	14,944	29	.21	1			12,500	28	.24	1,232					
New Hampshire	5,482	18	.36	48			4,801	18	.40						
New Jersey	101,843	587	.63	406	2	.52	93,985	550	.64				36		
New Mexico	30,245	201	.72	27			26,081	176	.73	794	20	2.70			
New York	179,666	491	.29	2,647	8	.32	168,613	380	.25						
North Carolina	45,368	274	.65	105			38,378	243	.68						
North Dakota	3,851	23	.65	2			3,569	6	.18	57					
Ohio	136,861	916	.73	518	5	1.03	124,423	707	.62	304	1	.35	4		
Oklahoma	78,835	422	.59	1,426	4	.30	66,355	375	.62	579	4	.74			
Oregon	42,397	150	.38	89			39,920	109	.29	49			1		
Pennsylvania	133,671	829	.67	270	2	.79	124,481	658	.58				43	20	48.11
Rhode Island	12,611	110	.94	15			11,006	32	.31						
South Carolina	31,631	245	.83	97	1	1.10	25,139	174	.75	25					
South Dakota	10,451	10	.11	114			9,285	9	.11						
Tennessee	77,898	608	.85	712			63,890	432	.74	282	3	1.14	42		
Texas	259,759	5,257	2.19	4,236	44	1.11	223,071	4,468	2.17	108			12	2	17.24
Utah	29,560	54	.20	58			26,511	51	.21	225	2	.98	994	1	.10
Vermont	3,640	10	.29	2			3,558	10	.30						
Virginia	79,332	117	.16	140			59,900	95	.17	12					
Washington	112,975	434	.41	167			105,225	362	.37	19					
West Virginia	13,856	47	.37	109			13,407	47	.38	9					
Wisconsin	24,126	89	.40	48	1	2.21	22,433	83	.40						
Wyoming	9,036	18	.22	8			8,575	18	.23	40					
Guam	287	1	.38				282	1	.38						
Puerto Rico	38,155	46	.13	426			34,016	45	.14				175		
Virgin Islands	109						106								
Not distributed		2,406			11			1,995			51			1	
Total	3,291,467	30,994	.94	29,202	183	.63	2,890,543	25,330	.88	27,074	749	2.71	1,696	30	1.77

See footnotes at end of table.

TABLE III-28.—*FHA home mortgage default terminations during the year 1962, by program*—Continued

State	Sec. 221: Insurance in force Dec. 31, 1961	Sec. 221: Default term. in 1962	Sec. 221: Percent	Sec. 222: Insurance in force Dec. 31, 1961	Sec. 222: Default term. in 1962	Sec. 222: Percent	Sec. 603 [3]: Insurance in force Dec. 31, 1961	Sec. 603 [3]: Default term. in 1962	Sec. 603 [3]: Percent	Sec. 809: Insurance in force Dec. 31, 1961	Sec. 809: Default term. in 1962	Sec. 809: Percent	Sec. 903: Insurance in force Dec. 31, 1961	Sec. 903: Default term. in 1962	Sec. 903: Percent
Alabama	2,373	360	16.74	1,256	19	1.67	2,792	2	0.09	2,382	1	0.04	666		
Alaska				86	2	2.57									
Arizona	100	17	9.87	783	2	.29	3,380			126			1,560	4	.27
Arkansas	384	15	4.31	1,026	20	2.15	1,905	1	.07				210	1	.49
California	370	32	9.54	13,207	66	.65	29,556	2	.01	185			7,365	9	.12
Colorado	19			1,714	2	.13	1,316						54		
Connecticut	21			1,430	4	.31	1,122						441		
Delaware	60			115			284						43		
District of Columbia	151	3	2.20	81			966								
Florida	4,223	345	9.01	6,922	276	4.40	13,149	9	.09	2,068	53	1.82	1,336	31	2.37
Georgia	3,750	124	3.65	4,528	131	3.19	3,670	3	.11				2,098	26	1.26
Hawaii	207			786			91						195		
Idaho	3			235	1	.47	92						247		
Illinois	238			717	5	.77	3,385						2,543	1	.04
Indiana	235	9	4.23	496	5	1.11	4,110	2	.07				2,059	1	.05
Iowa	33			178			379						700		
Kansas	159	1	.70	1,585	17	1.18	2,332	8	.45				2,768	111	4.09
Kentucky	1,041	36	3.82	320	2	.69	1,167						524	3	.58
Louisiana	1,072	62	6.38	3,196	189	6.52	3,359	2	.08				472	232	50.11
Maine	4			594	5	.93	163	1	.80				221		
Maryland	7			2,804	2	.08	3,272	2	.08				638	59	9.43
Massachusetts				2,282	38	1.84	400						34		
Michigan	1,521	86	6.23	610	11	1.98	11,934	15	.17				364	17	4.76
Minnesota	2			358			1,074						29		
Mississippi	58	6	11.41	1,246	15	1.32	1,781						693		
Missouri	190	2	1.16	869	19	2.42	1,407						808	34	4.29
Montana	91			335			72						148		
Nebraska	8			2,287	4	.19	824						172	2	1.18
Nevada	97	1	1.14	178			368						568		
New Hampshire				594			32			1			6		
New Jersey	95	1	1.16	2,526	27	1.18	4,703	6	.17				92	1	1.11
New Mexico	11			1,507	4	.30	979						846	1	.12
New York	89			1,809	16	.97	6,130						378	87	23.47
North Carolina	874	12	1.51	1,010	6	.65	3,775	3	.11				1,226	10	.84
North Dakota	6			61			51						105	17	16.51
Ohio	3,155	38	1.32	2,709	11	.45	3,926	1	.04				1,822	153	8.56
Oklahoma				3,356	33	1.08	6,150	5	.11				969	1	.10
Oregon	19			361	1	.31	1,732						226	40	18.05
Pennsylvania	445	11	2.73	1,084	7	.72	6,792	2	.04				556	129	23.65
Rhode Island	1			1,383	3	.24	131						75	75	100.00
South Carolina	35	1	3.16	3,716	57	1.69	1,995	2	.13				624	10	1.63
South Dakota	1			784	1	.14	110						157		
Tennessee	3,304	128	4.27	1,197	12	1.10	7,180	9	.17	198	2	1.03	1,093	22	2.05
Texas	974	52	5.89	8,925	364	4.50	20,174	26	.17				2,199	301	13.96
Utah	1			360			1,384						27		
Vermont				57			23								
Virginia	1,157	1	.10	10,130	13	.14	5,706	6	.14				2,287	2	.09
Washington	115			3,804	19	.55	3,085	4	.17				560	49	8.92
West Virginia	85			20			226								
Wisconsin	318	3	1.04	200	1	.55	677						450	1	.22
Wyoming				143			270								
Guam				5											
Puerto Rico	372			556	1	.20	2,607						3		
Virgin Islands				2			1								
Not distributed		139			145			35			1			28	
Total	27,573	1,485	5.39	96,523	1,556	1.61	171,693	146	.09	5,860	57	.97	40,644	1,458	3.59

[1] Terminations with titles transferred to FHA or retained by mortgagees and assignments of mortgages to FHA.

[2] Percent has been computed on the basis of number of default terminations distributed by States as a percent of insurance in force by States, adjusted to be comparable to the U.S. Total.

[3] Includes Sec. 603–610.

TABLE III-29.—*Terminations and default status of FHA-insured home mortgages, by States, as of Dec. 31, 1962*

State	Total mortgages insured 1935-62	Terminations 1935-62: Total	Terminations 1935-62: Foreclosures [1]	Terminations 1935-62: FHA acquisitions	Insured mortgages in force Dec. 31, 1962	Defaults as of Dec. 31, 1962: Total	Defaults as of Dec. 31, 1962: Foreclosures in process	Defaults as of Dec. 31, 1962: Mortgagee inventory [2]	Insured mortgages in good standing Dec. 31, 1962
		As percent of insured				As percent of in force			
Alabama	86,547	36.83	3.40	3.18	54,670	0.74	0.10	0.08	54,268
Alaska	6,196	32.28	5.62	5.55	4,196	1.20	.19	.02	4,142
Arizona	112,881	25.33	2.33	1.82	84,284	2.32	.52	.55	82,328
Arkansas	59,184	43.34	2.41	2.06	33,533	1.20	.15	.04	33,120
California	954,957	52.47	.55	.44	453,884	.70	.17	.03	450,686
Colorado	77,653	42.47	.72	.54	44,670	.54	.06	.13	44,428
Connecticut	80,646	41.79	2.43	2.17	46,946	.82	.13	.03	46,563
Delaware	20,935	33.21	3.17	2.92	13,983	1.71	.39	.10	13,744
District of Columbia	8,552	63.88	.70	.49	3,089	.68	.10	.03	3,068
Florida	255,053	28.39	4.10	3.78	182,652	2.68	.86	.26	177,749
Georgia	123,735	36.02	3.63	3.41	79,164	.97	.10	.07	78,396
Hawaii	21,678	36.95	.04	.01	13,668	.22	.01	.01	13,638
Idaho	34,870	48.17	.58	.45	18,073	1.17	.12	.06	17,862
Illinois	217,473	64.54	.53	.32	77,116	1.34	.24	.22	76,079
Indiana	187,562	49.03	1.04	.84	95,600	1.69	.56	.03	93,985
Iowa	62,918	47.00	.73	.48	33,344	1.23	.07	.23	32,935
Kansas	105,181	48.10	3.67	3.26	54,585	1.57	.41	.21	53,730
Kentucky	58,024	48.03	1.19	1.02	30,154	.74	.13	.05	29,932
Louisiana	112,359	41.25	4.55	4.13	66,012	2.08	.53	.24	64,640
Maine	26,107	47.54	2.11	1.57	13,697	2.29	.38	.10	13,384
Maryland	98,106	44.45	1.84	1.62	54,496	.47	.04	.03	54,242
Massachusetts	67,836	37.38	1.99	1.66	42,482	.99	.27	.04	42,061
Michigan	396,467	46.35	2.07	1.20	212,723	2.97	.58	1.04	206,407
Minnesota	70,983	42.41	.87	.56	40,881	1.27	.10	.29	40,362
Mississippi	50,339	35.28	2.31	2.04	32,578	1.80	.16	.17	31,993
Missouri	156,962	48.88	.99	.87	80,232	.82	.06	.05	79,573
Montana	24,616	44.24	.27	.09	13,727	1.19	.11	.10	13,563
Nebraska	62,044	48.42	.71	.45	32,002	1.00	.22	.06	31,683
Nevada	25,510	32.65	.80	.76	17,182	.48	.09	.01	17,100
New Hampshire	11,696	48.14	1.88	1.15	6,066	2.47	.08	----	5,916
New Jersey	222,590	51.12	1.59	1.27	108,811	1.44	.29	.06	107,240
New Mexico	45,803	31.17	.97	.74	31,527	1.11	.29	.19	31,176
New York	324,485	42.80	1.13	.81	185,613	1.37	.21	.04	183,070
North Carolina	76,795	39.05	1.47	1.21	46,810	.68	.10	.04	46,493
North Dakota	7,341	44.41	.83	.48	4,081	1.67	.10	.39	4,013
Ohio	303,216	52.16	1.10	.93	145,045	1.76	.35	.06	142,494
Oklahoma	144,718	42.49	1.55	1.38	83,225	.65	.20	.02	82,686
Oregon	85,485	48.00	.93	.73	44,454	.76	.07	.12	44,114
Pennsylvania	297,019	52.40	.88	.69	141,386	1.34	.11	.08	139,406
Rhode Island	22,870	38.84	1.58	1.16	13,903	1.52	.06	.03	13,780
South Carolina	55,583	40.12	5.88	5.63	33,281	1.01	.23	.03	32,944
South Dakota	21,737	49.91	.44	.20	10,887	.46	.02	.06	10,837
Tennessee	129,318	36.49	1.29	1.11	82,134	.76	.09	.05	81,500
Texas	422,522	35.04	3.56	3.24	274,465	1.37	.20	.10	270,699
Utah	58,509	46.89	.98	.84	31,072	.56	.05	.06	30,898
Vermont	8,601	54.12	1.41	.02	3,946	2.33	.28	.13	3,854
Virginia	141,754	40.88	1.23	1.08	85,800	.44	.02	.02	83,429
Washington	245,461	50.44	.82	.57	121,654	1.03	.07	.17	120,404
West Virginia	33,630	58.22	1.33	1.11	14,049	.86	.10	.06	13,928
Wisconsin	53,342	51.99	.76	.62	25,607	1.49	.46	.04	25,226
Wyoming	19,844	51.96	.39	.20	9,533	.80	.07	.10	9,457
Guam	319	10.66	.31	----	285	----	----	----	285
Puerto Rico	54,528	16.33	.29	.17	45,624	1.00	.20	.02	45,166
Virgin Islands	158	3.62	----	----	133	----	----	----	133
Total [3]	6,352,703	45.33	1.68	1.41	3,473,172	1.33	.26	.17	3,426,086

[1] 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, 1962, excluding Title I, Sec. 2, homes.

TABLE III-30.—*Terminations and default status of FHA-insured multifamily housing mortgages, by State location of projects, as of Dec. 31, 1962*

State	Total units covered by insurance 1935-62	Units in terminated mortgages 1935-62: Total	Default terminations: Total [1]	With claim payments by FHA: Property titles acquired by FHA [2]	With claim payments by FHA: Other [3]	Units covered by mortgages in force as of Dec. 31, 1962	Units in default as of Dec. 31, 1962: Total	Units in default as of Dec. 31, 1962: Potential acquisitions [4]	Units covered by insured mortgages in good standing Dec. 31, 1962
		As percent of insured units					As percent of units in force		
Alabama	14,616	22.87	15.91	13.68	2.13	11,274	0.76	0.76	11,188
Alaska	3,853	33.38	33.38	15.91	17.47	2,567	----	----	2,567
Arizona	16,674	41.32	1.03	.59	.43	9,785	----	----	9,785
Arkansas	4,773	29.65	9.95	8.95	1.01	3,358	2.20	2.20	3,284
California	87,372	27.65	7.07	.53	6.54	63,218	2.24	----	61,805
Colorado	6,111	18.44	1.57	1.57	----	4,984	----	----	4,984
Connecticut	13,211	15.84	1.06	1.06	----	11,118	.76	.76	11,034
Delaware	5,050	37.43	18.84	8.29	10.55	3,723	----	----	3,723
District of Columbia	26,466	42.99	4.34	2.80	1.55	15,087	----	----	15,087
Florida	33,334	29.34	13.02	7.97	5.05	23,553	1.78	66	23,134
Georgia	27,570	27.44	17.23	10.33	6.91	20,005	----	----	20,005
Hawaii	10,198	6.63	----	----	----	9,522	----	----	9,522
Idaho	1,748	32.84	31.69	24.60	7.09	1,174	----	----	1,174
Illinois	34,870	33.22	.68	.14	.54	23,285	----	----	23,285
Indiana	10,534	26.35	17.85	13.02	4.82	7,758	.68	----	7,705
Iowa	2,676	24.29	4.04	1.20	2.84	2,026	----	----	2,026
Kansas	9,548	19.83	8.80	5.92	2.78	7,655	.34	.34	7,629
Kentucky	10,233	15.57	10.93	9.55	1.38	8,640	----	----	8,640
Louisiana	13,853	69.61	38.19	21.04	17.14	4,210	----	----	4,210
Maine	4,307	11.12	4.16	4.16	----	3,828	----	----	3,828
Maryland	46,877	29.82	6.28	1.84	4.44	32,899	----	----	32,899
Massachusetts	10,164	20.13	7.01	7.01	----	8,118	2.08	----	7,949
Michigan	23,905	24.41	4.99	2.49	2.50	18,069	1.30	.27	17,835
Minnesota	8,288	39.61	17.91	7.19	10.59	5,005	----	----	5,005
Mississippi	5,174	23.70	22.83	22.28	.54	3,948	.76	.30	3,918
Missouri	17,700	28.16	7.30	6.50	.75	12,716	8.57	----	11,626
Montana	2,665	4.13	4.13	1.88	2.25	2,555	----	----	2,555
Nebraska	6,306	14.18	----	----	----	5,412	.55	----	5,382
Nevada	4,898	27.97	----	----	----	3,528	----	----	3,528
New Hampshire	1,344	13.69	12.20	12.20	----	1,160	----	----	1,160
New Jersey	75,525	34.07	5.93	3.58	2.31	49,791	3.74	----	47,928
New Mexico	5,063	16.99	----	----	----	4,203	----	----	4,203
New York	200,950	14.70	2.24	1.24	.86	171,411	.13	----	171,181
North Carolina	23,878	15.83	8.45	4.14	4.31	20,098	----	----	20,098
North Dakota	3,655	27.03	23.94	1.83	22.11	2,667	----	----	2,667
Ohio	31,890	25.76	10.36	4.25	6.12	23,675	7.77	5.82	21,836
Oklahoma	7,384	39.42	27.25	19.03	8.22	4,473	----	----	4,473
Oregon	7,967	25.69	11.65	1.90	9.75	5,920	----	----	5,920
Pennsylvania	31,837	35.19	7.75	2.78	4.97	20,633	3.06	----	20,001
Rhode Island	1,528	9.95	4.45	----	4.45	1,376	----	----	1,376
South Carolina	11,252	25.92	23.28	18.46	4.82	8,335	----	----	8,335
South Dakota	2,365	11.25	9.30	----	9.30	2,099	----	----	2,099
Tennessee	13,759	19.56	6.10	2.25	3.85	11,068	.51	----	11,012
Texas	44,433	28.70	22.92	21.46	1.31	31,679	.08	.08	31,655
Utah	2,674	26.29	16.98	3.89	13.09	1,971	----	----	1,971
Vermont	193	37.31	22.80	22.80	----	121	13.22	----	105
Virginia	50,762	28.05	6.50	5.50	1.00	36,521	----	----	36,521
Washington	16,196	26.09	14.73	10.32	4.34	11,970	----	----	11,970
West Virginia	900	28.80	8.56	5.00	3.56	640	----	----	640
Wisconsin	6,628	20.17	4.19	----	4.19	5,291	----	----	5,291
Wyoming	711	10.27	----	----	----	638	----	----	638
Canal Zone	330	----	----	----	----	330	----	----	330
Guam	1,270	----	----	----	----	1,270	----	----	1,270
Puerto Rico	8,785	18.90	18.90	18.90	----	7,125	----	----	7,125
Total [5]	1,015,153	25.78	8.28	4.99	3.24	753,485	1.11	.25	745,117

[1] Includes all cases with debentures issued by FHA and 12 projects involving 437 units retained by mortgagees with termination of FHA mortgage insurance contracts.
[2] Titles transferred by mortgagees after foreclosure as well as titles acquired by FHA through foreclosure of assigned mortgages.
[3] Includes assigned mortgages sold by FHA and assigned mortgages held by FHA.
[4] Includes mortgage notes in process of assignment to FHA and property titles in process of acquisition by mortgagees.
[5] Nursing home units (beds) are excluded from this table.

III–30 in terms of units as percentages of units in insured projects, along with default termination and acquisition ratios. Similarly units in defaulted projects are shown as percentages of units covered by mortgages in force. Properties acquired through default terminations derive both from foreclosures by the mortgagees with transfers of the properties to FHA and from foreclosure by FHA of mortgages assigned by the mortgagees in lieu of foreclosure.

In Louisiana, almost 70 percent of the project dwelling units were in projects for which the mortgage insurance had terminated—the highest proportion reported for any State. Thirty-eight percent of the units were in projects terminated through default, with 21 percent of the units having been acquired. In contrast, Hawaii, Montana, and Rhode Island all had terminations amounting to less than 10 percent of their insured units, while the Canal Zone and Guam had no terminations.

Default terminations accounted for high percentages of the total terminations in some States. These were generally States with few projects to begin with, as for example, Alaska, Montana, and Puerto Rico, where all terminations were through default, and Idaho, Mississippi, and South Carolina, each with 90 percent or more of the units in terminated projects attributable to default.

Only 19 States reported project mortgages in default at the 1962 year end. Of those reporting any defaulted projects, New York, with the highest number of mortgages in force, had one of the lowest ratios, only 0.13 percent of the units being in default. Vermont, which had only 121 units in active projects, had the highest ratio—13.22 percent. Nine of these States reported projects in process of acquisition or assignment of mortgage notes. The most serious situation was in Ohio, which reported almost 6 percent of its units covered by insurance in force as potential acquisitions.

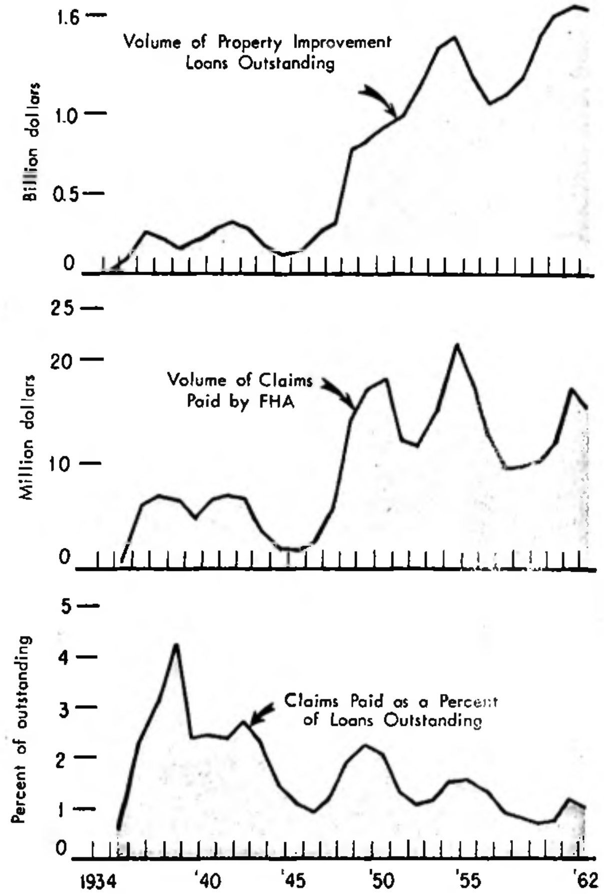
Claims Paid on Title I Property Improvement Loans

Claims paid during 1962 amounted to $15.3 million on 22,400 defaulted loans, a decrease of 11 percent in dollar volume and 17 percent in number from 1961.

Cumulatively, claim payments to insured financial institutions have amounted to $273 million, or 1.81 percent of the $15 billion net proceeds insured. Of this $273 million in claims, FHA has recovered over $128 million and expects to collect an additional $13 million. These recoveries are expected to reduce the total claim ratio loss to less than nine-tenths of 1 percent. Since authorization of insurance premiums in 1939, all claims, salaries, and operating and miscellaneous expenses relating to Title I have been paid out of income. In addition, an insurance reserve of $97 million has been accumulated.

Chart III–12

TITLE I
IMPROVEMENT LOANS, 1934–62



Trend.—Comparisons of claims paid and average net proceeds outstanding by years are shown in Table III–31 and in Chart III–12.

In 1962 the $15 million payment in claims was 0.96 percent of the average $1.6 billion proceeds outstanding—0.11 points below the 1961 ratio. Chart III–12 illustrates rather dramatically the consistently lower level of claim ratios that has been recorded since the provision for 10 percent co-insurance by the lenders became effective in late 1954.

State Distribution.—Table III–32 presents the number and amount of claims paid by State location of property. Defaulted loans in 4 States were responsible for $6.9 million or 45 percent of the total $15.3 million paid in claims in 1962—New York $2.5 million, 16 percent; Michigan $1.9 million, 12 percent; Illinois $1.5 million, 10 percent; and Ohio $1.1 million, 7 percent. The average claim payment of $684 in 1962 was $51 or 8 percent higher than was paid in 1961. Average claim payments by States in 1962 ranged from $1,306 in Alaska and $1,259 in Nevada to $146 in Wyoming and $304 in Mississippi. Of the total $273 mil-

Table III–31.—*Title I improvement loans outstanding and claims paid by FHA, 1934–62*

[Dollar amounts in thousands]

Year	Average net proceeds of loans outstanding	Annual amount of claims paid	Claims paid as percent of loans outstanding	Year	Average net proceeds of loans outstanding	Annual amount of claims paid	Claims paid as percent of loans outstanding
1934	$12,008						
1935	93,582	$447	0.48	1949	$803,293	$17,494	2.18
1936	253,218	5,885	2.32	1950	880,433	18,148	2.04
1937	224,861	6,891	3.06	1951	950,394	12,086	1.26
1938	144,449	6,016	4.17	1952	1,130,827	11,524	1.02
1939	199,347	4,649	2.33	1953	1,377,679	14,995	1.09
1940	253,676	6,115	2.41	1954	1,436,558	21,047	1.47
1941	303,149	7,071	2.33	1955	1,175,670	17,648	1.50
1942	265,583	6,908	2.64	1956	1,029,367	12,242	1.19
1943	155,667	3,588	2.30	1957	1,072,848	9,723	.91
1944	115,153	1,670	1.45	1958	1,184,387	9,854	.83
1945	140,247	1,524	1.09	1959	1,429,322	10,089	.71
1946	262,376	2,434	.93	1960	1,586,012	11,886	.75
1947	501,171	5,830	1.16	1961	1,605,114	17,131	1.07
1948	748,438	14,346	1.92	1962	1,588,617	15,308	.96

Table III–32.—*Claims paid on Title I improvement loans, by State location, 1962 and 1934–62*

State	Claims paid, 1962			Claims paid, 1934–62			Percent of claims paid to loans insured
	Number	Amount	Average	Number	Amount	Average	
Alabama	280	$138,334	$494	12,146	$3,463,448	$285	1.89
Alaska	4	5,223	1,306	117	87,211	745	1.38
Arizona	503	246,106	489	6,732	2,994,707	445	1.91
Arkansas	128	53,151	415	7,491	2,316,821	309	2.42
California	553	392,953	711	69,761	23,979,143	344	2.16
Colorado	177	125,522	709	5,558	2,301,980	414	1.52
Connecticut	46	42,489	924	6,324	2,383,005	377	2.16
Delaware	3	1,990	663	691	251,268	364	3.34
District of Columbia	159	120,373	757	5,418	1,876,818	346	2.27
Florida	1,347	798,562	593	21,532	9,080,214	422	1.98
Georgia	290	143,412	495	12,076	3,798,731	315	2.13
Hawaii				31	15,518	501	.49
Idaho	136	107,382	790	4,479	2,093,792	467	2.03
Illinois	1,866	1,491,305	799	37,662	16,368,193	435	1.71
Indiana	934	625,893	670	26,730	9,077,894	340	1.97
Iowa	289	219,971	761	9,624	3,736,282	388	1.75
Kansas	313	205,489	657	8,126	2,781,605	342	1.74
Kentucky	413	187,323	454	8,869	3,064,977	346	1.77
Louisiana	192	119,748	624	8,374	2,624,919	313	1.63
Maine	85	49,597	583	4,012	1,415,081	353	2.44
Maryland	290	192,673	664	16,060	5,128,803	319	1.77
Massachusetts	295	198,534	673	18,505	6,679,908	361	1.78
Michigan	2,854	1,852,960	649	61,699	22,743,227	369	1.86
Minnesota	551	328,408	596	13,226	5,054,659	382	1.33
Mississippi	280	85,159	304	9,161	2,467,585	269	2.87
Missouri	764	417,941	547	19,228	6,314,642	328	1.65
Montana	69	52,654	763	1,888	933,995	495	1.68
Nebraska	94	87,256	928	3,607	1,402,079	389	1.48
Nevada	11	13,850	1,259	810	463,098	572	1.87
New Hampshire	64	50,979	797	2,835	1,000,976	353	2.89
New Jersey	309	250,282	810	29,631	10,848,601	366	2.03
New Mexico	86	60,300	701	1,887	829,422	440	1.58
New York	2,621	2,450,394	935	78,241	37,846,775	484	1.81
North Carolina	319	167,429	525	8,501	2,834,162	333	1.58
North Dakota	77	58,206	756	1,849	740,218	400	2.04
Ohio	1,602	1,122,089	700	36,163	13,744,500	380	1.57
Oklahoma	289	214,384	742	9,567	3,166,912	331	1.50
Oregon	226	155,227	687	8,402	3,337,616	397	2.01
Pennsylvania	578	513,737	889	37,582	12,942,602	344	1.90
Rhode Island	31	20,438	659	1,936	662,204	342	1.61
South Carolina	78	41,423	531	4,682	1,382,533	295	2.29
South Dakota	45	27,850	619	1,536	664,878	433	1.76
Tennessee	396	162,510	410	12,822	3,986,687	311	1.50
Texas	1,662	877,515	528	46,745	14,342,973	307	1.53
Utah	98	74,545	761	5,788	2,688,003	464	1.91
Vermont	20	8,062	403	1,844	712,904	387	4.90
Virginia	165	99,259	602	9,439	3,365,722	357	1.68
Washington	540	413,490	766	15,745	6,109,751	388	1.49
West Virginia	121	110,726	915	3,904	1,704,186	437	1.93
Wisconsin	134	104,277	778	7,952	3,112,653	391	1.92
Wyoming	4	584	146	627	330,747	528	2.15
Guam				5	2,041	408	.41
Puerto Rico	79	85,482	1,082	4,660	1,492,962	320	2.16
Virgin Islands				3	918	306	.98
Total [1]	22,372	15,308,496	684	732,496	272,640,433	372	1.81

[1] Total includes adjustments not distributed by State.

TABLE III-33.—*Claims paid on Title I improvement loans 1962 and 1950–62, and net proceeds insured 1950–62, 1950 reserve*

[Dollar amounts in thousands]

Type of institution	Number	Amount	Percent of amount	Average claim
Claims paid 1962:				
National bank	10,359	$6,533	42.7	$631
State bank	6,963	4,698	30.7	675
Mortgage company	491	336	2.2	684
Insurance company	------	------	------	------
Savings and loan association	3,559	3,040	19.9	854
Savings bank	301	342	2.2	1,136
Federal agency	------	------	------	------
All other	700	361	2.3	516
Total	[1] 22,372	[1] 15,309	100.0	684
Claims paid 1950–62:				
National bank	164,866	74,898	49.4	454
State bank	88,482	42,363	27.9	479
Mortgage company	2,317	1,286	0.9	555
Insurance company	3	2	(2)	667
Savings and loan association	30,730	18,230	12.0	593
Savings bank	4,248	2,255	1.5	531
Federal agency	3	1	(2)	333
All other	28,901	12,595	8.3	436
Total	319,550	151,630	100.0	475
Net proceeds insured 1950–62:				
National bank	8,061,109	5,461,197	49.5	677
State bank	4,809,981	3,404,260	30.8	708
Mortgage company	136,366	132,530	1.2	972
Insurance company	836	704	(2)	842
Savings and loan association	1,369,798	1,087,099	9.8	794
Savings bank	327,928	244,263	2.2	745
Federal agency	270	153	(2)	567
All other	1,012,494	714,154	6.5	705
Total	15,718,782	11,044,360	100.0	703

[1] Components do not add to totals because of adjustments.
[2] Less than 0.05 percent.

lion paid in claims since 1935, defaulted loans in New York were responsible for 14 percent, California 9 percent, Michigan 8 percent, and Illinois 6 percent.

Financing Institutions.—Claims paid during 1962 and cumulative data on claims paid and net proceeds insured under the 1950 reserve, all by type of financial institution, are shown in Table III-33. In 1962, national banks received $6.5 million or 43 percent of the total $15 million in claims paid, markedly lower than their proportionate

TABLE III-34.—*Number of payments received prior to default by term of Title I improvement loans, 1962*

TOTAL CLASS 1 AND 2 LOANS

Number of payments received prior to default	Term of defaulted loan—percentage distribution: Less than 26 months	27 to 37 months	38 to 61 months	62 or more months	Percentage distribution: Total number	Total amount	Average claim paid
0	8.1	3.4	4.6	5.0	4.4	6.6	1,042
1 to 5	31.1	14.4	15.4	23.1	16.5	22.4	925
6 to 11	30.3	18.8	16.8	13.1	19.1	22.4	801
12 to 17	18.8	18.5	15.5	8.5	17.3	18.0	710
18 to 23	11.3	17.5	12.5	16.1	14.9	12.5	576
24 to 29	.3	15.7	11.9	9.0	12.6	9.0	486
30 to 35	------	11.5	9.0	6.5	9.3	4.8	355
36 and over	.1	.2	14.3	18.1	5.9	4.3	492
Total	100.0	100.0	100.0	100.0	100.0	100.0	684
Percent of total	9.8	49.8	39.5	.9	100.0	------	------
Median	8.1	16.3	17.1	18.1	15.5	------	------

amount of loans financed in recent years. Conversely, savings and loan associations received 1 out of every 5 dollars paid in claims, which is considerably higher than their normal share of originations. Cumulatively, under the 1950 reserve, the claims paid to each type of financial institution are within 3 points of their respective shares of net proceeds insured.

Payments Received Prior to Default.—Payments of claims shown in Table III-34 are distributed according to the number of payments received prior to default and according to the term of the note. Repayments of Title I notes are principally over periods of 24, 36, 60, or 84 months, but on origination the notes may be phrased in such a manner that the terms extend 32 days beyond the number of payments required.

In 1962 the typical claim payment involved a loan going into default between the 15th and 16th payment. Forty percent of the claims and 51 percent of the amount of claims paid related to notes on which fewer than 12 payments had been made. Four percent of the loans and 7 percent of the claim amounts involved notes on which no payment had been made.

Characteristics of Mortgage and Loan Transactions Insured by FHA in 1962

Statistical analyses of the characteristics of the individual transactions insured by FHA in 1962 under each of its major types of programs—home mortgages, multifamily project mortgages, and property improvement loans—are presented in this section of the report, together with comparable data for selected earlier years.

SECTION 203 HOME MORTGAGE TRANSACTIONS

According to estimates of the Bureau of the Census, some 1,429,000 privately-financed nonfarm dwelling units were placed under construction in the United States during 1962—an increase of 11.2 percent over the 1961 figure of 1,285,000 units. Construction and sale of the great preponderance of these living accommodations was made possible by funds advanced by the privately owned financial institutions of the country. Structures approved for FHA mortgage insurance prior to the start of construction and subject to FHA compliance inspections during the course of construction accounted for some 261,000 units or about 18 percent of the total. This was the lowest FHA participation reported for any year since 1957. About 76 percent of the new units started under FHA inspection were in one- to four-family dwellings, the bulk of which secured mortgages processed and insured under the provisions of Section 203 of the National Housing Act, the principal home mortgage insurance program established by the Congress for the FHA. The following analysis is confined to mortgages insured under this program,[1] and covers, on a national basis, the characteristics of the insured mortgages and of the properties and occupant-mortgagors involved in these transactions.

Data comparable to those presented in this portion of the report are also available on a quarterly basis for the nation as a whole. For those users interested in comparative data by State and standard metropolitan statistical areas, summary information is available for 1962 and other recent years on both annual and quarterly bases. All of these data are available upon request to the Division of Research and Statistics, Federal Housing Administration, Washington 25, D.C.

[1] The discussion is based on a sample of mortgages insured under Sec. 203(b) only. See technical notes, page 69. Mortgages insured under Sec. 203(i) and the Certified Agency Program are excluded, although these cases are included in the volume data for Sec. 203 operations presented earlier in this report.

As shown in the following tables, virtually all of the 1962 single-family home mortgagors were owner-occupants. Of the mortgage insurance transactions involving multifamily dwellings, most of the two-family homes were processed as amenity cases, while the bulk of the three- and four-family cases—mostly existing structures—were classified as rental units.

Type of mortgagor	New homes: 1962	1961	1960	1959	Existing homes: 1962	1961	1960	1959
Owner occupant	99.8	99.8	99.9	99.9	99.8	99.8	99.9	99.9
Landlord	.1	.1	.1	.1	.2	.1	.1	.1
Builder	.1	.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.

Structures and dwelling units, 1- to 4-family homes, Sec. 203, 1962, percentage distribution

Units per structure	New homes: Structures	Units	Existing homes: Structures	Units
One	99.6	99.1	95.0	89.1
Two	.3	.6	3.6	6.8
Three	(1)	.1	1.1	3.1
Four	.1	.2	.3	1.0
Total	100.0	100.0	100.0	100.0
Average	------	1.01	------	1.07

[1] Less than 0.05 percent.

Some 98 percent of the new-home owner-occupant transactions reflected the purchase by the mortgagor of a newly constructed dwelling erected by a commercial builder. The remainder of the new-home transactions reflected the construction of a house by or for a mortgagor on his own lot. Of the existing-home cases, some 94 percent involved the purchase of an existing dwelling and the balance the refinancing of existing indebtedness or the financing of improvements.

1-family amenity income cases

	New homes: 1962	1961	1960	1959	Existing homes: 1962	1961	1960	1959
Financing new construction	2.3	2.1	2.4	3.4	0.3	0.3	0.3	0.4
Financing purchases	97.6	97.8	97.6	96.6	94.3	95.0	96.4	94.5
Refinancing existing loans	.1	.1	(1)	------	5.3	4.6	3.2	5.1
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 Transactions

Table III-35 presents medians and averages (arithmetic means) for the principal characteristics of the new- and existing-home transactions insured under Section 203 in 1962, together with comparable figures for selected earlier years. In the following discussion, "typical" transaction characteristics are delineated in terms of these medians and averages.

The typical new-home mortgage insured by FHA in 1962 represented 94.4 percent of the total FHA-estimated property value of $15,151, amounting to $14,195. The scheduled repayment over an average term of 30.3 years contemplated a monthly mortgage payment for the first year of $105.20 to cover repayment of principal, interest of not more than 5¼ percent per annum on the declining balance of the mortgage, the FHA mortgage insurance premium of ½ of 1 percent, required hazard insurance premiums, taxes and special assessments, and such miscellaneous items as ground rent, if any.

Securing this mortgage was a single-family dwelling containing 5.6 rooms of which an average of 3.1 were bedrooms, with a total area of 1,099 square feet. It was erected on a site valued by FHA at $2,715, or about 17.5 percent of the total value. The typical new-home mortgagor had an annual effective income, before taxes, of $7,289, from which he expected to pay monthly housing expenses of $131.92. These expenses for the monthly mortgage payment plus the costs of household operation, repair, and maintenance represent slightly over one-fifth of his income.

Compared with the typical 1961 new-home case, the 1962 transaction involved an increase of 2.4 percent in mortgage amount, but the accompanying increase of nearly 10 months in the mortgage term resulted in a small decrease in the monthly mortgage payment. The typical property value increased by about 1.6 percent over 1961 and the market price of site by almost 5 percent, resulting in the indicated increase from 17.1 percent to 17.5 percent in the site-value ratio. The mortgagor's expense-income ratio remained unchanged at 20.8 percent, reflecting relatively proportionate declines in both the mortgagor's prospective income and his estimated housing expense.

The typical existing-home transaction insured in 1962 involved a mortgage amount of $13,100—94.4 percent of total property value of $14,082. It was scheduled to be amortized over a period of 27.4 years, with the monthly mortgage payment of $100.90 plus other costs of home ownership bringing the buyer's estimated monthly housing expense to $127.39, or about 20.4 percent of his $7,135 income. The typical existing dwelling securing mortgages insured during the year was as large as the typical new home in terms of calculated area and contained virtually the same number of rooms. The average number of bedrooms was somewhat smaller, however, for existing dwellings than for newly constructed ones.

Compared with the typical existing-home mortgage reported for 1961, the 1962 mortgage amount was about 5 percent higher and the loan-value ratio fractionally higher. The average mortgage term was some 8 months longer, which served to minimize the increase in monthly mortgage payment. The typical property value increased by about 4.5 percent and the price of an equivalent site by nearly one percentage point in the site-value ratio. As with newly built dwellings, the average room count and bedroom count were virtually unchanged. The calculated area, however, increased from 1,077 to 1,099 square feet, identical with that reported for new homes. The average expense-income ratio for the existing-home buyer declined very slightly, although both the median mortgagor's income and prospective housing expense increased by 2.4 percent.

Postwar trends of selected characteristics of the typical Section 203 new- and existing-home mortgage cases are also shown in Table III-35. The higher levels of mortgage amounts, loan-to-value ratios, and, consequently, mortgage payments, which have been rather consistently reported for recent years are at least partially attributable to the progressive liberalizations of the provisions of

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

Median [1]	1962	1961	1960	1959	1958	1957	1956	1955	1954	1952	1950	1946
NEW HOMES												
Mortgage:												
Amount	$14,195	$13,864	$13,569	$13,293	$12,697	$11,823	$11,010	$10,034	$8,862	$8,273	$7,101	$5,504
Term in years [2]	30.3	29.5	29.2	28.8	27.3	25.5	25.5	25.6	22.9	21.7	24.1	21.0
Loan-value ratio (percent)	94.4	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]	$17.13	$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]	$105.20	$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	$15,151	$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]	$2,715	$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]	17.5	17.1	16.6	16.1	15.4	14.9	14.1	13.4	13.1	12.0	12.0	11.5
Sale price [2] [4]	$15,169	$14,894	$14,662	$14,448	$14,283	$14,541	$13,468	$12,113	$10,985	$11,077	(6)	(6)
Total acquistion cost [2] [4]	$15,485	$15,184	$14,939	$14,727	$14,596	$14,842	$13,752	$12,367	$11,185	$11,294	(6)	(6)
Percent with garages [5]	78.5	75.1	74.0	70.9	72.7	76.6	72.8	69.8	66.6	53.4	48.7	68.1
Structure:												
Calculated area (sq. ft.)	1,099	1,088	1,091	1,095	1,092	1,105	1,064	1,022	961	923	838	(6)
Number of rooms [2]	5.6	5.5	5.5	5.4	5.4	5.3	5.2	5.1	4.9	4.8	4.6	5.0
Number of bedrooms [2]	3.1	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	$7,289	$7,328	$7,168	$6,912	$6,803	$6,632	$6,054	$5,484	$5,139	$4,811	$3,861	$3,313
Monthly housing expense	$131.92	$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	20.8	20.7	20.5	20.4	19.7	19.5	19.7	19.6	19.6	21.6	20.9
EXISTING HOMES												
Mortgage:												
Amount	$13,100	$12,469	$11,978	$11,755	$11,325	$10,498	$10,013	$9,603	$9,030	$8,047	$6,801	$4,697
Term in years [2]	27.4	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)	94.4	93.6	92.6	92.0	90.2	84.9	82.9	85.0	78.5	77.9	77.8	78.4
Taxes and assessments [2]	$18.00	$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]	$100.90	$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	$14,082	$13,474	$13,043	$12,914	$12,778	$12,572	$12,261	$11,555	$11,549	$10,289	$8,865	$5,934
Market price of site [2]	$2,738	$2,513	$2,356	$2,369	$2,150	$2,041	$1,931	$1,707	$1,591	$1,296	$1,150	$833
Site-value ratio (percent) [2]	19.1	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]	$14,184	$13,630	$13,284	$13,278	$13,133	$13,201	$12,991	$12,281	$12,344	$11,484	(6)	(6)
Total acquisiton cost [4]	$14,507	$13,937	$13,579	$13,560	$13,446	$13,507	$13,274	$12,558	$12,578	$11,689	(6)	(6)
Percent with garages [5]	75.5	73.7	71.4	74.0	74.9	78.5	81.1	79.9	79.6	70.7	70.6	83.2
Structure:												
Calculated area (sq. ft.)	1,099	1,077	1,057	1,059	1,053	1,060	1,060	1,030	1,035	992	1,006	(6)
Number of rooms [2]	5.5	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	2.8	2.7	2.7	2.7	2.7	2.6	2.6	2.6	(6)	(6)
Mortgagor: [3]												
Annual effective income	$7,135	$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	$127.39	$124.39	$121.41	$116.26	$115.31	$110.12	$102.00	$97.34	$97.41	$86.63	$78.99	$58.11
Expense-income ratio (percent) [2]	20.4	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 distributions of all characteristics are represented by continuous data within groups. For definition of sample and terms see page 69.
[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.

Technical Notes

Size of Sample.—Data presented in this section of the report are based on 37,100 new-home and 65,100 existing-home cases. These cases represent 70 percent of the new- and existing-home cases reported as insured under Section 203(b) during the first 9 months of 1962, selected on the basis of case number in order to assure a random distribution.

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

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

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

Incidental Costs are the total estimated closing costs customarily chargeable to the mortgagor for items which are incidental to the transaction regardless of whether included in whole or in part in the contract price. These costs include FHA examination fee, mortgagee's initial service charge, cost of title search, charges for the preparation of deed and mortgage documents, mortgage tax, recording fees, and similar items. Deposits for unaccrued taxes, insurance 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 non-prepayable special assessments, as estimated by FHA.

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

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

the National Housing Act governing insurance under Section 203. Particularly with respect to new-home mortgages, the 1962 data reflect the initial impact of the latest liberalizations. These amendments, contained in the Housing Act of 1961 and approved June 30 of that year, specifically provided for further increases in the maximum permissible loan-to-value ratios, mortgage amounts, and maturity terms.

It should also be noted, however, that the increases which have occurred since World War II in all of the items included in Table III–35 which are measured in terms of dollars, such as property value, land prices, and mortgagor's incomes and housing expenses, reflect the general economic inflation that has taken place during this period. As shown in Chart III–17, property values for both new and existing dwellings have more than doubled, while land prices have more than trebled (Chart III–18). In 1962, the typical income of an FHA mortgagor was well over twice that reported in 1946. Comparisons of the 1962 levels of some of the other characteristics reported show comparable increases.

Mortgage Characteristics

Amount of Mortgage.—The distributions of new- and existing-home mortgage amounts insured by FHA in 1962 are shown in Table III–36, together with comparable figures for selected earlier years. Also shown are averages and medians which demonstrate the sustained increase which has taken place in these mortgage amounts over the years since 1950.

The typical new-home mortgage insured in 1962 was $14,195—2 percent higher than was reported for the preceding year, 41 percent above the 1955 level of $10,034, and virtually double the 1950 median of $7,101. During 1950, only a small proportion of the insured new-home mortgages amounted to $12,000 or more; by 1955, over 20 percent were in this category; and, as shown in Chart III–13, over three out of every four exceeded $12,000 in 1962.

The typical existing-home mortgage has increased at a somewhat slower rate. The median existing-home loan insured in 1962 amounted to $13,100, or about 5 percent higher than the typical reported for 1961. It exceeded the 1955 figure of $9,603 by over 36 percent and the comparable 1950 figure by about 93 percent. In 1950 only about 4 percent of the existing-home transactions insured involved mortgage amounts of $12,000 or more. By 1955 this proportion had increased to nearly 19 percent, and in 1962 nearly two-thirds of all existing-home mortgages insured were in this group.

On the average, new-home mortgages insured in 1962 amounted to $14,358 or 8.8 percent over the existing-home average of $13,194. These higher levels are reflected in the increased proportion of new-home mortgages of $15,000 or more

Chart III–13

AMOUNT OF MORTGAGE, 1962

Single family home mortgages, Section 203

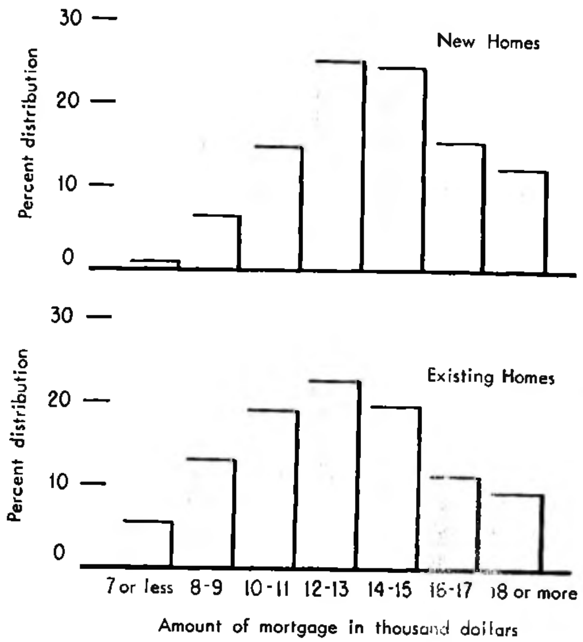


Table III–36.—*Amount of mortgage, 1-family homes, Sec. 203, selected years*

Amount of mortgage	Percentage distribution				
	1962	1961	1960	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	(1)	0.1	(1)	.6	9.0
$6,000 to $6,999	0.1	.1	0.1	2.4	33.0
$7,000 to $7,999	.4	.3	.2	9.0	28.5
$8,000 to $8,999	2.0	1.6	1.4	17.9	16.0
$9,000 to $9,999	4.6	4.6	4.4	18.5	8.3
$10,000 to $10,999	5.4	7.2	8.7	16.7	1.9
$11,000 to $11,999	9.5	10.5	11.5	13.0	.8
$12,000 to $12,999	12.0	12.8	13.9	9.2	.5
$13,000 to $13,999	13.4	14.9	17.2	6.0	.2
$14,000 to $14,999	13.1	13.5	14.3	3.0	.1
$15,000 to $16,999	20.5	20.0	19.0	2.6	.2
$17,000 to $19,999	13.9	11.5	7.9	.7	------
$20,000 or more	5.1	2.9	1.4	.2	------
Total	100.0	100.0	100.0	100.0	100.0
Average	$14,358	$13,988	$13,621	$10,305	$7,307
Median	$14,195	$13,864	$13,569	$10,034	$7,101
EXISTING HOMES					
Less than $4,000	------	------	------	.3	4.4
$4,000 to $4,999	------	------	------	.7	8.3
$5,000 to $5,999	.6	.9	.9	2.3	16.3
$6,000 to $6,999	1.5	1.9	2.2	6.0	22.0
$7,000 to $7,999	3.2	3.9	4.5	11.8	18.6
$8,000 to $8,999	5.7	6.7	7.9	18.0	13.0
$9,000 to $9,999	7.4	9.1	10.4	17.0	7.2
$10,000 to $10,999	9.0	10.6	12.0	14.5	4.5
$11,000 to $11,999	10.0	11.1	12.3	10.6	1.9
$12,000 to $12,999	11.5	12.3	12.9	7.1	1.7
$13,000 to $13,999	11.1	12.1	11.7	4.1	.7
$14,000 to $14,999	10.2	9.1	8.3	2.9	.7
$15,000 to $16,999	15.9	12.7	10.9	2.8	.7
$17,000 to $19,999	9.9	7.6	4.8	1.5	------
$20,000 or more	4.0	2.0	1.2	.4	------
Total	100.0	100.0	100.0	100.0	100.0
Average	$13,194	$12,528	$12,034	$9,898	$7,102
Median	$13,100	$12,460	$11,978	$9,603	$6,801

[1] Less than 0.05 percent.

and of existing-home mortgages of $14,000 or more. Only about 7 percent of the 1962 new-home mortgages involved amounts of less than $10,000, while some 18 percent of the existing-home transactions fell into this group.

These trends in the amount of mortgage debt being assumed by FHA mortgagors reflect both the increasing cost of housing in recent years and the fact that borrowers have been able to obtain mortgage loans representing higher proportions of property value under the provisions of successive National Housing Act amendments from 1954 to 1961.

Term of Mortgage.—Mortgages insured by FHA under Section 203 may have terms of up to 35 years for proposed construction and up to 30 years for existing construction cases unless the existing construction was originally built under FHA or VA inspection, in which case the 35-year limit for new homes applies. In any instance, however, the term may not exceed three-fourths of the remaining economic life of the structure. Mortgages are written for durations of 10, 15, 20, 25, 30, or 35 years.

The growing acceptance of the longer-term mortgages by FHA mortgagees and the effects of legislation in recent years is clearly shown in Table III–37. The table demonstrates a marked tendency toward increasing proportions of FHA insured mortgages with the maximum allowable term. For example, the 1962 distribution for new homes shows almost 93 percent with terms of 30 years or more, including 15 percent with the 35-year term first authorized under the 1961 amendments. In contrast, only 27 percent of the new-home mortgages insured in 1955 involved terms of as much as 30 years. The same general trend is apparent in the existing-home figures, with the proportion of 30-year mortgages increasing from 7 percent in 1955 to over 59 percent in 1962.

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

Term of mortgage in years	Percentage distribution				
	1962	1961	1960	1959	1955
NEW HOMES					
10	(1)	(1)	(1)	(1)	0.1
15	0.1	0.1	0.1	0.2	.7
20	.8	1.1	1.7	2.2	13.7
25	6.5	8.1	12.1	19.2	58.4
30	77.5	90.4	86.1	78.4	27.1
35	15.1	.3	------	------	------
Total	100.0	100.0	100.0	100.0	100.0
Average	30.3	29.5	29.2	28.8	25.6
EXISTING HOMES					
10	.1	.1	.1	.1	.4
15	1.2	1.6	1.9	1.8	4.9
20	9.8	12.4	16.8	18.2	42.1
25	28.8	36.0	43.6	54.8	45.2
30	59.2	49.9	37.6	25.1	7.4
35	.9	(1)	------	------	------
Total	100.0	100.0	100.0	100.0	100.0
Average	27.4	26.7	25.8	25.1	22.7

[1] Less than 0.05 percent.

Total Monthly Mortgage Payment.—FHA-insured home mortgages provide for repayment on a monthly basis over the mortgage term. The mortgagor's payment covers the major portion of the recurring charges which the home owner is called upon to meet, including principal amortization and interest, monthly installments for property taxes, the FHA mortgage insurance premium, hazard insurance, special assessments, and such miscellaneous items as ground rent, if any.

The distributions of total monthly payments called for in the new and existing single-family home mortgage transactions insured under Section 203 in 1962 are shown in Table III–38 and Chart III–14. In the chart, the bars show that mortgage payments are most common in the $100–$119 range for new homes and in the $80–$99 range for existing dwellings. Of the mortgages insured in 1962, nearly 60 percent of the new-home cases contemplated monthly payments of $100 or more.

The median mortgage payment for the 1962 new-home cases was $105.20, slightly below the $106.60 reported for 1961 but nearly double the 1950 figure of $54.31. For existing homes the typical payment reached the $100 level for the first time in FHA's history, the median of $100.90 being about 2 percent above the $98.48 reported a year earlier and, again, nearly double the 1950 level of $56.65.

The levels of mortgage payments are influenced not only by the size of the mortgage involved but also by such factors as the mortgage term, the levels of real estate taxes and hazard insurance

Chart III–14

TOTAL MONTHLY MORTGAGE PAYMENT, 1962

Single family home mortgages, Section 203

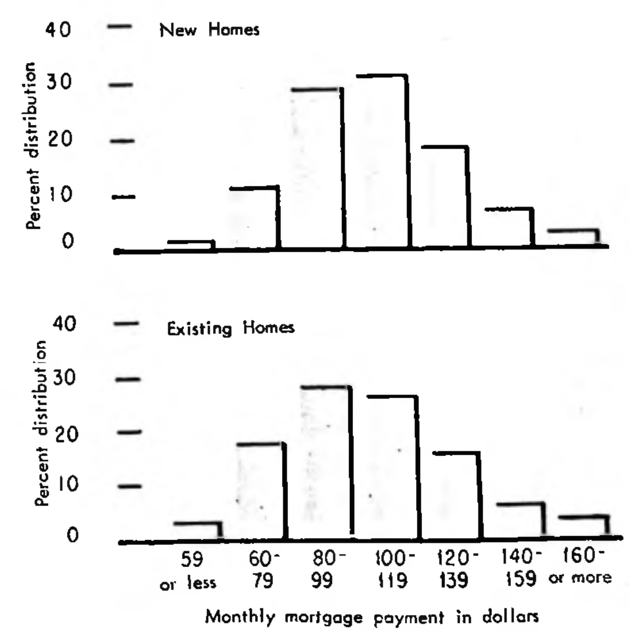


TABLE III-38.—*Total monthly mortgage payment, 1-family homes, Sec. 203, selected years*

Total monthly mortgage payment	Percentage distribution				
	1962	1961	1960	1955	1950
NEW HOMES					
Less than $60	1.6	0.5	0.3	15.2	69.2
$60 to $69	3.9	2.8	2.4	24.6	20.4
$70 to $79	7.4	7.4	7.5	23.5	7.2
$80 to $89	12.1	11.4	13.3	18.0	1.7
$90 to $99	16.4	16.0	18.8	10.1	.7
$100 to $109	16.6	17.9	20.2	4.6	.4
$110 to $119	14.5	16.0	15.3	2.2	.2
$120 to $139	18.3	18.9	16.1	1.4	.2
$140 or more	9.2	9.1	6.1	.4	----------
Total	100.0	100.0	100.0	100.0	100.0
Average	$106.39	$107.74	$104.90	$76.08	$55.38
Median	$105.20	$106.60	$103.81	$74.32	$54.31
EXISTING HOMES					
Less than $60	3.3	2.4	2.4	16.4	59.0
$60 to $69	7.0	6.9	8.1	22.3	19.3
$70 to $79	10.7	12.8	13.0	23.3	10.2
$80 to $89	13.6	15.1	16.3	16.5	5.3
$90 to $99	14.2	15.1	16.1	9.5	2.6
$100 to $109	13.9	14.1	14.2	5.2	1.6
$110 to $119	12.4	11.8	11.1	3.0	.9
$120 to $139	15.3	14.1	12.5	2.6	1.1
$140 or more	9.6	7.7	6.3	1.2	----------
Total	100.0	100.0	100.0	100.0	100.0
Average	$102.73	$100.73	$98.69	$77.15	$58.94
Median	$100.90	$98.48	$96.50	$74.81	$56.65

premiums, and the maximum permissible rate of interest for FHA insured mortgages. After 1951, when the Treasury-Federal Reserve accord was reached on policies for support of Treasury bond prices, until early 1961, maximum interest rates permitted by FHA Section 203 regulations increased from 4¼ percent 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 ultimately to 5¾ percent as of September 23, 1959. Reflecting the gradual declining yields in the money market throughout 1960, the maximum interest rate permitted on Section 203 mortgages was reduced to 5½ percent on February 2, 1961 and to 5¼ percent on May 29 of that year.

Ratio of Loan to Value.—Mortgages insured in 1962 were processed under the loan-to-value provisions of the Housing Act of 1961 which raised the maximum permissible ratios for new-home owner-occupant cases, or for existing construction completed one 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] In those instances where the escrow commitment procedure is utilized for non-occupant mortgagors, the same formula is used as for owner-occupant mortgagors, with the provision that 15 percent of the mortgage proceeds be withheld and placed in escrow pending sale of the property to an acceptable owner-occupant mortgagor within 18 months.

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

Trends in the ratios of mortgage amount to property value are shown in Table III–39 and Chart III–15. The typical loan-value ratios for Section 203 insured transactions reached new all-time highs in 1962, with the new-home ratio increasing by four-tenths of a percentage point to 94.4 percent and the existing-home ratio rising four-fifths of a point to 94.4 percent. This was the first year in FHA history in which the typical ration for existing-construction transactions equaled that associated with purchases of newly constructed dwellings, a development which is of course attributable to the effects of the legislative liberalization of insurable amounts for existing-home mortgages which have occurred progressively since 1954. The most significant change in the distributions of loan-to-value ratio during 1962 is reflected in the marked increase in the proportion of both new-and existing-construction transactions which involved loan-to-value ratios of 96 to 97 percent—these increases occurring at the expense of declining proportions in all of the other groups where significant concentrations of cases are found. It may also be noted that 40.3 percent of the existing-home cases were in this highest loan-to-value group as compared with 36.6 percent of the new-home mortgages.

Table III–40 shows the loan-value distributions by property value groups for Section 203 mortgages insured in 1962. As in other recent years, a great preponderance of these mortgages was at or near the maximum percentages authorized under the legislation and the FHA rules and regulations. For example, in the new-home value groups below $15,000 the median loan-value ratios all exceeded 96 percent, with the existing-home ratios being virtually as high. The distributions of both new and existing loan-value ratios continued to shift upward in 1962, with the typical ratios associated with property value groups of $13,000 and above increasing over 1961 and the median in the $20,000 to $21,999 group exceeding 90 percent for the first time.

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

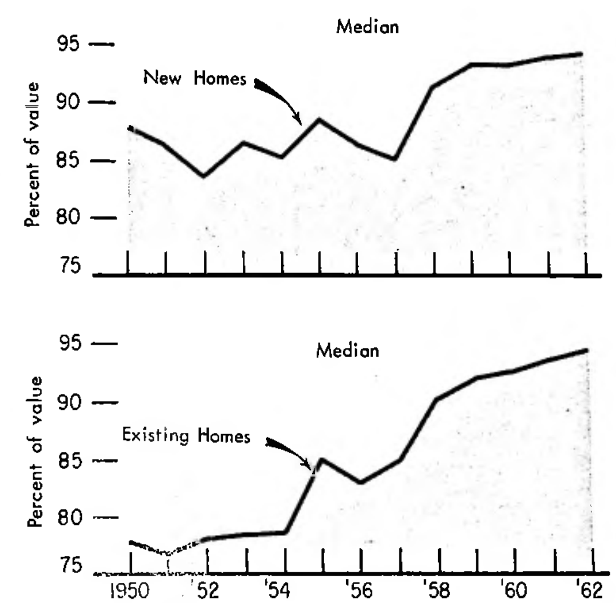
Ratio of loan to value (percent)	Percentage distribution				
	1962	1961	1960	1955	1950
NEW HOMES					
50 or less	(1)	0.2	0.1	0.8	0.6
51 to 55	0.1	.1	.1	.4	.4
56 to 60	.1	.1	.2	.7	.5
61 to 65	.3	.2	.3	1.2	.9
66 to 70	.5	.5	.7	2.1	1.6
71 to 75	1.2	1.2	1.6	4.1	3.2
76 to 80	2.3	2.5	3.3	9.5	8.8
81 to 85	4.2	4.9	6.3	14.2	10.9
86 to 90	11.8	13.3	15.7	33.7	57.1
91 to 95	42.9	45.2	42.9	33.3	16.0
96 to 97	36.6	31.8	28.8	----------	----------
Total	100.0	100.0	100.0	100.0	100.0
Average	92.7	92.2	91.4	85.0	85.0
Median	94.4	94.0	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	.1	.9	2.2
61 to 65	.3	.2	.3	1.5	3.7
66 to 70	.5	.6	.8	4.3	8.8
71 to 75	1.0	1.2	1.7	5.9	13.5
76 to 80	3.0	3.4	4.5	13.2	51.5
81 to 85	6.4	7.7	9.7	30.2	4.4
86 to 90	17.0	19.9	23.0	32.1	9.8
91 to 95	31.3	32.2	30.9	10.9	2.6
96 to 97	40.3	34.5	28.8	----------	----------
Total	100.0	100.0	100.0	100.0	100.0
Average	92.1	91.4	90.5	82.2	76.4
Median	94.4	93.0	92.6	84.8	77.8

[1] Less than 0.05 percent.

CHART III–15

RATIO OF LOAN TO VALUE, 1950–62

Single family home mortgages, Section 203



Property Value Characteristics

In the FHA underwriting procedure one of the very important determinations is the development of an estimate of value for each property proposed as security in an application for mortgage insurance. In the development of these estimates, consideration is given to such factors as the estimated replacement cost of the property, sale prices of comparable dwellings, neighborhood stability, market price of equivalent sites, 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 inter-relationships of the significant characteristics of properties involved in mortgage transactions insured under Section 203 during 1962.

TABLE III–40.—*Ratio of loan to value by property value, 1-family homes, Sec. 203, 1962*

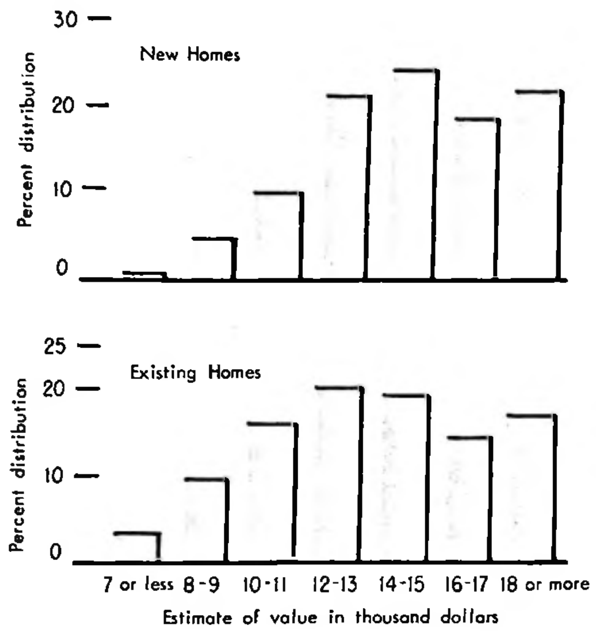
FHA estimate of property value	Percentage distribution	Median loan-value ratio	Ratio of loan to value—percentage distribution									
			50 percent or less	51 to 60 percent	61 to 70 percent	71 to 75 percent	76 to 80 percent	81 to 85 percent	86 to 90 percent	91 to 95 percent	96 to 97 percent	Total
NEW HOMES												
Less than $8,000	0.1	96.3	----------	----------	2.4	----------	2.4	2.4	7.1	16.7	69.0	100.0
$8,000 to $8,999	.8	96.2	----------	----------	----------	----------	.4	1.4	2.5	31.2	64.5	100.0
$9,000 to $9,999	3.8	96.1	0.1	0.1	.2	0.4	.5	1.0	10.4	32.6	54.7	100.0
$10,000 to $10,999	3.7	96.3	.1	----------	.4	.4	1.5	1.5	8.1	21.3	66.7	100.0
$11,000 to $11,999	6.1	96.3	----------	.1	.2	.7	.6	3.0	6.0	21.0	68.4	100.0
$12,000 to $12,999	10.1	96.2	----------	.2	.2	.4	1.7	2.6	6.8	28.5	59.6	100.0
$13,000 to $13,999	11.1	96.2	.1	.1	.2	.8	1.6	3.0	6.9	27.4	59.9	100.0
$14,000 to $14,999	12.5	96.1	(1)	.1	.7	.6	1.5	2.7	7.4	30.5	56.5	100.0
$15,000 to $15,999	11.6	95.0	.1	.2	.5	.9	2.0	3.8	10.3	40.4	41.8	100.0
$16,000 to $16,999	10.2	93.5	----------	.1	.7	1.4	2.7	4.9	12.3	55.4	22.5	100.0
$17,000 to $17,999	8.3	92.9	(1)	.1	.9	1.2	2.9	5.9	9.9	74.8	4.3	100.0
$18,000 to $18,999	6.7	92.7	.1	.4	1.3	1.4	2.7	5.4	13.1	75.4	.2	100.0
$19,000 to $19,999	4.4	92.6	.1	.2	1.1	1.7	3.5	5.9	13.9	73.5	.1	100.0
$20,000 to $21,999	5.0	92.0	.2	.6	1.6	3.4	4.4	7.1	20.9	61.6	.2	100.0
$22,000 to $24,999	3.8	89.7	.3	.6	4.3	4.4	4.7	8.2	37.2	40.0	.3	100.0
$25,000 and over	1.8	87.7	.3	1.8	2,1	2.8	6.8	14.0	64.5	7.5	.2	100.0
Total	100.0	94.4	(1)	.2	.8	1.2	2.3	4.2	11.8	42.9	36.6	100.0
EXISTING HOMES												
Less than $8,000	3.1	96.2	----------	.1	.3	.6	2.1	4.6	10.3	24.1	57.9	100.0
$8,000 to $8,999	4.1	96.3	----------	.1	.2	.8	1.2	3.8	8.0	21.0	64.9	10 .0
$9,000 to $9,999	5.5	96.2	----------	.1	.6	.7	2.0	3.6	8.3	21.5	63.2	100.0
$10,000 to $10,999	7.5	96.2	(1)	.1	.3	.8	2.5	4.0	9.9	24.0	58.4	100.0
$11,000 to $11,999	8.5	96.1	(1)	.1	.5	.7	2.4	4.1	11.3	24.2	56.7	100.0
$12,000 to $12,999	9.9	96.1	(1)	.2	.7	.8	2.0	4.8	12.2	23.6	55.7	100.0
$13,000 to $13,999	10.5	96.1	(1)	.1	.6	1.0	2.4	4.9	13.2	23.9	53.9	100.0
$14,000 to $14,999	10.0	95.7	(1)	.1	.7	.9	2.5	6.2	15.1	26.0	48.5	100.0
$15,000 to $15,999	9.3	94.6	(1)	.1	.9	.9	2.9	6.7	17.8	28.6	42.1	100.0
$16,000 to $16,999	8.2	93.3	.1	.2	.8	1.3	2.9	6.8	21.3	36.3	30.3	100.0
$17,000 to $17,999	6.4	92.2	(1)	.2	.9	1.1	3.5	8.4	22.9	53.9	9.1	100.0
$18,000 to $18,999	5.0	91.8	(1)	.4	.7	1.1	3.9	8.7	25.9	59.1	.2	100.0
$19,000 to $19,999	3.3	91.6	.1	.1	.7	1.7	4.4	9.5	26.3	56.8	.4	100.0
$20,000 to $21,999	4.1	91.1	(1)	.4	.9	1.6	5.3	10.7	29.7	51.0	.4	100.0
$22,000 to $24,999	3.1	89.4	.2	.4	1.8	1.8	6.9	13.8	36.7	38.1	.3	100.0
$25,000 and over	1.5	86.4	.5	2.5	6.7	4.1	11.3	20.9	48.3	5.7	----------	100.0
Total	100.0	94.4	(1)	.2	.8	1.0	3.0	6.4	17.0	31.3	40.3	100.0

[1] Less than 0.05 percent.

CHART III-16

FHA ESTIMATE OF PROPERTY VALUE, 1962

Single family home mortgages, Section 203



Property Value.—Over 55 percent of the new homes and almost one-half of the existing dwellings securing mortgages insured by FHA during 1962 were valued by the agency at between $12,000 and $16,999. The greatest concentration of new homes was in the $14,000 to $15,999 value range, with the highest frequency—12.5 percent—in the $14,000 class. Existing-home cases tended to be distributed more evenly over a wider range from $10,000 to $16,999, with a slight concentration in the range between $13,000 and $14,999 which accounted for slightly more than one-fifth of the total number of transactions. About one-eighth of the existing dwellings were appraised at less than $10,000, compared with only about 4 percent of the new homes. (See Chart III-16.)

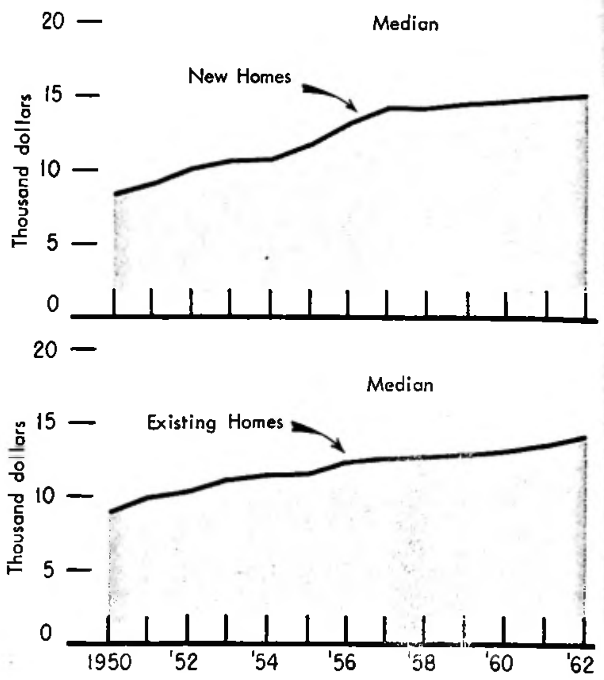
In contrast, almost equal proportions of the Section 203 mortgages—10.6 percent of the new homes and 8.7 percent of the existing dwellings—were valued at $20,000 or more.

Comparison of the 1962 distribution with that for the preceding year shows that the median valuation for new homes increased by 1.6 percent and that for existing dwellings by over 4.5 percent. Table III-41 and Chart III-17 permit longer-term comparisons which indicate that the average appraisal of $15,489 for a new home in 1962 exceeded the comparable 1950 valuation by slightly more than 80 percent, while the existing-home average of $14,323 was only about 54 percent above the $9,298 reported for 1950. Valuation increases during this postwar period reflected changes in structure size, quality, and equipment

CHART III-17

FHA ESTIMATE OF PROPERTY VALUE, 1950-62

Single family home mortgages, Section 203



for new construction, as well as increases in both land and construction costs.

Transaction Characteristics.—Characteristics of the single-family home mortgage transactions insured by FHA under Section 203 of the National Housing Act in 1962 are presented in Table III-42. Generally speaking, these data are based on all types of single-family home transactions, including purchases, the construction of a home for or by the owner on his own lot, the refinancing of existing indebtedness without change in ownership, and the financing of major improvements to the property. It should be noted, however, that the data relating to total acquisition cost, sale price, and incidental costs are based on purchase transactions only and consequently are not exactly comparable with the averages shown in the table for the other characteristics. Although purchase transactions predominated in both new- and existing-home cases, varying proportions of the other types of transactions in the individual value groups may result occasionally in variations among value groups in the relationships shown between averages for FHA value and total acquisition cost and sale price.

A comparison of the new- and existing-home averages of the various characteristics reveals that, as would be expected, increases in replacement cost of properties, total acquisition costs (including sale price and incidental costs), mortgage amounts, and mortgagor's annual income accompanied increases in property value, while the reverse tended

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

FHA estimate of property value	Percentage distribution				
	1962	1961	1960	1956	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	.8	.6	.4	10.0	22.5
$9,000 to $9,999	3.8	3.2	2.2	14.2	15.9
$10,000 to $10,999	3.7	4.5	5.4	12.3	10.0
$11,000 to $11,999	6.1	7.8	8.4	12.3	4.7
$12,000 to $12,999	10.1	10.1	11.0	11.9	2.3
$13,000 to $13,999	11.1	11.7	13.8	9.9	1.4
$14,000 to $14,999	12.5	13.1	14.6	8.2	.7
$15,000 to $15,999	11.6	12.4	12.7	6.3	.5
$16,000 to $16,999	10.2	10.9	9.6	4.4	.3
$17,000 to $17,999	8.3	8.2	7.0	2.7	.2
$18,000 to $18,999	6.7	5.9	5.0	1.7	.1
$19,000 to $19,999	4.4	3.4	3.2	.9	.1
$20,000 to $21,999	5.0	4.1	3.7	1.1	.2
$22,000 to $24,999	3.8	2.7	2.2	.5	(1)
$25,000 and over	1.8	1.3	.7	.2	(1)
Total	100.0	100.0	100.0	100.0	100.0
Average value	$15,489	$15,167	$14,899	$12,118	$8,594
Median value	$15,151	$14,918	$14,607	$11,742	$8,286
EXISTING HOMES					
Less than $6,000	.2	.5	.4	.6	6.8
$6,000 to $6,999	.8	.9	1.0	1.9	10.7
$7,000 to $7,999	2.1	2.6	2.9	4.9	15.8
$8,000 to $8,999	4.1	4.9	5.4	10.1	17.1
$9,000 to $9,999	5.5	6.8	7.3	12.2	14.5
$10,000 to $10,999	7.5	8.8	10.2	12.7	11.3
$11,000 to $11,999	8.5	9.5	10.7	11.6	7.6
$12,000 to $12,999	9.9	10.8	11.6	11.2	5.7
$13,000 to $13,999	10.5	11.0	11.3	9.3	3.3
$14,000 to $14,999	10.0	9.7	9.5	7.1	2.0
$15,000 to $15,999	9.3	8.6	8.0	5.2	1.7
$16,000 to $16,999	8.2	7.2	6.5	3.9	1.1
$17,000 to $17,999	6.4	5.7	4.8	2.7	.8
$18,000 to $18,999	5.0	4.1	3.4	2.0	.6
$19,000 to $19,999	3.3	2.5	2.1	1.2	.3
$20,000 to $21,999	4.1	3.2	2.6	1.6	.4
$22,000 to $24,999	3.1	2.3	1.7	1.2	.2
$25,000 and over	1.5	.9	.6	.6	.1
Total	100.0	100.0	100.0	100.0	100.0
Average value	$14,323	$13,705	$13,304	$12,047	$9,298
Median value	$14,082	$13,474	$13,043	$11,565	$8,865

[1] Less than 0.05 percent.

to be true for the ratio of loan-to-value. Within corresponding property value groups, existing home averages for replacement costs, acquisition costs, sale prices and mortgagors' incomes were higher for existing-home transactions than for new-home cases. On a total basis, however, the average acquisition cost, sale price, and mortgagor's 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 the relationship described immediately above, it is interesting that average property values in each value class were higher for new homes than for comparable existing dwellings. Moreover, average mortgage amounts and loan-value ratios were generally higher for new-home cases, tending toward the highest insurable limits. On the average, incidental costs were some $21 higher for newly constructed homes than for existing dwellings, but the average purchasers of existing homes in the $14,000 to $19,999 classes had closing costs that were higher than reported for the corresponding new-home buyers. The average new-home mortgagor had an income of $7,695, only $66 above that of the typical existing-home purchaser. In comparable value classes, however, the average income of existing-home buyers was greater.

Property Characteristics.—Averages of property value, price of site, site-value ratio, calculated area, and number of rooms and bedrooms, and the proportions of structures with more than one bath, one story, full or part basement, garage or carport are shown in Table III-43 by property value groups.

The average new home securing a mortgage insured under Section 203 in 1962 contained an area of 1,162 square feet, including an average of 5.6 rooms of which 3.1 were bedrooms. It was slightly larger than the typical existing home, which had 1,145 square feet, 5.5 rooms, and 2.8 bedrooms.

Almost nine out of every ten of the newly constructed dwellings were of one story, compared with slightly less than 80 percent for existing homes. More than one-half of the new homes but only about one-third of the existing homes provided more than one bath. In contrast, 41 percent of the existing homes included basements, compared with less than 30 percent of the new dwellings.

Garages were reported for 66 percent of the existing homes and 62 percent of the new homes insured by FHA. One-sixth of the new homes but less than one-tenth of the existing structures had carports.

The average market price of a new-home site was $2,715, slightly less than that reported for an equivalent site for an existing house. Because of the lower average value for existing homes, however, the land price represented over 19 percent of the total property value, compared with 17.5 percent for new homes. As might be expected, land prices in each instance rose with increases in property values. Further, existing-home sites tended to be valued somewhat higher than new-home sites in a preponderance of the corresponding value classes, presumably reflecting more desirable locations in relation to shopping facilities, transportation, schools, community centers, etc.

Rooms and Bedrooms by Property Value.—Room counts and bedroom counts increase as property values rise, but the variation in the number of bedrooms is considerably less than the variation in the number of rooms. This is shown in Table III-44, which also indicates that the average new home insured in 1962 had 5.6 rooms, fractionally larger than the 5.5 average reported for existing dwellings. New homes included an average of 3.1 bedrooms compared with 2.8 for existing structures, with the average number of bedrooms in new homes higher than in existing homes for all comparable value classes, a reflection of the continuing demand for more bedrooms in new homes currently coming on the market.

Virtually 50 percent of the new homes insured during the year contained 5 rooms, with 45 percent

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TABLE III-42.—*Transaction characteristics by property value, 1-family homes, Sec. 203, 1962*

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	$7,590	$8,290	$7,596	$7,390	$208.77	$7,156	$4,423	94.3
$8,000 to $8,999	.8	8,498	8,908	8,505	8,279	246.68	8,122	4,646	95.0
$9,000 to $9,999	3.8	9,437	10,023	9,365	9,121	275.06	8,941	5,149	94.7
$10,000 to 10,999	3.7	10,492	11,071	10,493	10,213	290.56	9,947	5,493	94.8
$11,000 to $11,999	6.1	11,500	12,054	11,500	11,222	284.39	10,922	5,883	95.0
$12,000 to $12,999	10.1	12,470	13,067	12,445	12,162	292.83	11,803	6,288	94.7
$13,000 to $13,999	11.1	13,466	14,029	13,462	13,184	283.10	12,724	6,698	94.5
$14,000 to $14,999	12.5	14,454	15,028	14,468	14,170	284.02	13,631	7,177	94.3
$15,000 to $15,999	11.6	15,458	16,113	15,463	15,159	301.05	14,466	7,576	93.0
$16,000 to $16,999	10.2	16,430	17,168	16,460	16,129	315.75	15,252	8,137	92.8
$17,000 to $17,999	8.3	17,413	18,136	17,482	17,146	329.61	16,104	8,671	92.5
$18,000 to $18,999	6.7	18,406	19,219	18,497	18,155	343.98	16,897	9,144	91.8
$19,000 to $19,999	4.4	19,105	20,062	19,472	19,121	351.64	17,738	9,688	91.4
$20,000 to $21,999	5.0	20,823	21,460	20,963	20,542	382.47	18,706	10,258	89.8
$22,000 to $24,999	3.8	23,212	23,869	23,259	22,812	413.49	20,299	11,330	87.5
$25,000 and over	1.8	26,769	27,538	26,792	26,264	471.85	23,062	12,733	86.2
Total	100.0	15,489	16,130	15,485	15,169	313.71	14,358	7,695	92.7
EXISTING HOMES									
Less than $8,000	3.1	7,061	10,497	7,258	6,978	209.91	6,638	5,194	94.0
$8,000 to $8,999	4.1	8,440	11,350	8,577	8,324	216.52	7,972	5,525	94.5
$9,000 to $9,999	5.5	9,429	12,101	9,548	9,296	228.63	8,891	5,761	94.3
$10,000 to $10,999	7.5	10,428	12,978	10,580	10,307	245.97	9,807	6,091	94.0
$11,000 to $11,999	8.5	11,419	13,682	11,563	11,279	260.68	10,721	6,394	93.9
$12,000 to $12,999	9.9	12,426	14,587	12,598	12,304	267.30	11,640	6,707	93.7
$13,000 to $13,999	10.5	13,420	15,369	13,646	13,320	279.18	12,552	7,012	93.5
$14,000 to $14,999	10.0	14,413	16,278	14,643	14,322	291.23	13,426	7,465	93.2
$15,000 to $15,999	9.3	15,389	17,174	15,640	15,314	306.34	14,255	7,859	92.6
$16,000 to $16,999	8.2	16,384	18,161	16,653	16,307	320.91	15,072	8,307	92.0
$17,000 to $17,999	6.4	17,377	19,120	17,676	17,319	331.74	15,876	8,861	91.4
$18,000 to $18,999	5.0	18,358	20,197	18,690	18,316	346.88	16,685	9,405	90.9
$19,000 to $19,999	3.3	19,349	20,985	19,700	19,318	357.16	17,531	9,956	90.6
$20,000 to $21,999	4.1	20,755	22,491	21,197	20,790	376.15	18,606	10,647	89.6
$22,000 to $24,999	3.1	23,103	24,774	23,568	23,125	406.32	20,291	11,768	87.8
$25,000 and over	1.5	27,214	29,159	27,428	26,971	427.85	22,700	13,322	83.4
Total	100.0	14,323	16,407	14,507	14,184	292.46	13,194	7,629	92.1

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

providing 6 rooms or more and only 5 percent of the dwellings including less than 5 rooms. For existing homes, over 40 percent were in the 5-room category, with 15 percent containing less than that number of rooms and about 45 percent including 6 or more rooms.

The distribution of bedrooms indicates that 3-bedroom homes continued to predominate in the market. Over four-fifths of the new homes and about three-fifths of the existing dwellings were in this category. While consistent with earlier years, this represents a minor shift from 1961 when 87 percent of the new homes were in this category.

Year Built.—Table III–45 indicates that the typical existing-home transaction insured in 1962 was secured by a house 10 years old which was appraised by FHA at $14,082. The table further reveals that nearly two-thirds of the existing homes insured that year were constructed after 1949. The remainder were about equally divided between homes that were built during the 1940's and those built earlier. It is, of course, to be expected that the older dwellings were less liberally appraised than those constructed more recently. For example, the typical age of the $8,000 house is approximately 13.7 years, while that of the typical dwelling in the $22,000 to $24,999 class is 6.4 years.

The majority of the homes valued at $20,000 or more were built in 1955 or later, with about one-fifth built during the 1950–54 period.

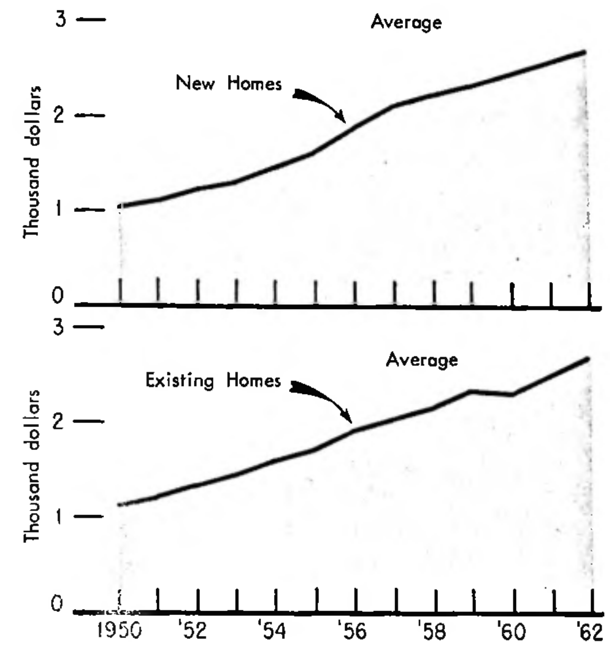
Market Price of Site.—In the FHA underwriting process the available market price of site is considered as the FHA estimated price of an equivalent site including street improvements and utilities, rough grading, and terracing and retaining walls, if any. The increase in the average market price of site over the years since 1950 is shown graphically in Chart III–18, while Table III–46 presents information on the distribution of price of site within property value groups. The median land price involved in FHA-insured new-home transactions in 1962 was $2,649, the ratio of average land cost to average property value being about 17.5 percent. For existing homes, the price of site ($2,653) was slightly larger and, on the average, represented 19.1 percent of total value. About one-third of the new- and existing-home transactions insured in 1962 involved land costs of between $1,500 and $2,499. In addition, about 38 percent of the new-home sites were valued at between $2,500 and $3,499, compared with about one-fourth of the existing-home sites.

In the lower price classes, represented by the $9,000 dwelling, 60 percent were built on lots

CHART III–18

MARKET PRICE OF EQUIVALENT SITE, 1950–62

Single family home mortgages, Section 203



valued between $1,500 and $2,499, while nearly 7 out of every 10 existing homes were built on sites valued between $1,000 and $1,999. The bulk of the new $15,000 homes were constructed on sites valued between $2,000 and $2,999, while the heaviest concentration of existing-home sites was reported in the range from $2,500 to $3,499. With respect to the higher priced dwelling as represented by the $22,000-or-more classes, some 60 percent of the new- and existing-home sites were valued at $4,000 or more. Moreover, between one-third and one-half of all higher valued homes were on sites valued at $5,000 or more.

Water and Sewer Supply.—Table III–47 indicates that 95 percent of all homes securing mortgages insured by FHA in 1962 are serviced by public water supplies. The principal exceptions are in the most expensive homes and in some of the least expensive new dwellings, which frequently are not in subdivisions and consequently may be some distance from public pipe lines. The table also indicates that about 80 percent of these homes have public sewer systems, with some 14 percent of the newly constructed dwellings and about 21 percent of the existing homes having individual sewer systems, generally septic tanks. Less than 5 percent of the new homes and only about 1 percent of the existing homes are served by community systems.

TABLE III-43.—*Property characteristics by property value, 1-family homes, Sec. 203, 1962*

FHA estimate of property value	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	$7,590	$1,316	17.3	806	4.7	2.5	4.9	100.0	2.4	40.5	11.9
$8,000 to $8,999	.8	8,498	1,670	19.7	789	4.6	2.8	3.6	99.6	.4	22.9	23.7
$9,000 to $9,999	3.8	9,437	1,858	19.7	823	4.7	2.9	11.2	99.1	2.1	29.2	28.5
$10,000 to $10,999	3.7	10,492	1,904	18.1	894	4.9	2.8	16.6	95.9	5.1	42.7	30.3
$11,000 to $11,999	6.1	11,500	1,943	16.9	973	5.1	2.9	30.6	93.7	14.3	46.4	24.9
$12,000 to $12,999	10.1	12,470	2,138	17.1	1,008	5.2	2.9	37.2	92.9	22.0	50.6	24.5
$13,000 to $13,999	11.1	13,466	2,202	16.8	1,060	5.3	3.0	44.7	93.0	27.5	56.7	17.2
$14,000 to $14,999	12.5	14,454	2,426	16.8	1,093	5.4	3.0	51.1	92.3	33.5	59.8	15.4
$15,000 to $15,999	11.6	15,458	2,598	16.8	1,149	5.6	3.0	60.9	88.5	39.8	63.9	12.2
$16,000 to $16,999	10.2	16,430	2,821	17.2	1,213	5.7	3.1	70.0	86.1	38.6	69.0	12.8
$17,000 to $17,999	8.3	17,413	2,992	17.2	1,273	5.9	3.1	76.3	83.9	39.7	73.4	12.5
$18,000 to $18,999	6.7	18,406	3,222	17.5	1,359	6.1	3.2	85.0	78.5	36.6	78.3	10.9
$19,000 to $19,999	4.4	19,405	3,501	18.0	1,382	6.1	3.2	88.9	79.6	32.2	79.7	11.7
$20,000 to $21,999	5.0	20,823	3,953	19.0	1,445	6.2	3.3	93.4	79.2	29.2	76.9	12.8
$22,000 to $24,999	3.8	23,212	4,690	20.2	1,513	6.3	3.4	93.2	78.4	29.0	72.8	15.2
$25,000 and over	1.8	26,769	4,878	18.2	1,712	6.7	3.5	92.3	73.0	32.5	71.0	13.7
Total	100.0	15,489	2,715	17.5	1,162	5.6	3.1	58.0	88.2	29.5	61.8	16.7
EXISTING HOMES												
Less than $8,000	3.1	7,061	1,173	16.6	938	4.9	2.4	2.2	67.9	40.8	38.4	6.0
$8,000 to $8,999	4.1	8,440	1,416	16.8	951	4.9	2.4	3.0	79.5	31.9	48.5	8.5
$9,000 to $9,999	5.5	9,429	1,612	17.1	979	5.0	2.5	4.6	81.6	31.6	52.0	10.4
$10,000 to $10,999	7.5	10,428	1,826	17.5	1,012	5.1	2.6	8.2	81.2	36.1	56.7	10.3
$11,000 to $11,999	8.5	11,419	2,037	17.8	1,030	5.2	2.7	11.0	82.1	37.0	58.7	10.6
$12,000 to $12,999	9.9	12,426	2,302	18.5	1,062	5.3	2.7	17.2	83.6	36.7	63.0	10.5
$13,000 to $13,999	10.5	13,420	2,553	19.0	1,090	5.3	2.8	22.4	84.0	37.3	66.4	9.9
$14,000 to $14,999	10.0	14,413	2,797	19.4	1,124	5.4	2.8	29.9	82.3	40.2	68.3	9.1
$15,000 to $15,999	9.3	15,389	3,047	19.8	1,159	5.5	2.9	36.2	81.2	42.5	72.3	7.9
$16,000 to $16,999	8.2	16,384	3,233	19.7	1,203	5.6	3.0	43.7	78.9	46.3	73.3	8.3
$17,000 to $17,999	6.4	17,377	3,452	19.9	1,244	5.8	3.0	51.8	76.9	48.5	75.7	7.8
$18,000 to $18,999	5.0	18,358	3,643	19.8	1,309	5.9	3.0	60.8	75.5	48.1	79.4	7.4
$19,000 to $19,999	3.3	19,349	3,875	20.0	1,350	6.0	3.1	68.9	75.6	45.9	79.4	7.7
$20,000 to $21,999	4.1	20,755	4,229	20.4	1,421	6.2	3.1	76.4	72.4	47.8	80.5	7.8
$22,000 to $24,999	3.1	23,103	4,611	20.0	1,544	6.4	3.2	83.7	68.3	51.0	80.3	9.3
$25,000 and over	1.5	27,214	5,092	18.7	1,701	6.6	3.4	90.6	66.8	52.3	77.0	13.0
Total	100.0	14,323	2,738	19.1	1,145	5.5	2.8	31.7	79.6	40.8	66.4	9.1

Table III–44.—*Number of rooms and bedrooms by property value, 1-family homes, Sec. 203, 1962*

FHA estimate of property value	Percentage distribution	Number of rooms: Average	Number of rooms: Percentage distribution: 4 or less	5	6	7	8 or more	Number of bedrooms: Average	Number of bedrooms: Percentage distribution: 1 or 2	3	4 or more
NEW HOMES											
Less than $8,000	0.1	4.7	40.5	42.8	16.7	-------	-------	2.5	35.7	64.3	-------
$8,000 to $8,999	.8	4.6	42.3	55.9	1.8	-------	-------	2.8	17.2	82.8	-------
$9,000 to $9,999	3.8	4.7	33.5	60.9	5.6	-------	-------	2.9	16.3	82.2	1.5
$10,000 to $10,999	3.7	4.9	23.9	64.4	11.5	0.2	-------	2.8	15.5	83.7	.8
$11,000 to $11,999	6.1	5.1	11.9	67.8	19.8	.4	0.1	2.9	11.4	88.1	.5
$12,000 to $12,999	10.1	5.2	5.5	69.8	24.1	.6	-------	2.9	6.7	91.7	1.6
$13,000 to $13,999	11.1	5.3	3.7	66.3	26.6	3.1	.3	3.0	5.8	90.3	3.9
$14,000 to $14,999	12.5	5.4	3.1	63.3	28.8	3.8	1.0	3.0	5.7	89.3	5.0
$15,000 to $15,999	11.6	5.6	1.9	52.3	35.1	8.3	2.4	3.0	3.2	88.6	8.2
$16,000 to $16,999	10.2	5.7	1.1	43.2	40.7	11.1	3.9	3.1	3.0	85.2	11.8
$17,000 to $17,999	8.3	5.9	.5	35.6	45.6	13.3	5.0	3.1	1.8	86.3	11.9
$18,000 to $18,999	6.7	6.1	.2	25.7	44.9	22.8	6.4	3.2	1.4	76.9	21.7
$19,000 to $19,999	4.4	6.1	.2	23.4	49.0	20.7	6.7	3.2	.9	76.7	22.4
$20,000 to $21,999	5.0	6.2	.4	21.8	39.2	30.3	8.3	3.3	1.6	65.5	32.9
$22,000 to $24,999	3.8	6.3	.4	21.0	37.1	27.3	14.2	3.4	1.3	61.9	36.8
$25,000 and over	1.8	6.7	.5	9.8	36.1	27.2	26.4	3.5	4.2	44.5	51.3
Total	100.0	5.6	5.0	49.9	32.1	9.6	3.4	3.1	5.3	83.8	10.9
Median value	$15,151	-------	$11,004	$14,153	$16,260	$18,451	$19,087	-------	$12,853	$14,922	$18,659
EXISTING HOMES											
Less than $8,000	3.1	4.9	45.8	25.6	20.6	5.9	2.1	2.4	66.2	28.3	5.5
$8,000 to $8,999	4.1	4.9	40.8	34.2	17.6	5.2	2.2	2.4	67.0	27.7	5.3
$9,000 to $9,999	5.5	5.0	32.1	41.3	19.9	4.9	1.8	2.5	57.8	37.7	4.5
$10,000 to $10,999	7.5	5.1	25.0	44.9	23.2	5.5	1.4	2.6	48.4	47.1	4.5
$11,000 to $11,999	8.5	5.2	20.4	46.5	26.3	4.9	1.9	2.7	40.5	54.0	5.5
$12,000 to $12,999	9.9	5.3	18.5	47.1	26.7	6.0	1.7	2.7	35.8	57.7	6.5
$13,000 to $13,999	10.5	5.3	15.1	47.7	28.9	6.4	1.9	2.8	29.5	63.4	7.1
$14,000 to $14,999	10.0	5.4	10.2	47.9	32.8	7.2	1.9	2.8	23.4	68.8	7.8
$15,000 to $15,999	9.3	5.5	7.1	46.2	36.2	8.1	2.4	2.9	18.2	72.7	9.1
$16,000 to $16,999	8.2	5.6	5.0	41.5	40.4	10.5	2.6	3.0	15.5	74.5	10.0
$17,000 to $17,999	6.4	5.8	3.5	38.1	41.6	13.2	3.6	3.0	12.6	75.8	11.6
$18,000 to $18,999	5.0	5.9	2.3	32.2	44.3	16.6	4.6	3.0	10.7	75.7	13.6
$19,000 to $19,999	3.3	6.0	1.9	25.8	47.1	19.8	5.4	3.1	7.6	77.5	14.9
$20,000 to $21,999	4.1	6.2	1.5	19.7	46.4	25.4	7.0	3.1	7.7	74.5	17.8
$22,000 to $24,999	3.1	6.4	1.3	13.4	43.1	30.6	11.6	3.2	6.6	70.2	23.2
$25,000 and over	1.5	6.6	2.3	10.6	33.7	32.9	20.5	3.4	5.6	57.8	36.6
Total	100.0	5.5	14.6	40.2	32.2	9.9	3.1	2.8	29.3	61.0	9.1
Median value	$14,082	-------	$11,287	$13,726	$15,205	$16,814	$17,170	-------	$11,855	$14,897	$16,161

Table III–45.—*Year built, by property value, 1-family homes, Sec. 203, 1962*

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 through 1962
EXISTING HOMES										
Less than $8,000	3.1	16.9	20.6	14.5	6.2	7.1	17.3	27.5	6.0	0.8
$8,000 to $8,999	4.1	13.7	8.9	15.2	5.9	7.9	16.5	34.9	9.8	.9
$9,000 to $9,999	5.5	12.3	6.4	12.8	6.1	8.6	15.8	35.8	12.3	2.2
$10,000 to $10,999	7.5	11.9	5.5	11.9	6.3	7.6	15.2	35.5	15.3	2.7
$11,000 to $11,999	8.5	11.1	4.0	9.5	6.0	7.0	14.2	37.2	18.7	3.4
$12,000 to $12,999	9.9	10.7	4.1	7.9	5.9	6.9	13.6	35.2	22.7	3.7
$13,000 to $13,999	10.5	9.9	2.7	7.8	5.0	5.6	11.9	36.0	26.3	5.7
$14,000 to $14,999	10.0	9.3	2.6	7.4	4.7	4.9	10.2	33.2	30.0	7.0
$15,000 to $15,999	9.3	9.0	1.8	7.1	4.9	4.6	9.7	32.1	32.0	7.8
$16,000 to $16,999	8.2	8.7	1.5	6.4	6.1	4.4	9.0	31.0	32.6	9.0
$17,000 to $17,999	6.4	8.0	1.2	5.8	5.8	4.0	7.8	29.3	36.1	10.0
$18,000 to $18,999	5.0	7.3	1.3	5.5	5.5	5.1	7.0	25.3	39.7	10.6
$19,000 to $19,999	3.3	6.7	.8	3.6	4.9	4.7	7.4	22.8	42.8	13.0
$20,000 to $21,999	4.1	6.7	1.4	4.0	4.8	4.3	6.8	22.5	44.5	11.7
$22,000 to $24,999	3.1	6.4	1.0	4.0	5.4	4.9	6.0	20.8	42.4	16.5
$25,000 and over	1.5	6.4	.8	4.6	6.2	3.3	6.7	20.5	40.2	17.7
Total	100.0	10.0	3.8	8.3	5.5	5.9	11.5	32.1	26.5	6.4
Median value	$14,082	-------	$10,919	$12,491	$13,568	$12,823	$12,716	$13,440	$15,329	$16,164

Table III–46.—*Available market price of equivalent site, by property value, 1-family homes, Sec. 203, 1962*

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	$1,500	-------	16.7	33.3	42.8	4.8	2.4	-------	-------	-------	-------	-------
$8,000 to $8,999	.8	1,733	-------	11.5	19.0	41.9	22.9	4.7	-------	-------	-------	-------	-------
$9,000 to $9,999	3.8	1,931	-------	4.1	20.3	20.7	29.5	14.9	1.0	0.2	0.3	-------	-------
$10,000 to $10,999	3.7	1,905	-------	3.9	21.0	31.0	22.0	16.2	5.0	.8	-------	0.1	-------
$11,000 to $11,999	6.1	1,945	(1)	2.7	17.2	33.8	27.0	13.8	3.8	.9	.8	(1)	-------
$12,000 to $12,999	10.1	2,170	(1)	.6	8.8	30.7	29.0	23.1	5.9	1.1	.6	.1	0.1
$13,000 to $13,999	11.1	2,305	0.1	.3	4.9	23.3	35.0	24.0	9.4	2.2	.6	.2	(1)
$14,000 to $14,999	12.5	2,481	(1)	.2	2.6	16.0	32.4	30.3	12.7	4.6	.7	.3	.2
$15,000 to $15,999	11.6	2,604	-------	.2	1.4	10.6	27.4	31.7	19.2	6.7	1.9	.6	.3
$16,000 to $16,999	10.2	2,868	-------	.2	.9	5.5	20.7	3.08	24.9	10.3	4.5	.9	1.3
$17,000 to $17,999	8.3	3,050	(1)	.1	.7	3.5	16.6	26.4	27.1	15.4	6.0	2.0	2.2
$18,000 to $18,999	6.7	3,280	-------	.1	.6	2.7	9.3	22.5	26.5	19.9	12.0	3.9	2.5
$19,000 to $19,999	4.4	3,407	-------	.1	.4	1.8	6.9	18.4	22.6	20.7	13.7	6.1	9.3
$20,000 to $21,999	5.0	3,894	(1)	.2	.6	1.2	3.8	12.4	16.5	19.4	16.5	11.5	17.9
$22,000 to $24,999	3.8	4,289	-------	.7	.1	.8	1.8	4.6	12.5	19.8	16.8	7.0	35.9
$25,000 and over	1.8	4,983	.3	.3	.6	1.5	1.1	4.2	6.5	8.6	15.8	11.5	49.6
Total	100.0	2,649	(1)	.8	4.9	14.9	22.5	23.0	14.9	8.3	4.6	2.0	4.1
EXISTING HOMES													
Less than $8,000	3.1	1,211	.7	30.5	44.5	18.0	4.7	1.1	.2	.1	-------	.1	.1
$8,000 to $8,999	4.1	1,480	.2	11.2	40.2	35.6	9.3	2.7	.6	.1	-------	-------	.1
$9,000 to $9,999	5.5	1,678	.1	7.0	29.7	36.9	17.9	5.8	1.9	.4	.1	.1	.1
$10,000 to $10,999	7.5	1,856	.1	3.6	21.7	34.6	22.9	11.0	4.1	1.3	.5	.1	.1
$11,000 to $11,999	8.5	2,044	.1	1.6	14.8	31.3	24.7	15.1	7.4	3.3	1.3	.3	.1
$12,000 to $12,999	9.9	2,306	(1)	1.1	9.3	23.9	25.6	18.0	10.9	5.9	3.8	.9	.6
$13,000 to $13,999	10.5	2,563	(1)	.6	5.4	17.7	23.8	20.0	14.3	8.6	5.9	2.4	1.3
$14,000 to $14,999	10.0	2,828	(1)	.3	3.1	12.4	20.8	20.4	16.4	11.2	9.5	3.7	2.2
$15,000 to $15,999	9.3	3,077	.1	.1	1.7	8.0	16.6	20.7	18.4	12.7	11.0	5.8	4.9
$16,000 to $16,999	8.2	3,250	(1)	.2	1.2	5.7	13.4	19.4	19.5	13.7	11.4	7.7	7.8
$17,000 to $17,999	6.4	2,463	-------	.1	.8	3.6	10.1	18.3	18.4	15.4	12.5	9.3	11.5
$18,000 to $18,999	5.0	3,657	(1)	.1	.5	2.5	8.0	14.9	18.5	17.3	12.7	9.5	16.0
$19,000 to $19,999	3.3	3,896	.1	.1	.5	1.7	5.2	12.3	17.5	15.9	13.2	12.9	20.6
$20,000 to $21,999	4.1	4,258	(1)	.1	.2	1.2	3.4	10.0	12.2	15.8	13.7	12.0	31.4
$22,000 to $24,999	3.1	4,626	.1	.2	.6	.6	2.0	5.5	9.3	14.2	14.5	12.1	40.9
$25,000 and over	1.5	n.a.	.6	.3	2.9	1.3	2.0	2.9	5.7	7.2	10.9	10.4	55.8
Total	100.0	2,653	.1	2.5	9.8	16.5	16.5	14.9	12.2	8.9	7.1	4.4	7.1

[1] Less than 0.05 percent. N.a. not available.

TABLE III-47.—*Water supply and sewage disposal systems by property value, 1-family homes, Sec. 203, 1962*

FHA estimate of property value	Percentage distribution	Percentage distribution of: Water supply: Public	Community	Private well	Sewage disposal: Public	Community	Individual system: Septic tank	Cesspool
NEW HOMES								
Less than $8,000	0.1	95.2	4.8	------	88.1	4.8	7.1	------
$8,000 to $8,999	.8	95.0	5.0	------	85.3	3.2	11.1	0.4
$9,000 to $9,999	3.8	94.6	4.9	0.5	82.5	4.2	12.5	.8
$10,000 to $10,999	3.7	93.1	5.8	1.1	78.4	6.7	14.3	.6
$11,000 to $11,999	6.1	94.2	5.2	.6	82.0	7.1	10.4	.5
$12,000 to $12,999	10.1	94.9	4.2	.9	80.4	4.8	12.2	2.6
$13,000 to $13,999	11.1	94.2	4.4	1.4	77.7	4.9	14.5	2.9
$14,000 to $14,999	12.5	95.5	3.4	1.1	80.0	4.1	13.0	2.9
$15,000 to $15,999	11.6	95.6	3.3	1.1	79.0	4.2	12.2	4.6
$16,000 to $16,999	10.2	95.6	3.1	1.3	81.2	4.1	11.8	2.9
$17,000 to $17,999	8.3	95.7	3.2	1.1	80.6	4.1	11.4	3.9
$18,000 to $18,999	6.7	96.0	3.2	.8	84.1	3.7	9.3	2.9
$19,000 to $19,999	4.4	96.3	3.0	.7	84.3	4.5	9.6	1.6
$20,000 to $21,999	5.0	96.3	3.0	.7	85.3	4.1	9.3	1.3
$22,000 to $24,999	3.8	96.1	3.3	.6	86.3	4.0	7.7	2.0
$25,000 and over	1.8	92.9	5.5	1.6	84.7	3.2	10.1	2.0
Total	100.0	95.2	3.8	1.0	81.1	4.5	11.8	2.6
EXISTING HOMES								
Less than $8,000	3.1	96.5	.6	2.9	84.4	.3	13.8	1.5
$8,000 to $8,999	4.1	96.1	.8	3.1	82.6	.6	14.7	2.1
$9,000 to $9,999	5.5	95.7	1.1	3.2	80.0	1.0	16.9	2.1
$10,000 to $10,999	7.5	95.2	1.3	3.5	78.6	1.0	18.2	2.2
$11,000 to $11,999	8.5	94.9	1.8	3.3	77.7	1.6	18.8	1.9
$12,000 to $12,999	9.9	94.2	2.0	3.8	76.8	1.6	19.0	2.6
$13,000 to $13,999	10.5	95.0	1.3	3.7	75.9	1.3	19.6	3.2
$14,000 to $14,999	10.0	94.8	1.7	3.5	76.4	1.8	18.2	3.6
$15,000 to $15,999	9.3	94.8	1.1	4.1	76.4	1.5	18.2	3.0
$16,000 to $16,999	8.2	95.0	1.3	3.7	77.6	1.3	17.3	3.9
$17,000 to $17,999	6.4	95.1	.9	4.0	78.2	.8	17.0	4.0
$18,000 to $18,999	5.0	94.9	1.3	3.8	76.5	1.2	18.7	3.6
$19,000 to $19,999	3.3	95.2	1.1	3.7	79.4	1.1	17.1	2.4
$20,000 to $21,999	4.1	95.1	1.0	3.9	77.4	.8	18.7	3.1
$22,000 to $24,999	3.1	94.6	1.1	4.3	75.7	1.2	20.9	2.2
$25,000 and over	1.5	92.6	1.1	6.3	70.5	.5	24.8	4.2
Total	100.0	95.0	1.3	3.7	77.6	1.2	18.2	3.0

The text table indicates that a public water system is usually accompanied by a public sewer line and that community water systems are usually associated with community sewer systems or individual septic tanks. When individual water systems are used, septic sewer systems, which are found in significant numbers among all property value ranges, are most often present.

Water and sewage-disposal systems, 1-family homes, 1962

	Water and sewage disposal—percentage distribution: Total	Public water	Community water	Individual water
NEW HOMES				
Public sewer	81.1	84.9	3.1	10.5
Community sewer	4.5	1.8	74.0	6.2
Individual septic tank	11.8	10.6	22.7	81.1
Individual cesspool	2.6	2.7	.2	2.2
Total	100.0	100.0	100.0	100.0
Percent of total	100.0	95.2	3.8	1.0
EXISTING HOMES				
Public sewer	77.6	81.3	4.8	9.1
Community sewer	1.2	.6	50.4	.7
Individual septic tank	18.2	15.2	44.3	83.5
Individual cesspool	3.0	2.9	.5	6.7
Total	100.0	100.0	100.0	100.0
Percent of total	100.0	95.0	1.3	3.7

Financial Characteristics.—Table III-48 indicates that the average new-home mortgage in the typical $15,000 value class was secured by a property valued at $15,458. The mortgage terms contemplated amortization over a period of 30.5 years through total monthly mortgage payments of $107.31. Addition of operating and maintenance costs brought the borrower's prospective housing expense to $134.92, or about 21 percent of his $631 monthly effective income.

In the typical $14,000 class for existing dwellings, the average property value of $14,413 secured a mortgage which was to be repaid over a term of 28.1 years. The monthly mortgage payment of $103.63, including $18.09 in property taxes, was expected to be increased by costs of $19.39 for heating and utilities and $7.33 for maintenance and repair to a prospective housing expense figure of $130.34 per month—again about 21 percent of the borrower's income.

On the average, new-home mortgages were written for terms of 30.3 years while existing-home contracts contemplated repayment over a period of 27.4 years. Mortgage durations averaged higher for new-construction transactions in all value groups than for corresponding existing-

TABLE III-48.—*Financial characteristics by property value, 1-family homes, Sec. 203, 1962*

FHA estimate of property value	Percentage distribution	Average: Property value	Average: Term of mortgage (years)	Average monthly: 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	$7,590	29.3	$7.62	$53.51	$71.00	$368.59	$12.66	$4.83
$8,000 to $8,999	.8	8,498	30.2	5.76	57.08	75.97	387.17	14.30	4.59
$9,000 to $9,999	3.8	9,437	29.4	7.40	64.50	83.43	429.06	14.44	4.49
$10,000 to $10,999	3.7	10,492	29.7	9.71	72.65	93.01	457.79	15.17	5.19
$11,000 to $11,999	6.1	11,500	30.3	11.63	79.95	102.20	490.28	16.69	5.56
$12,000 to $12,999	10.1	12,470	30.2	12.92	86.87	110.30	524.02	17.68	5.76
$13,000 to $13,999	11.1	13,466	30.5	14.29	93.52	118.50	558.15	18.80	6.18
$14,000 to $14,999	12.5	14,454	30.5	15.85	100.48	126.35	598.06	19.42	6.45
$15,000 to $15,999	11.6	15,458	30.5	17.69	107.31	134.92	631.35	20.69	6.92
$16,000 to $16,999	10.2	16,430	30.4	19.08	113.62	142.58	678.11	21.57	7.38
$17,000 to $17,999	8.3	17,413	30.4	20.58	120.42	150.02	722.58	21.90	7.70
$18,000 to $18,999	6.7	18,406	30.3	21.90	126.76	157.65	761.96	22.44	8.45
$19,000 to $19,999	4.4	19,405	30.6	22.39	131.74	162.70	807.34	22.24	8.71
$20,000 to $21,999	5.0	20,823	30.3	23.96	140.11	172.02	854.82	22.45	9.45
$22,000 to $24,999	3.8	23,212	30.0	25.35	152.32	187.31	944.83	24.98	10.01
$25,000 and over	1.8	26,769	30.1	29.99	174.28	216.79	1,061.06	30.23	12.28
Total	100.0	15,489	30.3	17.13	106.39	133.48	641.24	20.07	7.03
EXISTING HOMES									
Less than $8,000	3.1	7,061	22.3	9.49	57.47	80.18	432.85	16.87	5.84
$8,000 to $8,999	4.1	8,440	24.5	10.32	65.25	88.57	460.45	17.20	6.12
$9,000 to $9,999	5.5	9,429	25.5	11.03	70.85	94.70	480.12	17.50	6.34
$10,000 to $10,999	7.5	10,428	26.4	12.38	77.09	101.59	507.62	18.02	6.48
$11,000 to $11,999	8.5	11,419	27.1	13.48	83.27	108.17	532.84	18.24	6.66
$12,000 to $12,999	9.9	12,426	27.4	14.45	89.65	115.15	558.94	18.68	6.83
$13,000 to $13,999	10.5	13,420	27.9	16.20	96.50	122.48	586.86	18.91	7.06
$14,000 to $14,999	10.0	14,413	28.1	18.09	103.63	130.34	622.08	19.39	7.33
$15,000 to $15,999	9.3	15,389	28.3	19.78	110.13	137.74	654.90	19.98	7.62
$16,000 to $16,999	8.2	16,384	28.4	21.09	116.38	145.01	692.27	20.65	7.98
$17,000 to $17,999	6.4	17,377	28.3	22.82	123.19	152.77	738.41	21.24	8.35
$18,000 to $18,999	5.0	18,358	28.3	24.45	130.04	160.79	783.73	21.93	8.81
$19,000 to $19,999	3.3	19,349	28.5	25.62	136.07	167.37	829.66	22.20	9.09
$20,000 to $21,999	4.1	20,755	28.4	27.83	145.23	178.14	887.26	23.30	9.61
$22,000 to $24,999	3.1	23,103	28.3	30.14	158.43	193.63	980.65	24.95	10.25
$25,000 and over	1.5	27,214	27.8	33.70	179.09	219.14	1,110.13	28.51	11.54
Total	100.0	14,323	27.4	18.00	102.73	129.99	635.76	19.76	7.50

home cases, the average new-home term being below 30 years only for the value groups of less than $11,000. Mortgage terms lengthened as values increased, reaching peaks of 30.5 years for new homes valued between $13,000 and $15,999 and of 28.5 years for existing dwellings in the $19,000 range.

Property taxes were an important item in the monthly mortgage payment, representing 16 percent of the total payment for new homes and about 17.5 percent in the case of existing dwellings. As would be expected, average taxes were generally proportioned to property values, indicating that wide variations in local tax rates and in special assessments affected all value groups about equally. In all corresponding value classes, property taxes were higher for existing dwellings than for new, the differential being smallest in the central portion of the value scale where the preponderance of the cases are concentrated, and somewhat greater for both the higher- and lower-valued properties.

The total monthly mortgage payment also increased with value, reflecting the heavier debt service on higher average mortgage amounts, together with increased taxes. While the average term in all instances averaged longer for new-home mortgages than for existing-home transactions, the mortgage principal was still enough larger than the corresponding existing-home amount to require higher monthly payments, averaging $106.39 compared with $102.73.

Prospective housing expense showed similar variations, ranging, by value groups, from $71 to $217 per month for new-home buyers and from $80 to $219 for purchasers of existing homes. Because of differences in the two distributions, the average housing expense of $133.48 for all new-home cases exceeded the $129.99 reported for all existing dwellings even though the reverse was true within each of the corresponding value groups. Monthly expenses attributable to household operations and maintenance and repair averaged $27.10 for new-home buyers and a few cents higher for purchasers of existing dwellings.

Incidental Costs.—The incidental or closing costs necessary to complete a mortgage transaction and chargeable to the mortgagor, regardless of whether they are included in whole or in part in the contract price, are summarized in Table III-49. These charges may include the FHA examination fee, mortgagee's initial service charge, cost of the title search and title insurance, recording fees, charges for the preparation of the deed, and other similar items. Excluded, however, are such charges as deposits for unaccrued taxes, insurance premiums, and similar items which are regarded

TABLE III-49.—*Incidental costs by property value, 1-family homes,[1] Sec. 203, 1962*

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	$225.00	—	35.9	56.4	5.1	2.6	—	—	—	—
$8,000 to $8,999	.8	278.22	11.9	5.7	41.4	39.8	1.2	—	—	—	—
$9,000 to $9,999	3.8	295.09	3.1	15.8	32.7	43.4	2.1	2.9	—	—	—
$10,000 to $10,999	3.7	293.11	1.5	12.0	39.2	29.2	14.9	3.0	0.2	—	—
$11,000 to $11,999	6.1	281.48	.8	15.5	41.3	29.7	9.7	2.6	.4	(2)	—
$12,000 to $12,999	10.1	290.73	.9	10.6	42.4	30.9	11.2	3.3	.6	0.1	—
$13,000 to $13,999	11.1	286.44	2.5	9.2	44.4	30.4	10.3	2.5	.5	.2	(2)
$14,000 to $14,999	12.5	288.80	3.1	8.9	42.8	27.4	14.7	2.2	.8	.1	(2)
$15,000 to $15,999	11.6	309.20	2.4	7.6	37.2	30.5	18.9	2.7	.6	(2)	0.1
$16,000 to $16,999	10.2	320.71	2.2	5.8	36.7	25.9	23.2	4.7	1.2	.2	.1
$17,000 to $17,999	8.3	339.18	1.4	5.2	32.8	27.1	25.9	6.5	1.0	.1	(2)
$18,000 to $18,999	6.7	353.71	.9	4.9	29.9	26.5	20.8	8.9	1.7	.3	.1
$19,000 to $19,999	4.4	355.11	.5	3.8	30.1	28.4	23.2	11.0	2.2	.5	.3
$20,000 to $21,999	5.0	388.58	1.2	3.0	19.8	29.4	26.0	15.4	3.9	.9	.4
$22,000 to $24,999	3.8	425.60	1.1	2.1	13.1	28.8	19.3	27.5	6.0	1.6	.5
$25,000 and over	1.8	526.87	—	1.2	8.3	15.1	11.6	51.1	11.0	1.2	.5
Total	100.0	314.96	1.9	7.9	35.9	29.0	17.2	6.4	1.4	.2	.1
EXISTING HOMES											
Less than $8,000	3.1	218.53	2.4	40.5	38.1	16.7	2.0	.1	.1	—	.1
$8,000 to $8,999	4.1	224.41	1.4	38.4	41.9	15.4	2.7	.2	(2)	—	(2)
$9,000 to $9,999	5.5	238.65	1.1	31.7	44.6	19.2	3.1	.3	(2)	—	—
$10,000 to $10,999	7.5	256.27	.7	24.5	44.1	24.7	5.4	.6	(2)	(2)	—
$11,000 to $11,999	8.5	266.53	.8	17.7	47.4	26.1	6.2	1.7	.1	(2)	(2)
$12,000 to $12,999	9.9	270.47	.6	15.6	48.0	25.4	8.3	1.8	.3	(2)	—
$13,000 to $13,999	10.5	278.76	.6	11.9	47.6	26.2	11.3	2.0	.3	.1	—
$14,000 to $14,999	10.0	287.44	.7	10.2	44.8	25.8	14.3	3.4	.7	(2)	.1
$15,000 to $15,999	9.3	296.58	.5	7.8	43.1	26.5	15.3	5.5	1.1	.1	.1
$16,000 to $16,999	8.2	314.05	.5	6.4	39.8	24.0	20.4	6.9	1.6	.3	.1
$17,000 to $17,999	6.4	327.56	.5	4.5	38.6	23.2	22.4	7.9	2.0	.7	.2
$18,000 to $18,999	5.0	349.08	.2	4.2	33.2	25.3	23.2	9.8	3.1	.7	.3
$19,000 to $19,999	3.3	360.71	.3	3.8	30.7	25.0	23.3	13.2	2.4	1.0	.3
$20,000 to $21,999	4.1	379.88	.5	2.4	23.4	29.7	23.1	15.5	3.7	.9	.8
$22,000 to $24,999	3.1	400.85	.1	1.8	16.7	31.3	15.9	25.9	5.9	1.5	.9
$25,000 and over	1.5	434.40	.2	1.8	14.1	29.2	13.6	27.0	9.8	2.8	1.5
Total	100.0	286.24	.7	13.9	41.1	24.7	12.8	5.2	1.2	.3	.1

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

as prepayable expenses rather than as incidental costs.

With respect to the new-home mortgages insured in 1962, the typical amount of closing costs was $315, or about 10 percent above the $286 reported for existing-home purchasers. For both construction categories, closing costs increased with property values, ranging from a low of about $220 to highs of $527 for new-home transactions and $434 for existing dwellings. Roughly 65 percent of all the home mortgages insured by FHA in 1962 involved closing costs between $200 and $399, although fees of less than $200 were reported for about 10 percent of the new-home cases and nearly 15 percent of the existing dwellings. About 7 percent of the mortgages involved closing costs exceeding $500—this wide variation reflecting the marked geographical differences in mortgage financing practices.

Size of House Characteristics

This portion of the report is devoted to an analysis of the size of the homes securing mortgages insured by FHA under Section 203, including a description of property characteristics by floor area groups (Table III-51) and area data by age of mortgagor (Table III-52).

Calculated Area.—The year 1962 was noteworthy in that the new and existing homes securing mortgages insured during the year were identical in size—each containing a median calculated area of 1,099 square feet. For new homes, this represented an increase of 1 percent over the 1,088 square feet reported for the preceding year; for existing dwellings, the increase was slightly larger, the 1961 figure having been 1,077 square feet. It was the largest typical area for new homes reported for any year since 1957, while for existing dwellings it was the largest reported for any year in FHA history. As indicated in Table III-50 and Chart III-19, over one-half of all the new homes included from 900 to 1,199 square feet, with the greater concentration—almost 20 percent—in the 1,000 square-foot range. Existing homes were spread over a wider range, but with about one-sixth also in the 1,000–1,099 square-foot class. In general, existing homes were reported relatively more frequently in the size groups below 900 square feet and new homes between 900 and 1,099 square feet. Slightly over one-third of both new and existing properties involved areas of 1,200 or more square feet.

Characteristics by Calculated Area.—Average characteristics by calculated areas of new and existing dwellings are shown in Table III-51. They include the average floor area, property value,

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

Calculated area (sq. ft.)	Percentage distribution: 1962	1961	1960	1955	1950
NEW HOMES					
Less than 600	(1)	(1)	(1)	0.2	0.5
600 to 699	1.2	0.3	0.2	1.3	7.6
700 to 799	2.8	2.4	1.6	7.5	30.6
800 to 899	7.5	7.3	6.5	15.5	25.4
900 to 999	18.6	19.8	20.1	20.0	13.0
1,000 to 1,099	19.9	22.8	23.8	20.1	9.9
1,100 to 1,199	13.5	15.2	15.4	14.5	5.3
1,200 to 1,299	10.7	10.4	11.5	8.9	3.2
1,300 to 1,399	8.4	7.4	7.3	5.7	2.0
1,400 to 1,499	5.6	5.1	5.0	2.8	.9
1,500 to 1,599	4.4	3.7	3.7	1.7	.6
1,600 to 1,799	4.3	3.9	3.7	1.2	.6
1,800 to 1,999	2.1	1.2	.9	.4	.2
2,000 or more	1.0	.5	.3	.2	.2
Total	100.0	100.0	100.0	100.0	100.0
Average	1,162	1,141	1,142	1,049	894
Median	1,099	1,088	1,091	1,022	838
EXISTING HOMES					
Less than 600	.1	.1	.1	.4	.5
600 to 699	1.5	1.7	1.9	2.6	3.3
700 to 799	7.7	9.1	10.6	12.5	14.4
800 to 899	11.3	12.5	14.1	15.4	16.5
900 to 999	13.6	14.2	14.2	14.4	14.1
1,000 to 1,099	15.9	15.9	15.8	13.9	11.7
1,100 to 1,199	13.7	13.1	12.9	11.1	9.3
1,200 to 1,299	11.3	10.4	9.9	8.6	7.6
1,300 to 1,399	7.8	7.2	6.7	6.4	5.8
1,400 to 1,499	5.5	5.1	4.5	4.4	4.3
1,500 to 1,599	3.9	3.5	3.2	3.0	3.2
1,600 to 1,799	4.3	3.9	3.4	3.7	4.2
1,800 to 1,999	1.8	1.8	1.5	1.7	2.2
2,000 or more	1.6	1.5	1.2	1.9	2.9
Total	100.0	100.0	100.0	100.0	100.0
Average	1,145	1,126	1,101	1,096	1,100
Median	1,099	1,077	1,057	1,030	1,006

[1] Less than 0.05 percent.

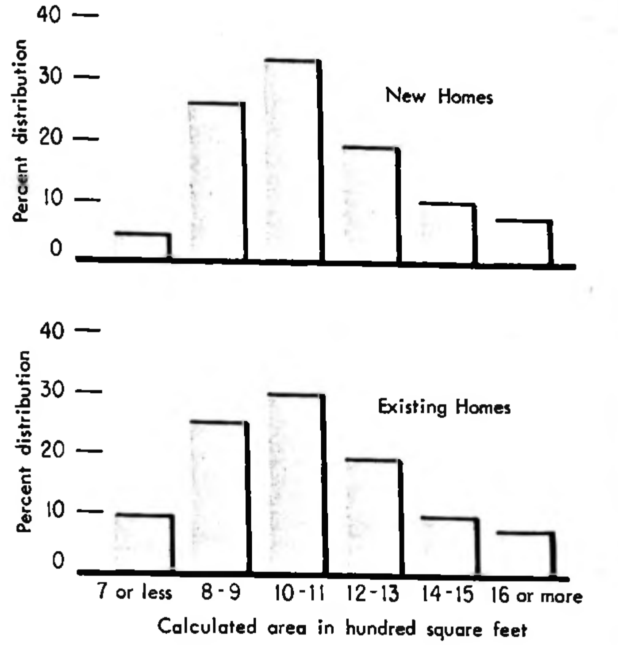
total acquisition cost, sale price, number of rooms and bedrooms, and proportions of homes with one story, more than one bath, full or part basement, and carports or garages. The table indicates, for example, that the average home in the 1,000–1,099 square-foot range had an area of 1,043 square feet and was appraised by FHA at $14,680. It contained 5.3 rooms, of which 3 were bedrooms, and sold for $14,372. With the addition of closing costs, the entire transaction cost the new-home purchaser $14,661. About 93 percent of the new homes in this size range were one-story houses, 37 percent of which had basements. About three out of every five of the homes had garages and another sixth were equipped with carports.

On the average, the number of rooms reported for new and existing homes was nearly identical, with the number of bedrooms slightly larger for new (3.1) than for existing (2.8) homes. As might be expected, the proportion of multistory and split-level homes increased as the floor area became larger, for both new and existing homes. The trend toward more bathrooms in recent construction is clearly shown, with 58 percent of the new homes, compared with only 32 percent of the existing dwellings, reporting more than one bath. Basements were reported in over 40 percent of the existing dwellings but in less than 30 percent of all new homes, reflecting the continuing trend toward

CHART III-19

CALCULATED AREA, 1962

Single family home mortgages, Section 203



the use of slab-type construction. Garages were reported for two-thirds of all the existing homes and for slightly less than 62 percent of the new houses. In contrast, carports were reported about twice as often for new homes—almost 17 percent of the new homes and 9.1 percent of the existing homes including this facility.

Age of Principal Mortgagor by Calculated Area.—The distributions of the new- and existing-home buyers, together with an indication of the sizes of the houses purchased by the mortgagors in each age group during 1962, are shown in Table III-52. Nearly 40 percent of all home buyers during the year were under 30 years of age, including about one out of four between the ages of 25 and 29. About one-fifth were in the age group from 30 to 34 years and one-fourth between the ages of 35 and 44. While a wide range of home sizes is shown in the table for the mortgagors in each of the age groups, somewhat smaller homes, as indicated by the median sizes, was reported for both the youngest and the oldest home buyers, reflecting both the income characteristics and smaller space requirements of these families than for families in which the head of the family is in the middle range of ages between 30 and 49.

Mortgagor's Income Characteristics

As part of the FHA underwriting system for determining the acceptability of a transaction for FHA mortgage insurance, an evaluation is made of the risk entailed in the mortgage credit elements

Table III-51.—*Property characteristics by calculated area, 1-family homes, Sec. 203, 1962*

Calculated area (sq. ft.)	Percentage distribution	Average: Calculated area (sq. ft.)	Average: Property value	Average: Total acquisition cost [1]	Average: Sale price [1]	Average: Number of rooms	Average: Number of bedrooms	Percent of structure with: More than 1 bath	Percent of structure with: 1 story	Percent of structure with: Full or part basement	Percent of structure with: Garage	Percent of structure with: Carport
NEW HOMES												
Less than 700	1.2	668	$9,769	$9,907	$9,528	4.0	2.7	0.9	100.0	1.5	20.7	51.8
700 to 799	2.8	745	10,691	10,654	10,291	4.5	2.7	2.6	97.8	11.4	26.2	30.3
800 to 899	7.5	857	12,046	12,004	11,746	4.9	2.8	19.4	95.8	26.7	38.7	27.9
900 to 999	18.6	952	13,722	13,697	13,426	5.1	3.0	20.6	94.8	43.0	47.7	14.8
1,000 to 1,099	19.9	1,043	14,680	14,661	14,372	5.3	3.0	46.3	93.3	36.7	60.1	16.1
1,100 to 1,199	13.5	1,147	15,621	15,684	15,367	5.6	3.0	72.4	89.3	32.4	68.6	16.5
1,200 to 1,299	10.7	1,248	16,407	16,438	16,107	5.8	3.1	87.5	90.9	22.4	73.6	15.9
1,300 to 1,399	8.4	1,348	17,183	17,217	16,866	5.9	3.2	90.4	84.4	21.5	76.8	13.7
1,400 to 1,499	5.6	1,446	18,241	18,309	17,967	6.2	3.3	90.3	80.6	17.4	78.3	12.3
1,500 to 1,599	4.4	1,547	18,976	19,088	18,718	6.5	3.4	96.8	71.7	16.2	77.7	12.3
1,600 to 1,699	2.3	1,643	19,811	19,949	19,566	6.5	3.4	96.2	78.4	19.8	73.7	15.3
1,700 to 1,799	2.0	1,755	20,439	20,486	20,060	6.8	3.4	97.4	59.9	15.6	78.8	11.5
1,800 to 1,999	2.1	1,880	21,251	21,211	20,740	7.2	3.8	96.3	43.7	23.5	80.3	9.8
2,000 or more	1.0	2,183	22,664	22,616	22,139	7.6	3.8	91.8	37.2	26.1	76.0	10.4
Total	100.0	1,162	15,489	15,485	15,169	5.6	3.1	58.0	88.2	29.5	61.8	16.7
EXISTING HOMES												
Less than 700	1.6	656	9,808	10,011	9,760	4.1	2.0	2.3	90.8	50.0	50.0	3.9
700 to 799	7.7	753	11,188	11,394	11,104	4.4	2.2	3.3	89.5	47.2	54.5	5.3
800 to 899	11.3	850	11,955	12,151	11,861	4.7	2.3	4.6	91.0	41.2	61.2	6.9
900 to 999	13.6	949	12,830	13,032	12,740	5.1	2.7	7.6	91.4	40.3	59.6	9.8
1,000 to 1,099	15.9	1,047	13,822	14,036	13,726	5.3	2.8	20.0	87.8	36.7	66.2	10.1
1,100 to 1,199	13.7	1,146	14,660	14,899	14,574	5.5	2.9	36.6	80.0	37.3	70.6	10.1
1,200 to 1,299	11.3	1,246	15,384	15,593	15,263	5.8	3.0	50.0	76.1	36.7	71.9	10.1
1,300 to 1,399	7.8	1,345	16,072	16,288	15,939	6.0	3.0	57.8	71.2	37.9	73.0	9.9
1,400 to 1,499	5.5	1,444	16,705	16,896	16,528	6.2	3.1	60.9	64.0	43.3	73.0	9.6
1,500 to 1,599	3.9	1,544	17,248	17,441	17,072	6.4	3.2	65.3	61.1	44.2	72.8	9.7
1,600 to 1,699	2.6	1,645	17,715	18,056	17,681	6.6	3.3	69.9	53.2	46.2	74.0	7.5
1,700 to 1,799	1.7	1,746	18,434	18,669	18,240	6.8	3.3	73.0	51.8	49.1	71.6	10.5
1,800 to 1,999	1.8	1,885	18,305	18,582	18,174	6.9	3.5	72.0	43.3	55.2	70.3	9.5
2,000 or more	1.6	2,285	19,548	19,474	19,066	7.6	3.8	78.7	25.8	61.2	72.7	6.7
Total	100.0	1,145	14,323	14,507	14,184	5.5	2.8	31.7	79.6	40.8	66.4	9.1

[1] Data reflect purchase transactions only.

Table III-52.—*Age of principal mortgagor, by calculated area, 1-family homes, Sec. 203, 1962*

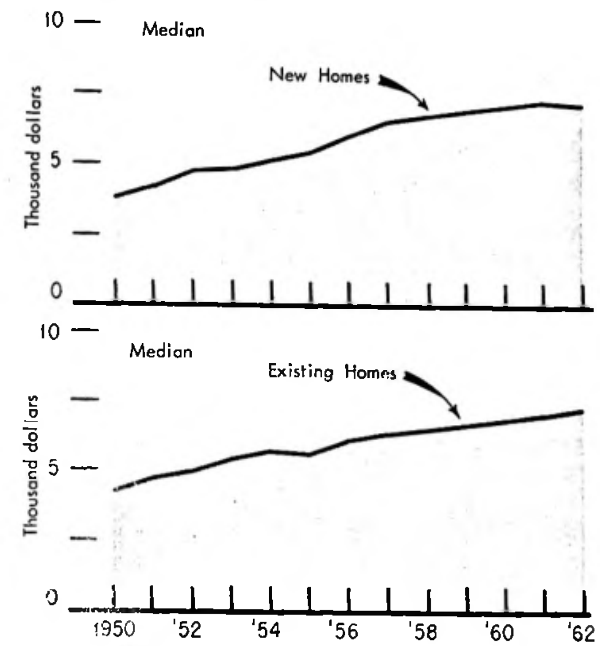
Calculated area (sq. ft.)	Percentage distribution	Median age (years)	Age of principal mortgagor (Percentage distribution by calculated area): Less than 25	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 59	60 to more
NEW HOMES										
Less than 700	1.2	32.9	1.3	1.2	1.0	1.1	1.2	0.9	1.9	3.0
700 to 799	2.8	32.0	3.2	2.8	2.6	2.3	2.5	3.2	3.2	3.8
800 to 899	7.5	31.0	11.2	7.3	6.3	5.7	6.1	6.6	9.2	19.8
900 to 999	18.6	29.6	30.0	21.0	15.2	13.1	14.1	15.4	18.0	18.3
1,000 to 1,099	19.9	30.8	25.4	22.1	18.3	16.3	17.1	17.6	18.9	22.4
1,100 to 1,199	13.5	32.1	12.9	14.4	14.2	13.0	13.2	14.4	12.7	7.3
1,200 to 1,299	10.7	33.3	7.5	10.8	11.4	12.0	10.7	11.9	11.7	10.5
1,300 to 1,399	8.4	34.0	4.3	7.8	9.5	10.3	9.9	9.0	8.6	5.1
1,400 to 1,499	5.6	35.1	2.1	4.6	6.5	7.5	8.1	7.1	5.7	2.6
1,500 to 1,599	4.4	35.2	1.3	3.4	5.4	6.7	5.4	5.3	4.1	3.4
1,600 to 1,699	2.3	35.6	.4	1.8	2.7	3.4	3.4	2.6	2.0	1.7
1,700 to 1,799	2.0	36.1	.2	1.2	2.8	3.0	3.3	2.9	1.6	.8
1,800 to 1,999	2.1	35.7	.2	1.1	3.1	3.6	3.1	1.7	1.5	9
2,000 or more	1.0	37.5	(1)	.5	1.0	2.0	1.9	1.4	.9	.4
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		14.5	25.6	20.3	15.4	10.7	6.6	5.4	1.5
Median area	1,099		1,017	1,080	1,147	1,189	1,167	1,144	1,094	1,023
EXISTING HOMES										
Less than 700	1.6	28.9	3.8	1.6	1.0	1.0	1.0	1.4	1.9	2.7
700 to 799	7.7	29.5	14.9	8.3	5.7	4.8	5.5	6.4	7.6	8.8
800 to 899	11.3	30.3	18.7	12.4	9.0	8.0	8.4	10.0	12.2	13.7
900 to 999	13.6	31.2	19.0	15.2	12.4	10.2	11.0	12.5	13.4	16.9
1,000 to 1,099	15.9	32.4	17.1	17.5	15.3	15.0	13.9	14.8	16.2	14.9
1,100 to 1,199	13.7	33.2	11.1	15.0	14.4	13.7	13.3	13.9	12.9	13.7
1,200 to 1,299	11.3	34.2	6.9	11.4	12.4	12.1	12.4	12.5	11.5	10.8
1,300 to 1,399	7.8	35.1	3.6	6.9	9.1	9.6	9.9	8.3	8.0	6.1
1,400 to 1,499	5.5	35.6	2.2	4.5	6.7	7.6	7.4	5.8	5.0	4.5
1,500 to 1,599	3.9	36.4	1.1	2.9	4.5	5.4	5.5	4.8	4.0	2.2
1,600 to 1,699	2.6	36.9	.7	1.4	3.3	4.0	3.5	3.3	2.8	1.5
1,700 to 1,799	1.7	36.5	.4	1.2	2.2	2.7	2.6	1.7	1.6	1.6
1,800 to 1,999	1.8	37.0	.3	1.1	2.0	3.1	3.0	2.7	1.5	1.6
2,000 or more	1.6	37.6	.2	.6	2.0	2.8	2.6	1.9	1.4	1.0
Total	100.0	33.3	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0		13.8	23.9	18.9	15.3	11.9	8.1	6.9	1.2
Median area	1,099		966	1,071	1,146	1,180	1,177	1,135	1,092	1,053

[1] Less than 0.05 percent.

Chart III-20

MORTGAGOR'S EFFECTIVE ANNUAL INCOME, 1950–62

Single family home mortgages, Section 203



of the transaction. Included in this procedure is consideration of such items as the mortgagor's income, his financial assets, his credit record, his current and anticipated recurring obligations, and his apparent motivation in entering into the purchase or construction of a home. Since owner-occupants are the mortgagors in practically all of the Section 203 single-family cases, the mortgagor's ability to bear the cost of home ownership is primarily determined by his effective income. As estimated by FHA, this is 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 an individual mortgage. Incomes of co-mortgagors or endorsers may or may not be included, depending on specific circumstances. The following portion of this report presents a description and analysis of the Section 203 owner-occupant transactions insured in 1962 from the viewpoint of the mortgagor's income and prospective housing expenses.

Mortgagor's Income.—Charts III-20 and III-21 and Table III-53 indicate the marked similarity in the income distributions of new- and existing-home buyers.

Along with the average incomes of the total population there has been a definite upward shift in the incomes of home buyers during the last 12 years, with the median income rising 89 percent between 1950 and 1962 for new-home buyers and at a slightly slower rate for purchasers of existing homes. In 1950 the typical new-home owner had an income of $3,861; by 1955 it had risen to $5,484; and by 1961 and 1962 to about $7,300. The slight decline in the typical income of new-home buyers from $7,328 in 1961 to $7,289 in 1962 is believed to reflect variations in the geographic mix of the samples for the 2 years. The trend of growth has been somewhat slower for purchasers of existing homes, starting from a higher base in 1950 when existing-home buyers, on the average, reported higher incomes than purchasers of new homes. Since 1956, the incomes of purchasers of new dwellings have typically exceeded those of existing home buyers, though the differential was smaller in 1962 than in other recent years.

During 1962, the incomes of FHA new-home buyers averaged $7,695 and those of existing-home purchasers $7,629. More than one-half of both groups had annual effective incomes (before taxes) of $5,000 to $7,999. Incomes of $6,000 to $6,999 accounted for the largest proportion—nearly one-fifth—of the incomes of all FHA mortgagors. Incomes of $10,000 or more were reported in a growing proportion of the total cases, accounting for about one-sixth of the 1962 new- and existing-home mortgagors. At the other end of the scale, only about 1 in 11 FHA mortgagors reported incomes of less than $5,000. This is in marked contrast to 1950 when roughly 75 percent were in that category.

Chart III-21

MORTGAGOR'S EFFECTIVE ANNUAL INCOME, 1962

Single family home mortgages, Section 203

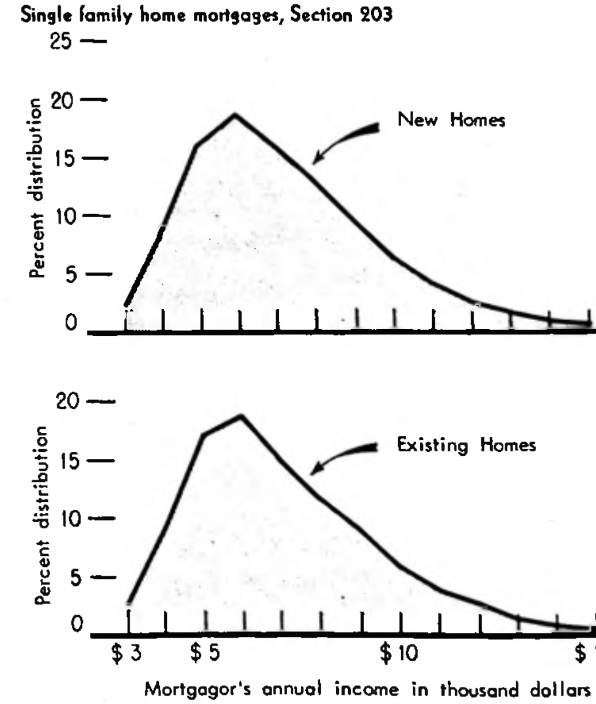


TABLE III–53.—*Mortgagor's annual income, 1-family homes, Sec. 203, selected years*

Mortgagor's effective annual income	Percentage distribution				
	1962	1961	1960	1955	1950
NEW HOMES					
Less than $3,000				0.6	12.2
$3,000 to $3,999	2.1	1.6	1.3	10.6	43.4
$4,000 to $4,999	8.3	7.4	7.6	26.5	24.0
$5,000 to $5,999	16.0	15.5	17.0	21.0	9.7
$6,000 to $6,999	18.8	19.8	21.2	16.8	5.8
$7,000 to $7,999	15.9	16.8	17.1	10.6	2.5
$8,000 to $8,999	13.1	13.1	12.6	5.6	1.0
$9,000 to $9,999	9.6	9.5	9.2	3.7	.6
$10,000 to $10,999	6.1	6.2	5.4	2.0	.3
$11,000 to $11,999	4.0	3.7	3.3	.7	.1
$12,000 to $12,999	2.3	2.6	2.3	.8	.2
$13,000 to $14,999	2.1	2.0	1.6	.5	.1
$15,000 or more	1.7	1.8	1.4	.6	.1
Total	100.0	100.0	100.0	100.0	100.0
Average	$7,695	$7,740	$7,590	$5,969	$4,213
Median	$7,289	$7,328	$7,168	$5,484	$3,861
EXISTING HOMES					
Less than $3,000				.6	9.3
$3,000 to $3,999	2.6	2.7	3.0	10.0	33.5
$4,000 to $4,999	9.1	10.2	11.3	24.6	24.1
$5,000 to $5,999	17.2	18.2	19.4	19.9	11.9
$6,000 to $6,999	18.9	19.3	19.8	16.5	9.4
$7,000 to $7,999	15.2	15.1	15.0	11.3	4.9
$8,000 to $8,999	11.6	11.4	11.1	6.2	2.1
$9,000 to $9,999	8.9	8.3	7.9	4.3	1.7
$10,000 to $10,999	5.8	5.3	4.8	2.3	1.0
$11,000 to $11,999	3.8	3.4	2.9	1.0	.3
$12,000 to $12,999	2.7	2.4	2.0	1.3	.8
$13,000 to $14,999	2.3	1.9	1.5	.9	.4
$15,000 or more	1.9	1.8	1.3	1.1	.6
Total	100.0	100.0	100.0	100.0	100.0
Average	$7,629	$7,457	$7,258	$6,223	$4,837
Median	$7,135	$6,971	$6,784	$5,669	$4,274

Characteristics by Mortgagor's Monthly Income.—Tables III–54 and III–55 present selected transaction, property, and financial characteristics of the FHA-insured transactions by mortgagor's effective monthly income groups. The significance of these data may be demonstrated by developing the characteristics of the average income group, those earning between $600 and $649 monthly. This group of new-home owners were, on the average, 33.6 years of age with an annual income of $7,437. They purchased a home including 5.6 rooms involving a floor area of 1,168 square feet which was appraised by FHA at $15,656. This property was sold for $15,342 with a mortgage of $14,559 representing 93 percent of the total FHA estimate of value. Including closing costs, the entire transaction involved an undertaking of $15,668 for the home buyer including the mortgage debt which he contracted to repay over a term of 30.3 years with a monthly mortgage payment of $108.41 including $17.88 in estimated property taxes. Including an estimated average of $20.51 per month for heating and utilities and $7.05 for maintenance and repair brings the mortgagor's prospective housing expense to $135.97 per month.

For both new and existing homes, the levels of sale price, property value, size of structure, mortgage amount, and monthly obligation increased as incomes rose but not, of course, in proportion. The ratio of housing expense to income, which averaged 20.8 percent for all new-home transactions and slightly less for existing-home cases, progressively declined from a high of 30.8 percent for those relatively few new-home buyers with monthly incomes below $300 to 12.6 percent for those few mortgagors at the other end of the scale who reported monthly incomes of $1,200 or more. This situation was not in any way unique in 1962, but has been observed in FHA experience for those prior years for which comparable information was available for analysis. The concentration of home construction under FHA programs in the middle price ranges without equivalent concentration of purchasers by income classes limits the importance of FHA experience as a guide to universal relationships. In particular it should be noted that higher income families very frequently finance their purchases of more expensive dwellings with conventional loans, since they can better afford the higher required downpayment and monthly obligations.

In practically all of the corresponding income classes, total acquisition cost, sale price, property value, mortgage amount, mortgage term, and monthly obligation (except taxes) were higher for new-home buyers than for purchasers of existing homes. In addition, the ratios of property value to income and loan-to-value were also generally higher for new-home mortgagors.

Table III–55 shows that the mortgage term for new homes was consistently longer in all income ranges than for existing homes, reflecting the longer economic life of the new dwellings. Despite the shorter repayment term for existing-home mortgages, the higher average mortgage amount for new-home buyers was sufficiently great in comparable income groups to make the monthly mortgage payments for new-home owners higher in nearly all of the income groups. On the average, the mortgage payment required about 16 percent of the home mortgagor's monthly income (before taxes). In line with higher mortgage payments, total prospective housing expenses were also higher. The cost of household operation, however, was higher for existing homes than for new homes purchased by mortgagors in the income groups below $500, while the costs associated with maintenance and repairs were almost universally higher for existing homes than for newly constructed dwellings. Taxes were likewise higher for most classes of existing-home buyers, presumably because the homes were situated in more highly developed areas. It is also of interest to note that, with the exception of the relatively few mortgagors earning less than $350 or more than $1,200 per month, the average age of the principal mortgagor in existing home transactions was higher for each income range than that of the corresponding new-home buyer.

TABLE III–54.—*Transaction and property characteristics by mortgagor's income, 1-family homes,[1] Sec. 203, 1962*

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	0.7	$3,225	40.0	$9,730	$9,502	$9,813	$9,036	836	4.6	92.1	3.04
$300 to $349	2.2	3,936	32.4	10,355	10,096	10,477	9,765	872	4.7	93.2	2.66
$350 to 399	4.7	4,501	30.0	11,412	11,135	11,510	10,767	934	5.0	93.5	2.56
$400 to $449	8.6	5,092	29.9	12,433	12,154	12,490	11,708	984	5.1	93.7	2.45
$450 to $499	10.2	5,663	30.7	13,414	13,136	13,475	12,602	1,028	5.2	93.5	2.38
$500 to $549	12.2	6,258	32.0	14,243	13,951	14,276	13,320	1,085	5.4	93.3	2.28
$550 to $599	10.0	6,863	32.8	15,100	14,790	15,104	14,053	1,131	5.5	93.0	2.20
$600 to $649	9.7	7,437	33.6	15,668	15,342	15,656	14,559	1,168	5.6	93.0	2.11
$650 to $699	8.6	8,032	34.2	16,272	15,955	16,260	15,096	1,209	5.7	92.8	2.02
$700 to $749	7.3	8,644	35.1	16,856	16,533	16,826	15,602	1,253	5.8	92.7	1.95
$750 to $799	6.2	9,227	35.6	17,441	17,094	17,393	16,078	1,277	5.9	92.4	1.89
$800 to $849	5.1	9,863	36.4	17,831	17,463	17,773	16,396	1,312	5.9	92.3	1.80
$850 to $899	3.6	10,461	37.4	18,175	17,824	18,135	16,655	1,325	6.0	91.8	1.73
$900 to $999	4.8	11,280	37.4	19,116	18,749	19,016	17,422	1,376	6.1	91.6	1.69
$1,000 to $1,199	4.1	12,803	38.9	20,013	19,624	19,868	18,125	1,432	6.2	91.2	1.55
$1,200 or more	2.0	17,060	41.6	21,060	20,668	20,096	18,899	1,488	6.2	90.0	1.23
Total	100.0	7,695	33.7	15,485	15,169	15,475	14,349	1,161	5.6	92.7	2.01
EXISTING HOMES											
Less than $300	.9	3,241	33.0	8,449	8,201	8,444	7,835	892	4.7	92.8	2.61
$300 to $349	2.6	3,920	30.4	9,489	9,239	9,449	8,842	948	4.9	93.6	2.41
$350 to $399	5.1	4,504	30.6	10,384	10,112	10,317	9,635	976	5.0	93.4	2.29
$400 to $449	9.4	5,087	30.8	11,448	11,167	11,356	10,570	1,004	5.1	93.1	2.23
$450 to $499	10.9	5,662	32.0	12,400	12,111	12,284	11,412	1,042	5.2	92.9	2.17
$500 to $549	12.4	6,254	32.8	13,290	12,976	13,146	12,185	1,081	5.3	92.7	2.10
$550 to $599	9.7	6,863	33.8	14,146	13,836	13,949	12,897	1,112	5.4	92.5	2.03
$600 to $649	9.3	7,426	34.9	14,820	14,499	14,589	13,477	1,152	5.5	92.4	1.96
$650 to $699	7.9	8,036	35.4	15,614	15,278	15,334	14,116	1,179	5.6	92.1	1.91
$700 to $749	6.3	8,639	36.2	16,136	15,794	15,853	14,588	1,222	5.7	92.0	1.84
$750 to $799	5.7	9,235	36.8	16,699	16,332	16,386	15,030	1,246	5.8	91.7	1.77
$800 to $849	4.9	9,861	37.2	17,111	16,744	16,777	15,383	1,270	5.8	91.7	1.70
$850 to $899	3.4	10,461	38.0	17,491	17,140	17,133	15,683	1,293	5.8	91.5	1.64
$900 to $999	4.5	11,288	38.5	18,336	17,970	17,918	16,341	1,321	5.9	91.2	1.59
$1,000 to $1,199	4.8	12,822	39.6	19,612	19,212	19,158	17,339	1,378	6.0	90.5	1.49
$1,200 or more	2.2	17,170	41.3	21,209	20,804	20,845	18,654	1,483	6.2	89.5	1.21
Total	100.0	7,629	34.5	14,507	14,184	14,324	13,197	1,145	5.5	92.1	1.88

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

TABLES III–55.—*Financial characteristics by mortgagor's income, 1-family homes,[1] Sec. 203, 1962*

Mortgagor's effective monthly income	Percentage distribution	Average monthly income	Average		Average monthly					Percent of income	
			Mortgage amount	Term of mortgage (years)	Property taxes	Total mortgage payment	Prospective housing expense	Heating and utilities	Maintenance and repair	Mortgage payment	Housing expense
NEW HOMES											
Less than $300	0.7	$268.75	$9,036	30.2	$5.83	$62.36	$82.73	$15.85	$4.52	23.2	30.8
$300 to $349	2.2	328.04	9,765	30.2	7.86	69.18	89.44	15.39	4.87	21.1	27.3
$350 to $399	4.7	375.06	10,767	30.3	9.86	77.19	98.42	16.05	5.19	20.6	26.2
$400 to $449	8.6	424.27	11,708	30.4	11.79	84.86	107.77	17.24	5.67	20.0	25.4
$450 to $499	10.2	471.89	12,602	30.5	13.87	92.12	116.39	18.27	5.99	19.5	24.7
$500 to $549	12.2	521.54	13,320	30.5	15.44	98.17	123.73	19.10	6.46	18.8	23.7
$550 to $599	10.0	571.91	14,053	30.4	16.92	104.22	130.78	19.80	6.75	18.2	22.9
$600 to $649	9.7	610.76	14,559	30.3	17.88	108.41	135.97	20.51	7.05	17.5	21.9
$650 to $699	8.6	669.37	15,096	30.3	18.85	112.65	140.92	20.92	7.35	16.8	21.1
$700 to $749	7.3	720.31	15,602	30.3	19.42	116.30	145.47	21.51	7.66	16.1	20.2
$750 to $799	6.2	768.94	16,078	30.3	20.26	120.29	149.91	21.70	7.93	15.6	19.5
$800 to $849	5.1	821.90	16,396	30.2	20.99	122.99	153.14	21.93	8.22	15.0	18.6
$850 to $899	3.6	871.71	16,655	30.2	21.00	124.75	155.30	22.17	8.38	14.3	17.8
$900 to $999	4.8	939.96	17,422	30.3	22.54	130.60	162.09	22.71	8.78	13.9	17.2
$1,000 to $1,199	4.1	1,066.94	18,125	30.0	23.62	136.72	170.08	24.23	9.13	12.8	15.9
$1,200 or more	2.0	1,421.68	18,899	29.7	25.54	144.39	179.01	24.92	9.70	10.2	12.6
Total	100.0	641.24	14,349	30.3	17.13	106.39	133.48	20.07	7.03	16.6	20.8
EXISTING HOMES											
Less than $300	.9	270.06	7,835	25.6	8.53	60.86	82.46	15.99	5.61	22.5	30.5
$300 to $349	2.6	326.70	8,842	26.3	9.60	68.11	90.88	16.79	5.99	20.8	27.8
$350 to $399	5.1	375.33	9,635	26.5	11.25	74.52	98.18	17.44	6.22	19.9	26.2
$400 to $449	9.4	423.90	10,570	26.9	12.99	81.64	106.12	17.95	6.52	19.3	25.0
$450 to $499	10.9	471.84	11,412	27.3	14.80	88.26	113.65	18.61	6.77	18.7	24.1
$500 to $549	12.4	521.18	12,185	27.5	16.01	94.18	120.27	19.00	7.09	18.1	23.1
$550 to $599	0.7	571.90	12,897	27.6	17.49	99.96	126.50	19.27	7.36	17.5	22.1
$600 to $649	9.3	618.84	13,477	27.6	18.60	104.77	132.08	19.75	7.55	16.9	21.3
$650 to $699	7.9	669.66	14,116	27.7	19.79	109.93	138.09	20.38	7.77	16.4	20.6
$700 to $749	6.3	719.92	14,588	27.6	20.42	113.72	142.51	20.72	8.07	15.8	19.8
$750 to $799	5.7	769.57	15,030	27.7	21.45	117.34	146.52	21.09	8.09	15.2	19.0
$800 to $849	4.9	821.72	15,383	27.7	22.15	120.36	150.05	21.27	8.42	14.6	18.3
$850 to $899	3.4	871.75	15,683	27.6	22.41	122.82	152.68	21.43	8.43	14.1	17.5
$900 to $999	4.5	940.67	16,341	27.8	23.89	128.00	158.53	21.75	8.78	13.6	16.9
$1,000 to $1,199	4.8	1,068.51	17,339	27.6	25.89	136.79	168.97	22.99	9.19	12.8	15.8
$1,200 or more	2.2	1,430.85	18,654	27.1	28.40	149.24	183.74	24.54	9.96	10.4	12.8
Total	100.0	635.76	13,197	27.4	18.00	102.73	129.99	19.76	7.50	16.2	20.4

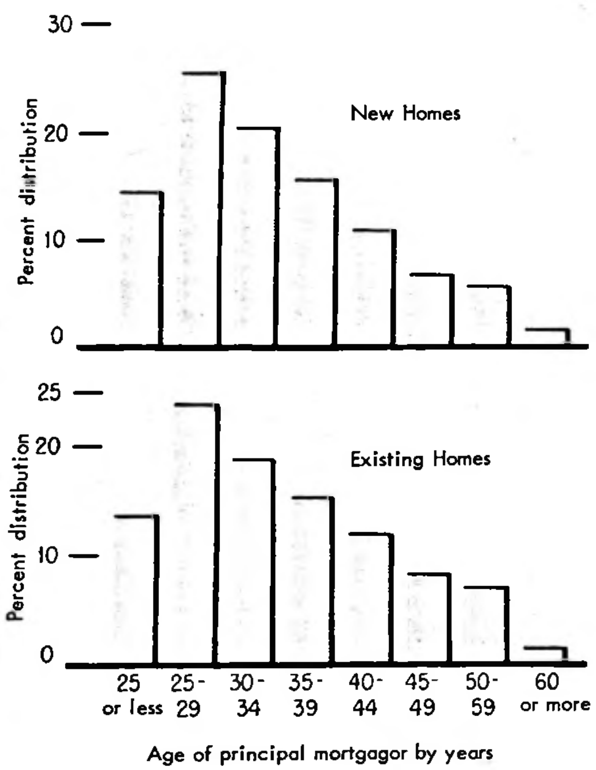
[1] In this table data are based on 1-family occupant cases.

Age of Principal Mortgagor by Mortgagor's Income.—Table III-56 presents information on the income levels of the principal mortgagor in various age classes, the age classes also being shown graphically in Chart III-22. Generally speaking, incomes rise with the age of the mortgagor, although wide ranges of income are indicated for each age group. The highest typical income of new-home mortgagors—$696—was reported for those buyers between the ages of 40 and 44. The range of median monthly income extends from $489 for those mortgagors less than 25 years of age to the peak of $696 in the 40- to 44-year class. The same pattern is apparent for existing-home buyers, ranging from $474 for the youngest group of home buyers to a high point in the 40- to 44-year group, and declining to $587 for the oldest group.

CHART III-22

AGE OF PRINCIPAL MORTGAGOR, 1962

Single family home mortgages, Section 203



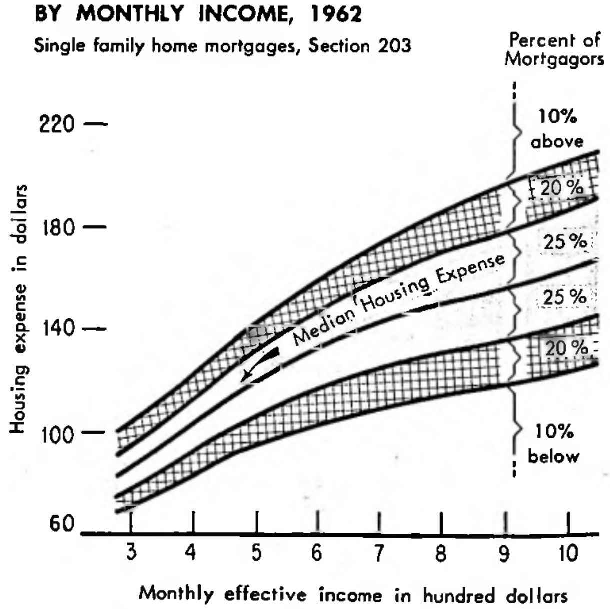
Housing Expense by Mortgagor's Monthly Income.—The relationship between the mortgagor's income and his prospective housing expense is one of the basic considerations in the determination of mortgage risk under the FHA underwriting procedures. Table III-57 presents distributions of prospective monthly housing expense by income classes of owner-occupant mortgagors involved in transactions insured under Section 203 in 1962. The typical (median) housing expense for each income group indicates that housing expense rose with increased income but at a progressively slower rate. For new-home owners, estimated housing expense ranged from $82.65 per month for those with monthly incomes of less than $300, to $177.05 for those earning $1,200 or more each month. For existing-home owners, the range was slightly greater, extending from $81.50 to $184.12. In general, estimated housing expenses were higher for new-home mortgagors than for purchasers of existing homes with comparable incomes. However, as is shown more clearly in Chart III-23, a broad distribution of housing expenses existed at all income levels. The chart reveals that as mortgagor's income rose the range of housing expenses expanded, and that, in the bulk of transactions, housing expenses for the higher income brackets rose at a slower rate than income.

As previously mentioned, new-home mortgagors generally had higher housing expenses than existing-home buyers with similar incomes. About one-sixth of the existing-home owners contemplated housing expenses of less than $100 per month, compared with slightly over 10 percent of the new-home purchasers; characteristically both groups of these families earned less than $465 a month. Slightly over one-third of both new- and existing-home mortgagors, most of whom earned less than $550 monthly, were expected to have housing expenses between $100 and $129 each month. Over half of the new-home purchasers were incurring monthly expenses in excess of $130. Chart III-24 depicts the general stability of the relationship of housing expense to mortgagor's income which has maintained approximately a one to five ratio for a number of years. (The relationship of mortgage payment to housing expense is shown in Chart III-25.)

CHART III-23

HOUSING EXPENSE RANGE BY MONTHLY INCOME, 1962

Single family home mortgages, Section 203



Total Acquisition Cost by Income.—The relationship of total acquisition cost of properties securing home mortgages insured under Section 203 in 1962 to the mortgagor's monthly income is shown in Table III-58. Total acquisition cost is defined by the FHA as the total amount necessary to close the transaction, including mortgage funds but excluding such prepayable expenses as accrued taxes, insurance premiums, and similar items. The typical acquisition cost of the new homes insured in 1962 was $15,080 or 6.5 percent more than the median of $14,157 reported for existing homes. Moreover, over the whole income range the acquisition cost of new property buyers exceeded that of the purchasers of existing homes at comparable income levels. The median acquisition cost for new homes ranged from $9,525 for families with incomes below $300 a month, to $20,916 for families earning over $1,200. The comparable figures for existing-home purchasers varied between $8,344 and $21,172. De-

TABLE III-56.—*Age of principal mortgagor by mortgagor's income, owner occupant 1-family homes Sec. 203, 1962*

Mortgagor's effective monthly income	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
			Percentage distribution by mortgagor's income							
NEW HOMES										
Less than $300	0.7	34.4	1.2	0.4	0.4	0.3	0.4	0.4	0.8	10.9
$300 to $349	2.2	28.4	5.0	2.1	1.3	1.2	1.2	1.5	2.4	9.1
$350 to $399	4.7	27.5	11.4	5.2	3.0	2.2	2.4	3.1	2.9	8.1
$400 to $449	8.6	27.0	18.9	10.4	6.2	4.5	5.2	4.7	5.0	8.5
$450 to $499	10.2	28.8	17.5	13.2	8.5	6.9	6.0	6.0	6.4	8.5
$500 to $549	12.2	29.9	16.2	14.7	11.7	9.2	9.3	9.5	10.7	7.4
$550 to $599	10.0	31.3	9.5	11.8	10.9	8.9	8.2	8.6	8.0	7.5
$600 to $649	9.7	32.3	6.7	11.0	10.7	9.7	9.3	9.9	8.5	5.8
$650 to $699	8.6	33.2	5.0	9.0	10.1	10.0	8.7	8.7	9.2	4.0
$700 to $749	7.3	34.2	2.0	6.8	8.7	9.0	9.2	8.1	7.7	4.2
$750 to $799	6.2	34.9	2.0	4.8	7.8	8.8	7.3	7.8	6.6	4.2
$800 to $849	5.1	36.0	1.4	3.4	6.1	7.3	7.3	6.5	6.6	4.3
$850 to $899	3.6	36.9	.8	2.1	4.1	5.3	5.4	5.5	5.8	3.6
$900 to $999	4.8	37.1	.8	2.7	5.4	7.4	7.7	7.4	6.3	4.3
$1,000 to $1,199	4.1	38.7	.4	1.8	4.0	6.3	7.9	8.1	7.0	4.7
$1,200 or more	2.0	41.4	.3	.6	1.1	3.0	4.5	4.2	6.1	4.9
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	----------	14.6	25.7	20.3	15.4	10.7	6.5	5.4	1.4
Median income	$607.38	----------	$488.84	$566.69	$637.67	$685.97	$696.09	$686.48	$678.59	$533.33
EXISTING HOMES										
Less than $300	.9	27.5	2.5	.9	.4	.3	.4	.5	1.1	6.0
$300 to $349	2.6	27.2	7.5	2.5	1.6	1.3	1.1	1.5	1.0	5.7
$350 to $399	5.1	27.9	12.7	5.9	3.1	3.0	2.4	3.3	3.7	6.8
$400 to $449	9.4	28.5	19.4	12.2	7.3	5.5	5.3	5.3	6.0	8.9
$450 to $499	10.9	29.7	16.9	13.8	9.8	8.2	7.1	7.9	8.4	8.9
$500 to $549	12.4	31.1	14.6	15.4	12.8	10.6	10.0	9.5	9.7	7.0
$550 to $599	9.7	32.2	9.1	11.4	10.4	8.7	8.6	8.3	8.9	9.2
$600 to $649	9.3	33.7	6.0	9.9	10.5	9.9	9.5	9.3	9.5	6.8
$650 to $699	7.9	34.3	4.0	7.8	9.4	8.9	8.9	8.5	7.7	6.6
$700 to $749	6.3	35.6	2.6	5.3	7.4	8.5	7.6	7.6	6.5	6.8
$750 to $799	5.7	36.4	1.8	4.5	6.4	7.3	7.7	7.1	7.0	4.4
$800 to $849	4.9	36.7	1.0	3.5	5.9	6.5	6.8	6.2	5.6	5.5
$850 to $899	3.4	37.7	.5	2.2	3.8	4.7	4.9	5.2	4.8	2.5
$900 to $999	4.5	38.4	.7	2.3	4.8	6.6	7.4	6.9	6.1	5.3
$1,000 to $1,199	4.8	39.4	.5	1.9	4.7	7.0	8.0	8.4	7.4	6.6
$1,200 or more	2.2	41.5	.2	.5	1.7	3.0	4.3	4.5	4.8	4.0
Total	100.0	33.3	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	----------	13.7	23.9	18.9	15.4	11.9	8.1	6.9	1.2
Median income	$594.55	----------	$473.71	$547.69	$622.22	$663.86	$681.78	$675.96	$649.40	$586.59

CHART III-24

RATIO OF HOUSING EXPENSE TO INCOME, 1950–62

Single family home mortgages, Section 203

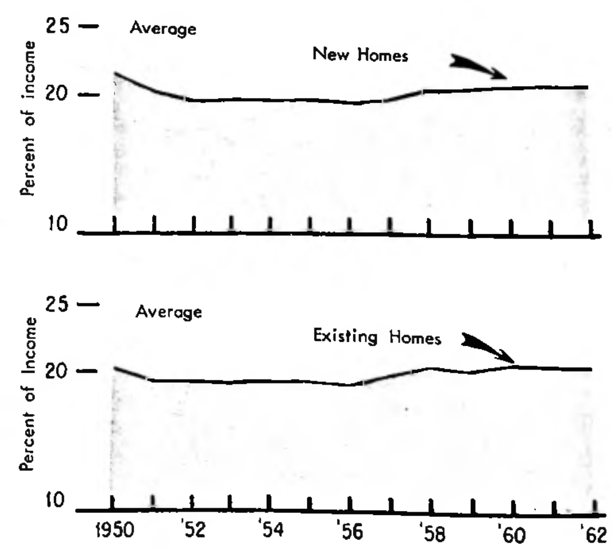


TABLE III-57.—*Housing expense by mortgagor's income, 1-family homes,[1] Sec. 203, 1962*

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	0.7	$82.65	12.1	29.2	32.8	18.2	5.7	0.4	0.8	0.8	—	—	—	—
$300 to $349	2.2	89.80	6.4	15.9	28.2	27.1	15.6	6.4	.4	—	—	—	—	—
$350 to $399	4.7	99.93	2.5	9.7	14.6	23.4	27.0	15.9	5.6	.8	0.5	—	—	—
$400 to $449	8.6	109.48	.6	3.5	8.2	17.0	21.8	26.5	15.8	5.0	1.5	0.1	—	—
$450 to $499	10.2	117.57	.2	1.5	3.2	9.2	16.9	25.2	24.2	13.9	5.6	.1	—	—
$500 to $549	12.2	125.29	.1	.6	2.4	5.3	10.6	17.8	25.0	21.8	15.5	.8	0.1	—
$550 to $599	10.0	132.75	.1	.4	1.5	3.6	7.3	11.9	19.0	22.6	29.8	3.6	.2	(2)
$600 to $649	9.7	137.51	(2)	.3	1.2	3.3	4.9	9.8	16.1	19.0	35.0	9.5	.8	0.1
$650 to $699	8.6	142.55	.1	.4	1.0	2.1	5.1	8.4	11.4	17.1	34.8	16.0	2.5	.2
$700 to $749	7.3	146.97	—	.2	.6	1.9	3.9	6.8	10.9	13.4	35.1	21.1	5.3	.8
$750 to $799	6.2	150.58	—	.3	.3	1.4	3.5	6.4	9.6	13.2	28.9	24.9	10.0	1.5
$800 to $849	5.1	152.58	—	.2	.4	.9	2.4	5.0	9.7	13.5	28.5	23.2	12.3	3.9
$850 to $899	3.6	154.72	—	.2	.5	.7	3.7	4.8	7.8	10.8	29.2	22.9	13.0	6.4
$900 to $999	4.8	160.30	—	.2	.4	.6	1.3	3.3	5.4	9.5	29.0	24.4	15.4	10.5
$1,000 to $1,199	4.1	169.83	.1	.2	.3	.7	1.4	2.2	4.2	7.0	22.2	23.7	20.6	17.4
$1,200 or more	2.0	177.05	—	.3	—	.7	1.8	2.6	3.9	4.9	18.3	20.5	18.8	28.2
Total	100.0	131.92	.4	1.7	3.3	6.1	9.1	12.4	14.3	13.9	21.5	10.5	4.4	2.4
Median income	$607.38	—	$349.52	$384.13	$410.34	$442.02	$479.64	$510.36	$549.67	$603.09	$679.55	$777.95	$876.29	$1,021.20
EXISTING HOMES														
Less than $300	.9	81.50	13.9	31.8	29.3	14.6	7.5	1.7	1.0	.2	—	—	—	—
$300 to $349	2.6	90.64	3.7	16.0	28.5	27.9	15.4	6.0	1.7	.7	.1	—	—	—
$350 to $399	5.1	98.36	2.1	8.1	18.4	25.7	24.2	14.2	5.4	1.5	.4	(2)	—	—
$400 to $449	9.4	106.63	.7	3.9	10.8	18.4	24.4	21.3	13.6	5.0	1.8	.1	—	—
$450 to $499	10.9	114.73	.5	2.5	6.4	12.2	18.4	21.1	10.8	12.8	6.0	.3	(2)	—
$500 to $549	12.4	121.56	.4	1.1	4.5	8.4	13.8	18.6	19.9	17.4	15.1	.7	.1	(2)
$550 to $599	9.7	128.79	.2	1.1	3.3	6.2	10.1	14.3	16.8	19.5	25.1	3.1	.2	.1
$600 to $649	9.3	134.48	.3	.9	2.6	5.5	8.2	11.3	13.9	16.3	31.3	8.9	.7	.1
$650 to $699	7.9	140.81	.2	.4	1.7	4.1	7.1	9.3	11.3	14.6	33.2	15.4	2.5	.2
$700 to $749	6.3	144.42	—	.6	1.4	3.2	6.3	8.2	11.3	12.6	28.9	21.9	4.8	.8
$750 to $799	5.7	147.17	.1	.3	1.5	2.7	5.4	7.3	10.8	12.5	26.3	22.0	8.4	2.7
$800 to $849	4.9	150.95	.1	.3	1.1	2.4	4.6	8.0	9.0	10.8	25.0	22.5	12.3	3.9
$850 to $899	3.4	153.20	—	.2	1.0	2.6	3.7	6.5	9.3	10.0	25.4	22.7	13.0	5.6
$900 to $999	4.5	157.82	.1	.1	.6	1.7	3.4	5.3	8.2	9.8	23.3	20.5	16.2	10.8
$1,000 to $1,199	4.8	169.27	(2)	.3	.5	1.2	2.3	3.8	4.9	7.1	19.7	22.0	19.3	18.9
$1,200 or more	2.2	184.12	—	.2	.8	1.0	1.2	2.2	3.2	5.3	13.5	18.4	20.3	33.9
Total	100.0	127.39	.6	2.2	5.2	8.4	11.4	12.7	12.8	12.0	18.4	9.4	4.2	2.7
Median income	$594.55	—	$382.25	$400.10	$433.37	$461.86	$491.97	$525.03	$555.03	$598.88	$671.34	$782.36	$898.01	$1,047.51

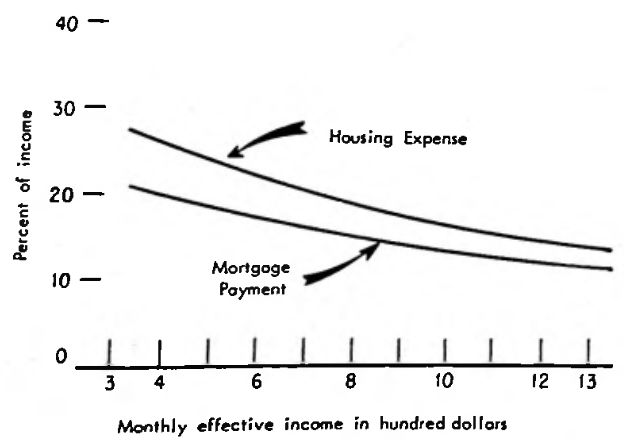
[1] In this table data are based on 1-family occupant cases.
[2] Less than 0.05 percent.

spite the regularity in the relationship of typical cost to income level, it is significant that for both new- and existing-home purchasers wide ranges of acquisition costs were paid in all income classes.

CHART III-25

MORTGAGE PAYMENT AND HOUSING EXPENSE, 1962

Single family home mortgages, Section 203



This marked diversity reflects varying needs and desires of families in the same income range, as well as the great differences which exist in accumulated resources available for home purchases.

Purchase Transaction Characteristics

As in other years, the predominant purpose underlying the origination of a Section 203 mortgage insured in 1962 was to finance the purchase of a home for personal long-term occupancy. During 1962, almost 98 percent of the new-home and about 94 percent of the existing-home transactions involved purchases by occupant-mortgagors.

Total Acquisition Cost.—The distributions of total acquisition costs for new and existing homes purchased in 1962 are shown in Table III–59 together with comparable data for selected earlier years. As previously noted, the total acquisition cost to the mortgagor is the entire cost of the transaction, excluding such prepayable expenses as accrued taxes and insurance premiums. Over the 12-year period covered by the table, the typical acquisition cost increased $5,369 (55 percent) for new-home transactions and $3,885 (38 percent) for existing-home cases. The median acquisition

TABLE III-58.—*Total acquisition cost by mortgagor's income, 1-family homes,[1] Sec. 203, 1962*

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	0.7	$9,525	31.9	34.5	17.4	9.4	4.3	1.3	0.8	—	—	0.4	—	—
$300 to $349	2.2	10,083	15.9	32.2	22.0	13.8	9.9	4.8	1.0	0.3	0.1	—	—	—
$350 to $399	4.7	11,425	7.7	17.0	15.9	22.1	19.0	11.5	4.1	1.8	.5	.2	0.2	—
$400 to $449	8.6	12,459	2.5	8.2	10.7	18.1	22.8	18.5	11.0	5.3	1.9	.7	.2	0.1
$450 to $499	10.2	13,412	.8	3.5	5.2	11.9	19.7	21.5	18.0	11.1	5.3	2.1	.8	.1
$500 to $549	12.2	14,260	.3	2.6	3.4	6.6	14.0	18.2	19.2	16.6	10.6	5.0	3.0	.5
$550 to $599	10.0	15,168	.4	1.4	2.4	4.2	9.7	11.9	17.1	18.3	16.0	9.8	7.2	1.6
$600 to $649	9.7	15,663	.3	1.1	1.4	3.5	7.7	9.8	15.3	16.4	14.5	13.1	13.6	3.3
$650 to $699	8.6	16,278	.3	1.1	1.2	3.1	5.9	8.3	11.3	14.5	15.6	13.2	17.5	8.0
$700 to $749	7.3	16,879	.1	.6	.9	2.6	5.0	6.9	10.7	12.5	12.2	14.2	22.0	12.3
$750 to $799	6.2	17,427	.2	.3	1.1	1.6	4.4	6.2	9.4	9.8	11.4	13.0	22.6	20.0
$800 to $849	5.1	17,578	.1	.4	.6	2.0	3.2	6.0	9.0	10.0	12.1	11.5	21.4	23.7
$850 to $899	3.6	17,985	.2	.5	.9	1.8	3.4	5.7	7.4	7.3	10.1	12.9	23.0	26.8
$900 to $999	4.8	18,672	.1	.2	.2	1.1	2.2	3.1	5.3	8.2	10.4	10.7	22.3	36.2
$1,000 to $1,199	4.1	19,686	.3	.3	.5	1.1	1.0	2.6	5.2	5.5	7.4	9.4	19.6	47.1
$1,200 or more	2.0	20,016	.1	.3	.7	.7	1.8	3.3	3.6	3.7	4.4	9.9	15.5	56.0
Total	100.0	15,080	1.4	3.6	3.9	6.6	10.2	11.3	12.1	11.3	9.8	8.3	11.2	10.3
EXISTING HOMES														
Less than $300	.9	8,344	64.8	19.0	8.3	5.2	1.3	.6	.6	.2	—	—	—	—
$300 to $349	2.6	9,372	41.9	21.8	16.5	10.6	5.3	2.3	1.0	.3	.1	.1	.1	—
$350 to $399	5.1	10,357	25.2	17.8	19.5	16.1	11.7	6.6	1.7	.9	.2	.1	.1	.1
$400 to $449	9.4	11,475	14.1	11.8	16.0	16.9	16.2	12.6	6.9	3.7	1.1	.5	.2	(2)
$450 to $499	10.9	12,516	9.0	7.9	11.1	13.9	15.8	15.9	12.2	8.4	3.7	1.3	.7	.1
$500 to $549	12.4	13,437	5.7	5.5	8.0	10.7	13.4	15.4	14.9	12.1	8.0	4.1	2.0	.2
$550 to $599	9.7	14,334	4.4	3.8	5.7	7.8	10.7	13.1	13.9	13.9	12.8	7.6	5.2	1.1
$600 to $649	9.3	15,103	3.4	3.4	5.1	6.5	7.9	10.5	11.7	14.4	12.7	10.5	10.9	3.0
$650 to $699	7.9	15,861	2.1	2.2	4.2	4.8	6.9	9.2	10.5	11.7	13.8	12.4	15.8	6.4
$700 to $749	6.3	16,324	2.1	2.0	3.0	5.1	6.0	8.5	9.3	10.1	11.9	12.1	17.7	12.2
$750 to $799	5.7	16,704	1.7	1.6	3.0	4.4	5.4	7.9	9.0	9.7	10.3	10.6	18.4	18.0
$800 to $849	4.9	17,090	1.3	1.6	2.7	3.3	5.3	7.5	8.4	8.8	10.1	10.6	18.2	22.2
$850 to $899	3.4	17,390	1.2	1.4	1.9	3.4	4.3	5.5	8.2	9.1	11.2	9.9	18.9	25.0
$900 to $999	4.5	18,002	.7	.8	1.6	2.7	3.8	4.8	7.0	8.7	9.7	10.2	17.2	32.8
$1,000 to $1,199	4.8	19,410	.6	.8	1.2	1.2	2.5	3.6	4.9	6.1	7.5	8.5	18.7	44.4
$1,200 or more	2.2	21,172	.7	.4	.8	1.4	2.3	3.1	3.4	4.8	4.5	5.5	15.2	57.9
Total	100.0	14,157	7.4	5.6	7.3	8.4	9.5	10.2	9.6	9.1	8.1	6.6	8.8	9.4

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

cost of a new home increased from $9,725 in 1951 to $12,003 in 1955 and to $15,094 in 1962. As already indicated, the increase for existing-home mortgagors was somewhat less marked, ranging from $10,274 in 1951 to $14,159 in 1962.

During 1962, the average cost of purchasing a new home was $15,485, or about 6.7 percent above the $14,507 reported for existing home purchases. In that year 13 percent of the existing-home transactions but only about 5 percent of the new-home cases involved acquisition costs below $10,000.

Some concentration of cases is noticeable in the range from $12,000 to $17,000 which accounted for 55 percent of the new-home purchases and about 47 percent of the transactions involving existing dwellings. Approximately 6 percent of the 1962 cases involved total costs exceeding $22,000.

Characteristics by Total Acquisition Cost.—Information concerning property characteristics of dwellings within specific acquisition cost ranges is presented in Table III–60. An average new home in the $14,000 cost range was appraised by FHA at $14,537 and constructed on a site worth $2,445. The house had a floor area of 1,102 square feet and included 5.4 rooms of which 3 were bedrooms. The preponderance of these homes were of one-story construction, with slightly more than half providing more than one bath and about

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

Total acquisition cost	Percentage distribution: 1962	1961	1960	1955	1951
NEW HOMES					
Less than $8,000	0.1	0.1	(2)	3.2	19.7
$8,000 to $8,999	1.2	1.0	0.6	9.9	16.7
$9,000 to $9,999	3.6	3.0	2.3	13.7	18.8
$10,000 to $10,999	4.0	5.1	5.7	11.8	14.0
$11,000 to $11,999	6.6	7.8	8.4	11.3	9.7
$12,000 to $12,999	10.1	10.2	11.0	11.1	7.3
$13,000 to $13,999	11.2	11.6	13.3	10.4	4.8
$14,000 to $14,999	12.1	12.9	14.4	8.2	3.0
$15,000 to $15,999	11.3	11.8	12.3	7.0	2.0
$16,000 to $16,999	9.8	10.7	9.5	5.0	1.3
$17,000 to $17,999	8.3	8.0	7.1	3.0	.8
$18,000 to $18,999	6.7	5.7	5.2	2.0	.6
$19,000 to $19,999	4.5	3.6	3.5	1.3	.4
$20,000 to $21,999	4.6	4.3	3.8	1.2	.4
$22,000 to $24,999	4.0	3.0	2.2	.6	.3
$25,000 and over	1.9	1.2	.7	.3	.2
Total	100.0	100.0	100.0	100.0	100.0
Average	$15,485	$15,184	$14,939	$12,367	$10,250
Median	$15,094	$14,872	$14,606	$12,003	$9,725
EXISTING HOMES					
Less than $8,000	3.2	3.9	4.0	6.7	24.8
$8,000 to $8,999	4.2	4.9	5.3	9.1	11.2
$9,000 to $9,999	5.6	6.7	7.2	11.2	11.2
$10,000 to $10,999	7.3	8.8	9.6	12.0	11.6
$11,000 to $11,999	8.4	9.3	10.4	10.9	9.7
$12,000 to $12,999	9.5	10.2	10.9	10.9	8.4
$13,000 to $13,999	10.2	10.5	10.9	9.7	6.8
$14,000 to $14,999	9.6	9.5	9.8	7.6	4.9
$15,000 to $15,999	9.1	8.6	8.2	5.8	3.9
$16,000 to $16,999	8.1	7.3	6.7	4.5	2.6
$17,000 to $17,999	6.6	5.9	5.2	3.3	1.6
$18,000 to $18,999	5.2	4.4	3.8	2.4	1.1
$19,000 to $19,999	3.6	2.9	2.4	1.5	.7
$20,000 to $21,999	4.2	3.4	2.8	1.9	.7
$22,000 to $24,999	3.5	2.6	2.0	1.6	.4
$25,000 and over	1.7	1.1	.8	.9	.4
Total	100.0	100.0	100.0	100.0	100.0
Average	$14,507	$13,937	$13,579	$12,558	$11,351
Median	$14,159	$13,594	$13,227	$12,013	$10,274

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

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TABLE III-60.—*Property characteristics by total acquisition cost, 1-family homes,[1] Sec. 203, 1962*

Total acquisition cost	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	Percentage of structure with—: More than 1 bath	1 story	Full or part basement	Garage	Carport
NEW HOMES												
Less than $8,000	0.1	$7,720	$1,373	17.8	792	4.6	2.5	4.0	100.0	2.0	27.5	15.7
$8,000 to $8,999	1.2	8,811	1,861	21.1	779	4.4	2.9	2.2	98.2	.7	19.2	21.5
$9,000 to $9,999	3.6	9,555	1,862	19.5	837	4.7	2.8	12.0	98.3	3.0	30.3	31.4
$10,000 to $10,999	4.0	10,653	1,900	17.8	912	4.9	2.8	19.5	93.5	8.3	42.7	20.9
$11,000 to $11,999	6.6	11,671	2,010	17.2	972	5.1	2.9	35.0	94.8	13.6	47.5	25.1
$12,000 to $12,999	10.1	12,593	2,169	17.2	1,022	5.2	3.0	37.4	92.5	22.8	51.1	23.0
$13,000 to $13,999	11.2	13,571	2,297	16.9	1,066	5.3	3.0	45.6	93.0	25.9	57.0	17.7
$14,000 to $14,999	12.1	14,537	2,445	16.8	1,102	5.4	3.0	51.9	91.2	33.4	60.3	14.8
$15,000 to $15,999	11.3	15,470	2,594	16.8	1,152	5.6	3.1	60.6	88.0	39.4	64.7	12.2
$16,000 to $16,999	9.8	16,417	2,816	17.2	1,202	5.7	3.1	68.6	87.3	39.7	68.2	12.9
$17,000 to $17,999	8.3	17,502	3,149	18.0	1,264	5.8	3.1	76.4	84.2	37.2	71.6	13.5
$18,000 to $18,999	6.7	18,373	3,308	18.0	1,329	6.1	3.2	84.0	80.1	37.4	77.0	12.2
$19,000 to $19,999	4.5	19,260	3,484	18.1	1,374	6.1	3.2	89.5	80.9	32.9	81.2	10.2
$20,000 to $21,999	4.6	20,582	3,775	18.3	1,442	6.3	3.3	93.3	78.9	31.9	78.3	11.3
$22,000 to $24,999	4.0	22,928	4,475	19.5	1,536	6.4	3.4	92.6	76.8	29.6	74.8	12.5
$25,000 and over	1.9	26,135	4,964	19.0	1,674	6.7	3.5	92.2	72.8	33.9	72.0	12.2
Total	100.0	15,460	2,725	17.6	1,160	5.6	3.1	58.0	88.2	29.2	61.7	16.6
EXISTING HOMES												
Less than $8,000	3.2	7,109	1,180	16.6	937	4.9	2.4	2.2	68.8	39.7	38.4	6.2
$8,000 to $8,999	4.2	8,445	1,419	16.8	952	4.9	2.4	3.0	78.4	32.3	43.4	8.2
$9,000 to $9,999	5.6	9,438	1,599	16.9	983	5.0	2.5	4.8	81.1	33.0	51.5	10.2
$10,000 to $10,999	7.3	10,419	1,819	17.5	1,014	5.1	2.6	8.0	80.6	36.2	56.2	10.4
$11,000 to $11,999	8.4	11,382	2,028	17.8	1,028	5.2	2.6	10.9	82.5	36.7	58.6	10.7
$12,000 to $12,999	9.5	12,371	2,248	18.2	1,064	5.3	2.7	15.9	82.6	38.3	62.8	10.4
$13,000 to $13,999	10.2	13,332	2,514	18.9	1,086	5.3	2.8	21.5	83.7	37.9	65.0	10.0
$14,000 to $14,999	9.6	14,282	2,713	19.0	1,121	5.4	2.8	27.6	82.3	41.8	67.7	9.6
$15,000 to $15,999	9.1	15,233	2,966	19.5	1,151	5.5	2.9	33.9	81.0	43.4	70.3	8.3
$16,000 to $16,999	8.1	16,194	3,198	19.7	1,188	5.6	2.9	40.9	79.1	46.2	73.6	7.8
$17,000 to $17,999	6.6	17,154	3,404	19.8	1,233	5.7	3.0	48.5	76.0	50.0	75.1	7.2
$18,000 to $18,999	5.2	18,084	3,632	20.1	1,282	5.8	3.0	56.4	76.0	49.4	70.4	7.5
$19,000 to $19,999	3.6	19,032	3,814	20.0	1,331	6.0	3.1	64.7	72.8	48.7	79.6	7.6
$20,000 to $21,999	4.2	20,358	4,168	20.5	1,396	6.1	3.1	72.5	72.3	47.4	80.3	7.2
$22,000 to $24,999	3.5	22,550	4,596	20.4	1,511	6.4	3.2	81.8	67.4	51.3	80.8	8.2
$25,000 and over	1.7	26,009	5,078	19.5	1,658	6.6	3.3	89.1	65.0	53.5	80.3	9.7
Total	100.0	14,270	2,721	19.1	1,141	5.5	2.8	30.6	79.0	41.7	66.2	9.0

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

one-third including a basement. About three in every four included either a garage or carport.

The average existing home in the same cost range was valued at $14,282, somewhat less than the new home described above, but involved a site valued at $2,713 or 11 percent more than the new-home lot. The existing home had a slightly larger floor area and contained the same number of rooms but a slightly smaller number of bedrooms than did the new home in this cost class.

Since 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 income, as shown in Table III-61. In 1962, current investments averaged about 15 percent of income for new-home purchasers and 17 percent for existing-home mortgagors, ranging from a low of 7 percent for buyers of new homes in the $8,000 range to over 31 percent for the highest cost level. For existing-home buyers the range of current investments was from about 10 percent of income for homes costing less than $9,000 to 37 percent in the $25,000 or more class.

It may be noted that, in addition to the increase in the amount of current investments which accompanied advancing acquisition costs, the ratio of investment to income also rose steadily, no doubt due principally to the regulations governing downpayment requirements. For new-home transactions, current investments averaged $1,133, or 7 percent of acquisition cost, varying from $335 or 4 percent of cost in the $8,000 price category to $3,943—15 percent—in those transactions requiring $25,000 or more in acquisition cost. Comparatively, the average existing-home purchaser invested a larger amount—$1,299—ranging from $519 (7 percent) to $4,945 (18 percent) in corresponding cost ranges.

The level of closing costs or incidental costs, in these transactions is related to the amount of the mortgage and to the number and amount of items included, such as financing charges, recording fees and taxes, the cost of credit report 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 costs in the sale price in order to promote sales.

TABLE III-61.—*Transaction characteristics by total acquisition cost, 1-family homes,[1] Sec. 203, 1962*

Total acquisition cost	Percentage distribution	Average: Total acquisition cost	Sale price	Property value	Market price of site	Property replacement cost	Mortgage amount	Mortgagor's annual income	Current investment [2]	Mortgage as percent of: Property value	Total acquisition cost	Current investment as percent of income
NEW HOMES												
Less than $8,000	0.1	$7,609	$7,399	$7,720	$1,373	$8,365	$7,248	$4,264	$361	93.9	95.3	8.5
$8,000 to $8,999	1.2	8,550	8,278	8,811	1,861	9,337	8,215	4,772	335	93.2	96.1	7.0
$9,000 to $9,999	3.6	9,460	9,238	9,555	1,862	10,128	9,045	5,133	415	94.7	95.6	8.1
$10,000 to $10,999	4.0	10,553	10,275	10,653	1,900	11,236	10,041	5,589	512	94.3	96.1	9.2
$11,000 to $11,999	6.6	11,553	11,289	11,671	2,010	12,198	11,008	5,933	545	94.3	95.3	9.2
$12,000 to $12,999	10.1	12,508	12,235	12,593	2,169	13,194	11,898	6,317	610	94.5	95.1	9.7
$13,000 to $13,999	11.2	13,503	13,231	13,571	2,297	14,123	12,803	6,731	700	94.3	94.8	10.4
$14,000 to $14,999	12.1	14,503	14,221	14,537	2,445	15,117	13,691	7,218	812	94.2	94.4	11.2
$15,000 to $15,999	11.3	15,487	15,181	15,470	2,594	16,137	14,507	7,599	980	93.8	93.7	12.9
$16,000 to $16,999	9.8	16,475	16,143	16,417	2,816	17,123	15,286	8,076	1,189	93.1	92.8	14.7
$17,000 to $17,999	8.3	17,474	17,127	17,502	3,149	18,205	16,102	8,717	1,372	92.0	92.1	15.7
$18,000 to $18,999	6.7	18,458	18,117	18,373	3,308	19,114	16,839	9,171	1,619	91.7	91.2	17.7
$19,000 to $19,999	4.5	19,447	19,079	19,260	3,484	19,910	17,730	9,640	1,717	92.1	91.2	17.8
$20,000 to $21,999	4.6	20,878	20,467	20,582	3,775	21,239	18,709	10,233	2,169	90.9	89.6	21.2
$22,000 to $24,999	4.0	23,327	22,883	22,928	4,475	23,598	20,347	11,269	2,980	88.7	87.2	26.4
$25,000 and over	1.9	26,899	26,282	26,135	4,964	26,774	22,956	12,656	3,943	87.8	85.3	31.2
Total	100.0	15,485	15,169	15,460	2,725	16,090	14,352	7,705	1,133	92.8	92.7	14.7
EXISTING HOMES												
Less than $8,000	3.2	7,143	6,911	7,109	1,180	10,542	6,624	5,168	519	93.2	92.7	10.0
$8,000 to $8,999	4.2	8,511	8,272	8,445	1,419	11,340	7,965	5,498	546	94.3	93.6	9.9
$9,000 to $9,999	5.6	9,488	9,236	9,438	1,599	12,122	8,890	5,729	598	94.2	93.7	10.4
$10,000 to $10,999	7.3	10,492	10,228	10,419	1,819	13,003	9,809	6,039	683	94.1	93.5	11.3
$11,000 to $11,999	8.4	11,484	11,208	11,382	2,028	13,652	10,726	6,323	758	94.2	93.4	12.0
$12,000 to $12,999	9.5	12,490	12,204	12,371	2,248	14,563	11,613	6,644	877	93.9	93.0	13.2
$13,000 to $13,999	10.2	13,488	13,190	13,332	2,514	15,277	12,507	6,983	981	93.8	92.7	14.0
$14,000 to $14,999	9.6	14,473	14,168	14,282	2,713	16,165	13,352	7,410	1,121	93.5	92.3	15.1
$15,000 to $15,999	9.1	15,474	15,154	15,233	2,966	17,017	14,209	7,771	1,265	93.3	91.8	16.3
$16,000 to $16,999	8.1	16,469	16,131	16,194	3,198	17,954	14,989	8,231	1,480	92.6	91.0	18.0
$17,000 to $17,999	6.6	17,471	17,103	17,154	3,404	18,942	15,770	8,722	1,701	91.9	90.3	19.5
$18,000 to $18,999	5.2	18,488	18,088	18,084	3,632	19,866	16,535	9,239	1,933	91.4	89.5	20.9
$19,000 to $19,999	3.6	19,451	19,048	19,032	3,814	20,746	17,340	9,807	2,111	91.1	89.1	21.5
$20,000 to $21,999	4.2	20,887	20,484	20,358	4,168	22,088	18,426	10,413	2,461	90.5	88.2	23.6
$22,000 to $24,999	3.5	23,234	22,785	22,550	4,596	24,200	20,053	11,607	3,181	88.9	86.3	27.4
$25,000 and over	1.7	27,463	26,623	26,009	5,078	27,798	22,518	13,243	4,945	86.6	82.0	37.3
Total	100.0	14,507	14,184	14,270	2,721	16,367	13,208	7,593	1,299	92.6	91.0	17.1

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

Closing costs, derived by differencing total acquisition cost and sale price, were slightly higher for existing-home buyers, averaging $323 compared with $316 for new-home buyers. Both of these averages exceeded those reported for 1961.

CHARACTERISTICS OF MULTIFAMILY HOUSING MORTGAGE TRANSACTIONS

The statistical analyses of multifamily housing projects in this report are based on commitments issued in 1962 for mortgage insurance covering newly-constructed rental projects and management-type cooperatives. During the year, 628 commitments were issued covering 69,546 dwelling units and 7,825 accommodations in nursing homes. The discussion of the characteristics of newly constructed multifamily housing covers 63,746 of these units, along with 7,249 nursing home beds, distributed by program as follows:

Section 207	28,350 units
Section 213	9,052 units
Section 220	8,292 units
Section 221	5,731 units
Section 231	8,679 units
Section 232	7,249 beds
Section 803	3,642 units

Excluded from the analysis are sales-type cooperative housing projects (1,228 units), mobile home courts (1,206 spaces), housing under Section 810 (100 units), and all projects involving existing construction (3,266 units and 576 beds).

The predominance of Section 207 in current insuring operations and the sustained performance of this program over the years permits it to be presented in relatively complete detail in the following discussions. While Section 207 data are generally considered to be most representative of FHA's rental housing insurance operations, it is not necessarily true that they are representative of all new rental housing.

Trends of Typical Section 207 Rental Housing Transactions

Trends of some of the more significant characteristics of Section 207 projects approved for FHA mortgage insurance are shown in Table III-62 for selected years, 1950 through 1962.

The typical Section 207 project in 1962 contained 109 dwelling units, up from the median of 105 units reported for 1961 to the same level as

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

Item	Year										
	1962	1961	1960	1959	1958	1957	1956	1955	1954	1952	1950
Projects:											
Median size (in units) [1]	109.0	105.0	117.0	109.0	92.0	66.0	44.0	49.2	76.0	34.5	31.3
Average size (in units)	139.8	136.4	146.8	120.1	120.8	88.7	60.8	76.2	108.0	68.2	66.9
Percent with:											
Walk-up structures	23.3	32.2	25.8	38.1	42.3	46.3	70.0	55.3	58.2	58.5	74.7
Elevator structures	75.2	66.7	72.5	61.0	52.6	31.7	15.0	34.1	31.3	13.4	2.4
One-family structures	1.5	1.1	1.7	.9	5.1	22.0	15.0	10.6	10.5	28.1	22.9
Units:											
Average number of rooms [2]	5.0	4.9	4.4	4.3	4.2	4.3	4.5	4.3	4.2	3.9	3.9
Median monthly rental	$198.70	$186.79	$171.31	$154.98	$150.81	$144.16	$92.02	$120.27	$115.60	$81.15	$71.13
Average mortgage amount [3]	$16,232	$15,881	$14,567	$12,708	$12,462	$11,882	$7,967	$8,212	$7,900	$6,510	$6,232
Median mortgage amount [3]	$16,323	$16,002	$14,088	$12,384	$12,009	$11,618	$7,431	$8,506	$8,031	$6,554	$6,366
Median mortgage-cost ratio	84.6	85.0	86.2	86.2	87.9	87.6	78.0	79.0	72.9	79.6	82.9
Median mortgage-value ratio	88.8	88.5	89.6	88.7	89.1	90.0	88.7	80.0	74.4	83.0	85.6
Percent in:											
Walk-up structures	11.0	19.1	16.1	26.5	21.5	23.5	67.0	36.6	38.9	59.2	59.1
Elevator structures	88.5	79.0	83.2	73.0	76.8	61.4	20.3	56.3	54.5	24.0	7.1
One-family structures	.5	1.9	.7	.5	1.7	15.1	12.7	7.1	6.6	16.8	33.8
Rooms:											
Average monthly rental	$41.45	$41.62	$41.06	$36.13	$36.35	$35.77	$23.36	$27.47	$26.76	$21.63	$18.76
Average mortgage amount	$3,267	$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, 1956–62.

[2] Determination of the 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.

in 1959, but continuing less than the high of 117 units reported for 1960. The "size of project" referred to in this report reflects the number of dwelling units represented by a single mortgage, several of which are sometimes combined to cover larger multiproject developments. The general increase in the size of projects over the past 13 years results, in part, from a trend toward more, larger elevator apartment projects.

More than 75 percent of the 1962 projects consisted of elevator structures, these accounting for almost 89 percent of the total number of dwelling units under Section 207. Proportions of total projects and total units reported as involving elevator structures was higher in 1962 than in any other year in FHA history. Twenty-three percent of the projects were walk-up structures supplying 11 percent of the units. Single-family structures comprised less than 2 percent of the projects and accounted for only one-half of 1 percent of the total units.

In size of units, monthly rentals, and mortgage amounts, Section 207 projects surpassed the records set in 1961. Dwelling units averaged 5.0 rooms, slightly higher than the 4.9 rooms of a year earlier. Typical rentals increased by 6 percent to $198.70 per month, and average mortgage amounts per unit increased by more than $350 to $16,232. The median mortgage amount per unit increased by a somewhat smaller amount ($320), also less proportionately than replacement cost, since the median mortgage-cost ratio declined slightly to 84.6.

The average monthly rental per room dropped slightly from $41.62 in 1961 to $41.45 in 1962. On the other hand, average mortgage amount per room increased from $3,235 to $3,267.

These trends are analyzed in greater detail in the following discussion of specific Section 207 characteristics.

Type of Structure—Section 207

Structures in multifamily housing projects are classified by FHA as one of three principal types: walk-up, elevator, and one-family (row, semi-detached, or detached houses). When a particular project consists of structures of more than one type, the entire project is classified according to the type accounting for the greatest number of units.

In 1962 the proportion of elevator structures resumed its general upward trend, accounting for 75 percent of Section 207 structures and 89 percent of their dwelling units, after a 1960–61 decline from 73 to 67 percent in the number of projects and from 83 to 79 percent in the number of units. These percentages are in sharp contrast (Table III–63) with those of 1950, when elevator structures contributed a negligible portion of rental projects, and 1955, when little more than half of Section 207 units were in such structures.

Walk-up projects and single-family structures have declined in relative importance. In 1962, slightly more than 23 percent of all projects were walk-ups, accounting for only 11 percent of the dwelling units. Single-family structures, which constituted one-third of the dwelling units in 1950, accounted for less than 1 percent in 1962.

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

Type of structure	1962	1961	1960	1955	1950
Percentage distribution of projects:					
Walk-up	23.3	32.2	25.8	55.3	74.7
Elevator	75.2	66.7	72.5	34.1	2.4
One-family	1.5	1.1	1.7	10.6	22.9
All projects	100.0	100.0	100.0	100.0	100.0
Percentage distribution of dwelling units:					
Walk-up	11.0	19.1	16.1	36.6	59.1
Elevator	88.5	79.0	83 2	56.3	7.1
One-family	.5	1.9	.7	7.1	33.8
All units	100.0	100.0	100.0	100.0	100.0

The predominance of elevator structures is largely attributable to the concentration of projects in the larger metropolitan areas. In more than 27 years of operation under Section 207, ending in 1961, 92 percent of all projects insured were in metropolitan areas. Among the 1962 commitments, the New York City area alone accounted for over a third of the projects and for substantially more than a half of the dwelling units.

Size of Dwelling Units—Section 207

The criteria for determining the size of rental housing dwelling units take into account the area, function, and arrangement of living space. In August 1960, FHA room-count standards were revised to provide uniformity among various FHA project programs and simplification of the procedure for measuring dwelling unit size. Standards assign uniform minimum area requirements to all rooms being counted and provide fractional counts for certain amenity spaces not previously included. For example, individual rooms allowed a full room count when they meet minimum square-foot area and least-dimension requirements include living rooms, dining rooms, kitchens, bedrooms, and other habitable rooms. Fractional counts are now given kitchenettes and bathrooms (one-half room count each), and half baths, foyers, and terraces (one-fourth room count each). Room counts are adjusted for combined use, such as living room-dining area, living room-bedroom area, etc.

The effect of crediting previously uncounted areas with fractional room counts is seen in the general up-trend in average size of units (Table III–64). The average room count per unit in 1962 was 5.0 rooms as compared with 4.9 in 1961 and 4.4 in 1960.

The size of dwelling unit as measured in terms of number of bedrooms is shown in Table III–65. Section 207 projects of single-family houses had an average of 1.9 bedrooms per unit, more than either walkup (1.6) or elevator projects (1.2). More than three-fourths of the one-family units had more than one bedroom, in contrast to elevator structures where almost 70 percent of the units

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

Rooms per unit [1]	Percentage distribution of dwelling units				
	1962	1961	1960	1955	1950
Less than 3	4.3	3.0	2.8	4.2	13.2
3	12.7	14.9	24.4	16.6	17.8
4	34.2	31.1	40.2	50.6	58.1
5	25.3	30.2	25.1	25.1	10.5
6	15.8	15.0	6.2	3.5	.4
7 or more	7.7	5.8	1.3	-------	-------
Total	100.0	100.0	100.0	100.0	100.0
Average	5.0	4.9	4.4	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).

had either a single bedroom or no separate bedroom, and to walkup structures of which almost 44 percent has one bedroom or no separate bedroom.

Mortgage Allocable to Dwelling Units—Section 207

The typical Section 207 project in 1962 had a mortgage amount of $16,323 per unit. This amount was $321 more than in 1961 and $2,235 more than in 1960. Mortgage amounts per unit represent only that part of each project mortgage which is allocable to dwelling use. That is, in computing these averages, the amount of the mortgage estimated to cover garages, offices, stores, and other nondwelling space is excluded.

The percentage distributions in Table III–66 show average unit mortgage amounts for Section 207 units for selected years from 1950 through 1962. The trend toward larger mortgage amounts per unit is quite pronounced. Whereas all per-unit amounts in 1950 were below $9,000, less than 1 percent of those in 1962 were less than this amount. The upward trend in mortgage amounts has resulted not only from increases in construction costs and higher proportions of elevator structures, but also from such influences as statutory changes permitting increases in maximum amounts of mortgage allocable per unit or per room and definitional changes in room counts,

Table III–65.—*Number of bedrooms by type of structure, rental housing, Sec. 207, 1962*

Number of bedrooms	Percentage distribution of dwelling units			
	All projects	Walk-up	Elevator	One-family
0	15.5	1.2	17.4	-------
1	51.2	42.3	52.4	22.6
2	28.3	48.6	25.5	67.2
3	5.0	7.9	4.6	10.2
4	(1)	-------	.1	-------
Total	100.0	100.0	100.0	100.0
Average	1.2	1.6	1.2	1.9

[1] Less than 0.05 percent.

which in turn influence the design of projects and the amount of mortgage considered allocable to dwelling use.

Section 207 provides for mortgages as high as $9,000 per unit for units which average fewer than four rooms, otherwise the maximum insurable mortgage is determined on the basis of $2,500 per room. For elevator structures the limit is raised to $9,400 per unit if less than a four-room average, otherwise $3,000 per room. Up to $1,250 per room additional is allowable, regardless of type of structure, in areas where construction costs require. These limits, established in September 1959, raised earlier maximum mortgage amounts as a recognition of higher construction costs. The rising trend in average mortgage amounts per unit since 1959 reflects not so much a change in limits as the modification of room-count criteria which were discussed previously. The influence of structure type on the percentage distribution of mortgage amounts is not apparent from Table III-66. One-family structures, which accounted for less than 1 percent of the units in 1962, had the lowest average mortgage amount—$9,753. Elevator units had an average of $16,923, and walk-ups an average of $10,979.

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				
	1962	1961	1960	1955	1950
Less than $7,000	-	2.0	0.7	23.5	76.9
$7,000 to $7,999	0.2	.1	1.6	25.9	22.7
$8,000 to $8,999	.7	2.6	2.6	18.3	.4
$9,000 to $9,999	2.4	6.0	1.4	24.2	-
$10,000 to $10,999	4.5	2.0	3.9	5.1	-
$11,000 to $11,999	4.4	5.2	10.7	3.0	-
$12,000 to $12,999	8.0	6.8	11.8	-	-
$13,000 to $13,999	10.6	8.0	16.0	-	-
$14,000 to $14,999	9.4	10.1	11.8	-	-
$15,000 to $15,999	6.7	7.1	9.0	-	-
$16,000 to $16,999	9.5	11.2	8.9	-	-
$17,000 to $17,999	16.6	5.9	8.5	-	-
$18,000 to $18,999	7.2	8.4	7.8	-	-
$19,000 to $19,999	4.2	9.0	.4	-	-
$20,000 to $21,999	8.3	10.6	2.6	-	-
$22,000 or more	7.3	5.0	2.3	-	-
Total	100.0	100.0	100.0	100.0	100.0
Median	$16,323	$16,002	$14,088	$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

Statutory provisions of Section 207 establish the current maximum insurable mortgage at 90 percent of FHA's estimated value. With one other exception, Section 232, the maxima for all other project programs are determined on the basis of the ratio of mortgage amount to replacement cost rather than to estimated value. The mortgage-to-value ratio is only one of the determinants of the maximum mortgage, since such other criteria as the mortgage amount applied for, statutory dollar limits (as applied to a whole project or as applied on a per-unit or per-room basis), and limitations on debt-service ratios must also be considered.

Section 207 loan-to-value ratios are shown for selected years from 1950 through 1962 in Table III-67. In 1962 the median ratio was 88.8 percent, remaining within a narrow range of the permitted maximum in each year since 1955. In that year the maximum loan-to-value ratio was 90 percent only if a project averaged two or more bedrooms per unit and had an average per-unit mortgage not exceeding $7,200. Otherwise, the limit of loan-to-value was 80 percent.

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				
	1962	1961	1960	1955	1950
70.0 to 74.9	-	-	-	1.8	7.2
75.0 to 79.9	-	-	2.0	8.0	8.4
80.0	-	-	-	64.8	4.7
80.1 to 82.4	4.6	3.0	2.1	-	5.4
82.5 to 84.9	6.5	4.2	3.5	-	15.7
85.0 to 87.4	21.1	20.2	10.0	4.6	18.9
87.5 to 89.9	34.0	38.8	38.8	13.0	19.7
90.0	33.8	33.8	43.6	7.8	20.0
Total	100.0	100.0	100.0	100.0	100.0
Median	88.8	88.5	89.6	80.0	85.6

The yearly distributions of ratios of Section 207 mortgage amounts to replacement costs presented in Table III-68 provide a basis for comparing Section 207 with other programs, since the maximum mortgages for practically all other programs are established by these ratios rather than by the loan-to-value ratios discussed above. Because the estimated value may not exceed estimated replacement cost or certified actual cost, all ratios of loan to cost average less than the ratios of loan to value for the same commitments.

Land Costs—Section 207

In the FHA underwriting process, land costs include not only the cost of new land, but also the cost of on-site utilities, site development, and landscaping. Table III-69 compares relative site costs for projects of different structure types and provides a basis for comparing projects under Section 207 with those under other programs. The typical land cost for elevator projects amounted to 12.2 percent of total replacement cost, as compared with 15.3 percent for walk-up projects and 19.2 percent for single-family projects. Actual land costs are shown in Table III-70, which indicates that the median cost per unit for elevator units was $2,501, higher than either the $2,326 reported for single-family units or the $2,170 for walk-ups. In all categories these costs were substantially above those of 1961, when the respective medians were $1,975, $1,275, and $1,767.

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				
	1962	1961	1960	1955	1950
Less than 70.0	-	1.3	-	5.3	12.5
70.0 to 74.9	2.7	1.1	1.7	29.7	14.4
75.0 to 79.9	13.0	7.1	6.4	18.8	11.0
80.0 to 82.4	16.6	13.0	8.4	25.6	9.6
82.5 to 84.9	18.8	27.3	18.9	4.8	14.3
85.0 to 87.4	21.5	25.4	29.3	6.4	5.8
87.5 to 89.9	18.1	17.7	26.8	6.9	16.4
90.0	9.3	7.1	8.5	2.5	16.0
Total	100.0	100.0	100.0	100.0	100.0
Median	84.9	85.0	86.2	79.0	82.9

TABLE III-69.—*Ratio of land cost to replacement cost, rental housing, Sec. 207, 1962*

Land cost as a percent of replacement cost	Percentage distribution of dwelling units			
	All projects	Walk-up	Elevator	One-family
Less than 6	5.4	0.8	6.1	-
6 to 7.9	8.9	-	10.1	-
8 to 9.9	12.6	-	14.2	-
10 to 11.9	17.8	9.2	19.0	-
12 to 13.9	10.4	29.0	8.1	-
14 to 15.9	19.7	17.1	20.0	10.2
16 to 17.9	9.2	9.7	9.2	-
18 to 19.9	8.8	17.4	7.4	66.4
20 to 21.9	3.8	5.4	3.6	-
22 or more	3.4	11.4	2.3	23.4
Total	100.0	100.0	100.0	100.0
Median	13.0	15.3	12.2	19.2

Monthly Rentals—Section 207

The rental distributions for Section 207 projects for selected years shown in Table III-71 are based on the schedules of rents expected to prevail when the projects are occupied, as estimated in the underwriting analysis prepared prior to commitment to insure. Intervening modifications of plans or changes in construction or operating costs may cause the actual rents charged in the completed projects to deviate from these estimates.

TABLE III-70.—*Land cost by type of structure, rental housing, Sec. 207, 1962*

Average land cost per dwelling unit [1]	Percentage distribution of dwelling units			
	All projects	Walk-up	Elevator	One-family
Less than $1,000	2.8	0.8	3.1	-
$1,000 to $1,499	11.5	10.4	11.7	-
$1,500 to $1,999	17.7	28.1	16.5	-
$2,000 to $2,499	20.4	31.5	18.7	76.6
$2,500 to $2,999	14.4	15.5	14.3	-
$3,000 to $3,499	6.2	3.2	6.6	-
$3,500 to $3,999	5.6	6.6	5.5	-
$4,000 to $4,499	10.5	3.9	11.4	-
$4,500 to $4,999	4.5	-	5.0	23.4
$5,000 to $5,499	.9	-	1.0	-
$5,500 to $5,999	3.6	-	4.0	-
$6,000 or more	1.9	-	2.2	-
Total	100.0	100.0	100.0	100.0
Median	$2,441	$2,170	$2,501	$2,326

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

The typical monthly rental for Section 207 dwelling units in 1962 was $198.70, continuing the upward trend that has seen median rents almost triple from 1950 to 1962. In 1962 none of the rents were expected to be less than $80 per month, in contrast to 1950 when more than two-thirds were below this amount. This continual rise in rent levels reflects a number of factors, including higher capital costs resulting from increases in construction costs and shifts from walk-up to more expensive elevator structures, higher debt servicing expenses resulting from higher interest rates and larger capital outlays, and higher operating costs reflecting a general rise in prices.

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

Monthly rental per dwelling unit	Percentage distribution of dwelling units				
	1962	1961	1960	1955	1950
Less than $60	-	-	-	-	16.1
$60 to $79.99	-	0.6	(1)	10.0	51.6
$80 to $99.99	1.0	2.6	2.6	22.9	26.0
$100 to $119.99	3.8	6.4	7.0	16.8	5.3
$120 to $139.99	9.2	10.6	14.1	22.9	1.0
$140 to $159.99	12.8	14.5	18.3	16.6	-
$160 to $179.99	14.2	11.8	17.0	7.2	-
$180 to $199.99	9.6	10.7	11.5	2.6	-
$200 to $219.99	10.8	13.0	11.5	.6	-
$220 to $239.99	9.8	7.5	5.1	.4	-
$240 to $259.99	7.7	6.1	2.4	-	-
$260 to $279.99	5.0	4.3	3.1	(1)	-
$280 to $299.99	2.9	2.7	3.0	-	-
$300 to $319.99	2.8	3.3	1.3	-	-
$320 to $339.99	3.3	1.5	.9	-	-
$340 to $359.99	1.7	2.4	1.0	-	-
$360 to $379.99	2.1	.9	.5	-	-
$380 to $399.99	1.6	.2	.3	-	-
$400 or more	1.7	.9	.4	-	-
Total	100.0	100.0	100.0	100.0	100.0
Median	$198.70	$186.79	$171.31	$120.27	$71.13

[1] Less than 0.05 percent.

Table III-72 makes a further distribution of the 1962 Section 207 rentals by number of bedrooms. Practically all efficiency apartments (no separate bedroom) were expected to rent for less than $220 per month. This same limit accounted for almost two-thirds of the 1-bedroom units and slightly more than two-fifths of both 2- and 3-bedroom units.

Cooperative Housing

Management-type cooperative housing projects covered in the following discussion differ from rental projects in type of ownership and in the nature of monthly payments by project occupants. Cooperatives are 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. These monthly payments include prorated amounts to cover amortization of the mortgage, with the usual interest, taxes, hazard insurance, and mortgage insurance premiums as well as an amount to cover prorated costs of operation, management, maintenance, etc.

The so-called sales-type cooperatives also eligible for FHA mortgage insurance under Section 213 are excluded from consideration here because this type of cooperative is organized to function in a supervisory or managerial capacity during the construction operations and to facilitate the transfer of ownership of separate units to individual owners upon completion.

TABLE III-72.—*Monthly rental by number of bedrooms, rental housing, Sec. 207, 1962*

Monthly rental per dwelling unit	Average number of bedrooms	Percentage distribution of dwelling units					
		All units	Number of bedrooms				
			0	1	2	3	4
$80 to $99.99	1.0	1.0	0.2	0.6	0.2	-----	-----
$100 to $119.99	1.1	3.8	1.2	1.2	1.3	0.1	-----
$120 to 139.99	.9	9.2	3.7	3.4	1.7	.4	-----
$140 to $159.99	.9	12.8	4.4	5.7	2.3	.4	-----
$160 to 179.99	1.0	14.2	4.0	7.0	2.6	.6	-----
$180 to 199.99	1.0	9.6	1.9	6.3	1.2	.2	-----
$200 to 219.99	1.2	10.8	.1	8.2	2.2	.3	-----
$220 to 239.99	1.2	9.8	-----	7.9	1.8	.1	-----
$240 to 259.99	1.4	7.7	(1)	5.3	2.1	.3	-----
$260 to $279.99	1.5	5.0	-----	2.6	2.0	.4	(1)
$280 to $299.99	1.6	2.9	-----	1.3	1.4	.2	-----
$300 to 319.99	1.8	2.8	-----	.7	2.0	.1	-----
$320 to 339.99	1.8	3.3	-----	.9	2.1	.3	-----
$340 to 359.99	2.1	1.7	-----	.1	1.3	.3	-----
$360 to 379.99	2.1	2.1	-----	(1)	1.9	.2	-----
$380 to $399.99	2.2	1.6	-----	-----	1.2	.4	-----
$400 or more	2.5	1.7	-----	-----	1.0	.7	(1)
Total	1.2	100.0	15.5	51.2	28.3	5.0	(1)

[1] Less than 0.05 percent.

Type of Structure—Section 213

Wide fluctuations in the year-to-year composition of cooperative housing projects according to structure type are evidenced by Table III-73. Elevator structures comprised more than one half of the Section 213 projects on which commitments were issued in 1961, but less than one fourth in 1962. The proportion of dwelling units in elevator structures continued highest in 1962, but declined from 77 percent of the total in 1961 to 44 percent in 1962. Shifts from elevator projects to walk-up and single-family types generally reflect changes in the relative activity of specific geographic areas. The relative gain in 1962 for walk-ups resulted from substantial increases in cooperatives of this type in Arizona and California. The increase in single-family structures was almost entirely attributable to a single development in California for which 39 commitments were issued to cover more than 2,900 units.

TABLE III-73.—*Type of structure, cooperative housing, Sec. 213 management type, selected years*

Type of structure	1962	1961	1960	1955	1951
Percentage distribution of projects:					
Walk-up	26.9	11.3	33.3	53.8	40.6
Elevator	24.7	56.3	61.6	38.5	53.1
One-family	48.4	32.4	5.1	7.7	6.3
All projects	100.0	100.0	100.0	100.0	100.0
Percentage distribution of dwelling units:					
Walk-up	19.3	3.7	28.6	50.2	42.7
Elevator	43.7	76.6	69.2	39.6	56.6
One-family	37.0	19.7	2.3	10.2	.7
All units	100.0	100.0	100.0	100.0	100.0

Size of Dwelling Units—Section 213

The average size of dwelling units in Section 213 projects in selected years is shown in Table III-74. To a great extent these averages reflect the percentages of units in the different types of structures shown in the previous table. Since elevator structures generally have smaller units, smaller average units might reasonably be expected in those years when elevator units constitute a high percentage of the total, as for example, in the comparison of 1951 and 1955. In 1960, however, a new influence became effective—the liberalization of the allowable room count, which was discussed under Section 207. This new factor may account for the higher average in 1961 despite an increase in the proportion of elevator structures. In 1962 the proportion of elevator units dropped substantially with only a slight rise recorded in dwelling unit size because a preponderance of the one-family structures were small units (4- and 5-room) in a single development.

TABLE III-74.—*Size of dwelling units, cooperative housing, Sec. 213 management type, selected years*

Rooms per unit	Percentage distribution of dwelling units				
	1962	1961	1960	1955	1951
Less than 3	0.1	0.3	1.2	2.7	-----
3	4.6	8.2	12.5	6.9	35.1
4	19.3	26.7	30.5	20.3	32.8
5	45.7	35.6	36.2	45.9	31.6
6	20.0	17.7	17.1	24.0	.5
7 or more	10.3	11.5	2.5	.2	-----
Total	100.0	100.0	100.0	100.0	100.0
Average	5.4	5.3	4.9	5.0	4.4

The relative size of the 1962 dwelling units in terms of number of bedrooms is shown in Table III-75. Walk-up units averaged largest and elevator units the smallest. Both of these types showed smaller averages than in 1961—a drop from 2.3 to 2.0 bedrooms per unit for walkups and from 1.6 to 1.5 bedrooms per unit for elevator units. Single-family units, on the other hand, increased in size from 1.8 bedrooms per unit in 1961 to 1.9 in 1962.

Mortgage Allocable to Dwelling Units—Section 213

The median amount of mortgage allocable to dwelling use under Section 213 dropped in 1962 to $12,942, the lowest level since the $12,065 reported for 1957. This decline terminates a previously consistent upward trend which started from a low of $8,547 in 1952, and results almost entirely from the predominance of small units in walk-up and single-family structures, particularly in Arizona and California, as discussed previously with reference to type of structure and size of dwelling unit. Although more than two-fifths of the total dwelling units were in projects averaging less than $12,000 per unit, none of the elevator type projects averaged less than this amount.

TABLE III-75.—*Number of bedrooms by type of structure, cooperative housing, Sec. 213 management type, 1962*

Number of bedrooms	Percentage distribution of dwelling units			
	All projects	Walk-up	Elevator	One-family
0	3.1	0.5	6.6	-----
1	33.7	18.5	47.5	24.2
2	53.3	60.1	38.5	69.1
3	8.7	20.6	7.3	3.6
4	1.2	.3	.1	3.1
Total	100.0	100.0	100.0	100.0
Average	1.7	2.0	1.5	1.9

Except for the concentration of units below $12,000 in mortgage amount allocable to dwelling use in 1962, there was a fairly even distribution of units over the complete range (Table III-76), with a noticeable increase in the proportion of averages exceeding $24,000 at the upper limit of this range—6.3 percent in 1962 as against 2.5 percent a year earlier.

TABLE III-76.—*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				
	1962	1961	1960	1955	1951
$8,000 to $8,999	-----	-----	-----	8.9	99.2
$9,000 to $9,999	2.9	11.2	3.2	23.8	.3
$10,000 to $10,999	17.7	2.8	6.3	48.9	.5
$11,000 to $11,999	21.7	.5	2.3	18.4	-----
$12,000 to $12,999	8.1	6.4	4.3	-----	-----
$13,000 to $13,999	.2	5.0	-----	-----	-----
$14,000 to $14,999	.9	2.6	11.1	-----	-----
$15,000 to $15,999	7.0	5.1	18.2	-----	-----
$16,000 to $16,999	7.4	14.8	20.9	-----	-----
$17,000 to $17,999	9.7	12.7	10.3	-----	-----
$18,000 to $18,999	2.0	2.0	2.6	-----	-----
$19,000 to $19,999	4.1	8.7	5.4	-----	-----
$20,000 to $20,999	3.3	6.6	11.4	-----	-----
$21,000 to $21,999	5.4	14.0	4.0	-----	-----
$22,000 to $22,999	.7	2.4	-----	-----	-----
$23,000 to $23,999	2.6	2.7	-----	-----	-----
$24,000 to $24,999	3.6	.8	-----	-----	-----
$25,000 or more	2.7	1.7	-----	-----	-----
Total	100.0	100.0	100.0	100.0	100.0
Median	$12,942	$17,124	$16,211	$10,248	$8,550

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

Ratio of Mortgage Amount to Replacement Cost—Section 213

The ratios of mortgage amounts to replacement costs in Table III-77 reflect the progressive liberalization in insurable mortgage amounts over the years represented. In 1951, mortgages were limited to 83 percent of replacement cost, with higher ratios for projects occupied predominantly by veterans. In 1955, the maximum ratios were set at 90 percent for non-veterans and 95 percent for veterans. In 1959 the established maximums continued at 90 and 95 percent with an additional limitation at 85 percent for investor-sponsored projects, first authorized in 1956. The Housing Act of 1959 raised the maximum ratios to 97 percent for management sponsored projects and to 90 percent for investor-sponsored projects. The bimodal distributions for each of the years in the table, beginning with 1955, reflect the respective limits for the two types of sponsors. In 1962, the 97 percent mortgages and the 90 percent mortgages each accounted for slightly more than 27 percent of the total.

TABLE III-77.—*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				
	1962	1961	1960	1955	1951
Less than 70.0	-----	-----	-----	5.8	-----
70.0 to 74.9	1.4		-----		0.1
75.0 to 79.9	.9	1.1	-----	24.0	-----
80.0 to 82.4	-----	6.9	-----	13.5	-----
82.5 to 84.9	6.6	3.2	-----	8.4	49.8
85.0 to 87.4	2.4	.5	1.7	-----	34.5
87.5 to 89.9	6.8	2.4	3.1	11.4	15.6
90.0	27.4	47.4	62.4	36.9	-----
90.1 to 92.4	2.1	10.0	3.6	-----	-----
92.5 to 94.9	8.5	6.8	2.4	-----	-----
95.0 to 96.9	16.7	5.4	4.2	-----	-----
97.0	27.2	16.3	22.6	-----	-----
Total	100.0	100.0	100.0	100.0	100.0
Median	93.2	90.0	90.0	84.5	85.0

Land Costs—Section 213

Ratios of land cost to replacement costs for Section 213 projects classified by type of structure adhere to the same general pattern as for Section 207. For Section 213, however, there were somewhat greater variations between types of structure. The ratios of land cost to replacement cost were lowest for elevator projects—typically only 9.8 percent—as compared with 22.4 percent for walk-ups and 26.9 percent for 1-family units (Table III-78). Practically all elevator units were in projects utilizing land costing less than 14 percent of replacement cost. In contrast, 94 percent of the single-family units and 53 percent of the walk-up units were in projects having ratios of 22 percent or more.

There was a difference of more than $1,000 between the average per-unit cost of land for elevator structures and that for both other types (Table III-79). Elevator units had a median land cost of $2,158, about the same as in 1961. The median for single-family units rose from $2,755 in 1961 to $3,239 in 1962, while the figure for walk-up units declined from $3,862 to $3,204 over this same period.

TABLE III-78.—*Ratio of land cost to replacement cost, cooperative housing, Sec. 213 management type, 1962*

Land cost as a percent of replacement cost	Percentage distribution of dwelling units: All projects	Walk-up	Elevator	One-family
6 to 7.9	6.5	—	14.8	—
8 to 9.9	18.5	8.3	38.6	—
10 to 11.9	11.7	—	26.3	0.7
12 to 13.9	7.0	4.2	13.8	.5
14 to 15.9	3.9	20.0	—	—
16 to 17.9	2.5	11.9	—	.6
18 to 19.9	.8	2.4	—	.9
20 to 21.9	1.5	—	.7	3.2
22 to 23.9	7.1	15.6	5.8	4.3
24 to 25.9	6.7	26.3	—	4.4
26 to 27.9	30.6	11.3	—	76.9
28 to 29.9	3.2	—	—	8.5
Total	100.0	100.0	100.0	100.0
Median	17.9	22.4	9.8	26.9

Urban Renewal and Moderate Income Housing

Housing projects built in the redevelopment or rehabilitation of slum and other areas being cleared under federally aided programs are eligible for mortgage insurance under Section 220. To complement this program, Section 221 provides for mortgage insurance for projects to house persons displaced by urban renewal or other governmental actions. The Housing Act of 1961 extended the provisions of Section 221 to cover families of moderate or low income whether or not any relocation is involved.

While Section 220 and Section 221 both figure prominently in the renewal of urban areas, they differ greatly from one another in the nature of their operations. Projects built and insured under Section 220 are generally larger and more expensive than those under Section 221, reflecting the higher land values of central city locations which are usually involved in area redevelopment and the appeal to families of higher incomes in the planning and marketing of the units in new projects. The resulting rents in redeveloped areas frequently exceed the amounts which the displaced families are able to pay. Projects under Section 221 are especially designed for low- and moderate-income families.

TABLE III-79.—*Land cost by type of structure, cooperative housing, Sec. 213 management type, 1962*

Average land cost per dwelling unit [1]	Percentage distribution of dwelling units: All projects	Walk-up	Elevator	One-family
$1,000 to $1,499	6.8	8.8	11.5	—
$1,500 to $1,999	15.1	11.2	29.3	0.5
$2,000 to $2,499	15.8	13.9	29.2	.9
$2,500 to $2,999	9.7	4.2	14.8	6.7
$3,000 to $3,499	39.5	28.9	3.3	87.6
$3,500 to $3,999	1.1	—	2.5	—
$4,000 to $4,499	2.8	2.4	5.4	—
$4,500 to $4,999	1.4	7.3	—	—
$5,000 to $5,499	5.4	19.6	—	4.3
$5,500 to $5,999	1.0	3.7	.7	—
$6,000 or more	1.4	—	3.3	—
Total	100.0	100.0	100.0	100.0
Median	$3,033	$3,204	$2,158	$3,239

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

Urban Renewal Projects

High land costs in central city locations contributed to the fact that elevator structures accounted for 72 percent of the projects and 91 percent of the units committed for insurance under Section 220 in 1962. Walk-up structures represented 24 percent of the projects but only 6 percent of the units, while single-family structures represented 4 percent of both projects and units.

The typical urban renewal unit in 1962 contained 5.0 rooms. This average takes into account the same room-count criteria as apply to Section 207. In terms of number of bedrooms, the distribution of units by size is shown in Table III-80. One-bedroom units were most numerous in 1962, accounting for half of the elevator units, 44 percent of the walk-up units, but none of the units in single-family structures.

TABLE III-80.—*Number of bedrooms by type of structure, rental housing, Sec. 220, 1962*

Number of bedrooms	Percentage distribution of dwelling units: All projects	Walk-up	Elevator	One-family
0	21.3	20.0	21.4	18.9
1	47.6	43.6	49.8	—
2	25.6	35.3	22.9	77.0
3	5.1	1.1	5.4	4.1
4	.4	—	.5	—
Total	100.0	100.0	100.0	100.0
Average	1.2	1.2	1.1	1.7

Of the one-family units, 77 percent had 2 bedrooms. The unusual situation of 19 percent of the 1-family units having no separate bedrooms is attributable to one project of the row- or town-house type which offered a substantial number of units with sleeping and eating accommodations in combination with the living room.

The median amount of mortgage allocable to dwelling use, as based on unit averages for each project, was $17,081 (Table III-81). Sixty-four percent of the units were in projects with per-unit mortgage amounts between $15,000 and $19,000. Twenty-four percent involved mortgages of $19,000 or more, and only 12 percent involved mortgages less than $15,000. The high mortgage amounts were largely based on per-room limitations of $2,500 for walk-up structures and $3,000 for elevator buildings, with locality allowances in most cases for high construction costs, rather than the $9,000 and $9,400 maximum amounts allocable, respectively, for walk-up and elevator structures with averages of fewer than 4 rooms.

TABLE III-81.—*Amount of mortgage allocable to dwellings, rental housing, Sec. 220, 1962*

Average amount of mortgage per dwelling unit [1]	Percentage distribution of dwelling units	Average amount of mortgage per dwelling unit [1]	Percentage distribution of dwelling units
Less than $12,000	0.8	$20,000 to $20,999	—
$12,000 to $12,999	1.4	$21,000 to $21,999	5.6
$13,000 to $13,999	3.3	$22,000 to $22,999	13.6
$14,000 to $14,999	0.7	$23,000 or more	1.8
$15,000 to $15,999	21.0		
$16,000 to $16,999	15.6	Total	100.0
$17,000 to $17,999	14.0		
$18,000 to $18,999	13.7	Median	$17,081
$19,000 to $19,999	2.5		

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

Fifty-six percent of the dwelling units were in projects expected to have mortgages at the maximum of 90 percent of replacement cost. This percentage was a sizable increase from the 27 percent reporting maximum mortgages in 1961. Twenty-eight percent were to have mortgages representing from 85 to 90 percent of replacement cost, and 16 percent had mortgages below 85 percent.

Land cost for the typical urban renewal project amounted to 10.2 percent of replacement cost. As seen in Table III-82, the land cost-replacement cost ratios were highest for walk-up projects, for which the median ratio was 15.2 percent. This median was 10.1 percent for elevator projects, and only 4.8 percent for projects of single-family units.

Averages of actual land costs per unit are shown in Table III-83. The median cost per dwelling unit for all structure types was $2,111; for walk-up units, $2,215; for elevator units, $2,138; and for single-family units, $1,144.

TABLE III-82.—*Ratio of land cost to replacement cost, rental housing, Sec. 220, 1962*

Land cost as a percent of replacement cost	Percentage distribution of dwelling units: All projects	Walk-up	Elevator	One-family
Less than 4	4.1	—	4.5	—
4 to 5.9	17.8	—	16.4	100.0
6 to 7.9	12.9	—	14.3	—
8 to 9.9	14.0	—	15.4	—
10 to 11.9	12.0	11.6	12.5	—
12 to 13.9	24.1	4.4	26.4	—
14 to 15.9	3.2	59.0	—	—
16 to 17.9	11.6	20.0	11.5	—
18 or more	.3	5.0	—	—
Total	100.0	100.0	100.0	100.0
Median	10.2	15.2	10.1	4.8

More than two-thirds of the units in urban renewal projects had proposed rental charges between $140 and $240 per month (Table III-84). Efficiency apartments with no separate bedrooms were all expected to rent for less than $200, and one-bedroom units for less than $280. A portion of all the units containing 2, 3, and 4 or more bedrooms were expected to rent for $360 or more per month. The only units with proposed rents of less than $100 were efficiency units.

TABLE III-83.—*Land cost by type of structure, rental housing, Sec. 220, 1962*

Average land cost per dewlling unit [1]	Percentage distribution of dwelling units: All projects	Walk-up	Elevator	One-family
Less than $1,000	10.0	—	11.0	—
$1,000 to $1,499	15.0	11.6	11.6	100.0
$1,500 to $1,999	19.9	4.4	21.7	—
$2,000 to $2,499	23.1	79.0	20.7	—
$2,500 to $2,999	17.1	—	18.9	—
$3,000 to $3,499	9.5	—	10.5	—
$3,500 to $3,999	—	—	—	—
$4,000 to $4,499	5.2	1.5	5.6	—
$4,500 to $4,999	—	—	—	—
$5,000 to $5,499	.2	3.5	—	—
Total	100.0	100.0	100.0	100.0
Median	$2,111	$2,215	$2,138	$1,144

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

Relocation and Moderate Rental Projects

In the following discussion, Section 221 projects have been divided between those for which the mortgage bears a market rate of interest and those for which interest below the market rate applies. All mortgages on profit-motivated projects under Section 221(d)(4) are subject to market rates of interest. Non-profit projects under Section 221(d)(3) may also pay market rates of interest, but, within the limits that the Federal National Mortgage Association is authorized to purchase their mortgages, certain public agencies, private nonprofit organizations, cooperatives, investor sponsors, and limited dividend corporations may obtain interest rates below those of the going market.

Market Rate Interest.—All Section 221 projects committed in 1962 with the understanding that the mortgages would bear interest at the market rate

TABLE III-84.—*Monthly rental by number of bedrooms, Sec. 220, 1962*

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
$80 to $99.99	0.0	(1)	(1)	—	—	—	—
$100 to $119.99	.5	3.0	2.3	0.1	0.6	—	—
$120 to $139.99	.2	6.6	5.5	1.0	.1	—	—
$140 to $159.99	.3	19.4	13.1	5.9	.4	—	—
$160 to $179.99	1.0	9.5	.4	8.3	.8	(1)	—
$180 to $199.99	1.2	15.5	(1)	11.6	3.9	—	—
$200 to $219.99	1.2	9.9	—	8.6	.9	0.4	—
$220 to $239.99	1.2	13.0	—	10.1	2.9	—	—
$240 to $259.99	1.8	5.5	—	1.1	4.4	—	—
$260 to $279.99	1.8	2.5	—	.9	1.2	.4	—
$280 to $299.99	2.2	3.8	—	—	3.1	.7	—
$300 to $319.99	2.2	4.9	—	—	4.0	.9	—
$320 to $339.99	2.1	3.4	—	—	3.0	.4	—
$340 to $359.99	3.1	1.3	—	—	—	1.2	0.1
$360 or more	3.0	1.7	—	—	.3	1.1	.3
Total	1.2	100.0	21.3	47.6	25.6	5.1	.4

were in walk-up structures. These averaged 5.0 rooms per unit. Size in terms of number of bedrooms is shown in the following distribution, the average number of bedrooms per unit being 1.8.

Number of bedrooms	*Percentage of units*
0	3.3
1	34.2
2	45.5
3	17.0

The typical project had a mortgage amount allocable to dwelling space of $8,398 per unit. Eight out of every 10 of the dwelling units had mortgage amounts between $7,000 and $9,000.

All Section 221(d)(4) projects and all limited-dividend projects, whether at or below market interest rate, are limited in their maximum mortgage amount to 90 percent of replacement cost. Nonprofit organizations other than limited-dividend corporations may have mortgages as high as the total FHA estimate of replacement cost. In this latter category, just under half of the dwelling units were in projects with mortgages of 100 percent of the cost, with the remainder ranging from less than 70 percent to 90 percent.

The median ratio of land cost to replacement cost was 11.6 percent, being in projects with ratios in the narrow range of from 8 percent to 16 percent, as shown in the following distribution:

Land cost as percent of replacement cost	*Percentage distribution of dwelling units*
8 to 9.9	1.6
10 to 11.9	62.4
12 to 13.9	11.4
14 to 15.9	3.6
16 to 21.9	----
22 to 23.9	9.9
24 to 29.9	----
30	11.1

The median land cost of market rate projects was $968 per unit, with slightly more than three-fourths of the units averaging less than $1,500.

Monthly rentals proposed for market rate projects, shown in Table III–85, ranged from $60 to $160, half in the range between $100 and $120. None of the efficiency units was expected to rent for more than $100, and none of the 2- and 3-bedroom units for less than $80.

TABLE III–85.—*Monthly rental by number of bedrooms, multifamily housing, Sec. 221, market interest rate, 1962*

Monthly rental per dwelling unit [1]	Average number of bedrooms	Percentage distribution of dwelling units				
		All units	Number of bedrooms			
			0	1	2	3
$60 to $79.99	0.8	3.8	0.7	3.1		
$80 to $99.99	1.9	35.2	.6	14.2	7.5	12.9
$100 to $119.99	1.6	50.1		18.2	31.9	
$120 to $139.99	1.8	7.1		1.5	5.6	
$140 to $159.99	2.0	3.8			3.8	
Total	1.7	100.0	1.3	37.0	48.8	12.9

[1] Excludes cooperative housing.

Below-Market Rate Interest.—Section 221 projects committed in 1962 with interest rates below the market rate were largely walk-up structures. The 62 percent of the projects in walk-up structures accounted for 70 percent of the total units. Thirty-one percent of the projects, representing 19 percent of the units, were single-family structures, while the remainder—7 percent of the projects and 11 percent of the units—were elevator buildings.

The typical dwelling unit contained 5.5 rooms, somewhat larger than the 5.0 for market rate projects. With respect to the number of bedrooms, the typical unit had 2.1. As shown in Table III–86, the walk-up and 1-family projects were composed typically of 2-bedroom units, whereas the elevator projects had a majority of 1-bedroom units.

The median unit secured an amount of mortgage allocable to dwelling space of $11,317. Mortgage amounts per unit began with averages between $8,000 and $9,000, 9 percent of the units falling within this range. Fifty-eight percent of the unit mortgage amounts ranged from $10,000 to $12,000, while above these amounts the highest averages were between $18,000 and $19,000 (8 percent).

TABLE III–86.—*Number of bedrooms by type of structure, multifamily housing, Sec. 221 below-market interest rate, 1962*

Number of bedrooms	Percentage distribution of dwelling units			
	All projects	Walk-up	Elevator	One-family
0	0.1	0.2		
1	19.1	15.2	64.4	7.0
2	56.6	61.0	35.6	52.4
3	22.4	22.5		35.2
4	1.8	1.1		5.4
Total	100.0	100.0	100.0	100.0
Average	2.1	2.1	1.4	2.4

Below-market interest rate projects, except those of limited-dividend corporations, are eligible for mortgages of 100 percent of the FHA estimate of replacement cost. Projects accounting for 51 percent of the total dwelling units had the advantage of this ratio. An additional 14 percent had mortgage amounts from 97.5 to 100 percent of replacement cost. Limited-dividend projects, eligible for mortgages of 90 percent of replacement cost, accounted for another concentration around the 90 percent level, with 12 percent ranging from 87.5 to 90 percent and an additional 15 percent at 90 percent.

The typical project had a ratio of land cost to replacement cost of 13 percent. Land-replacement cost ratios were highest for walk-up and 1-family projects, each with a median somewhat over 14 percent. In contrast, land costs for elevator projects constituted only 5.1 percent of replacement cost. (See Table III–87.)

TABLE III–87.—*Ratio of land cost to replacement cost, multifamily housing, Sec. 221 below-market interest rate, 1962*

Land cost as a percent of replacement cost	Percentage distribution of dwelling units			
	All projects	Walk-up	Elevator	One-family
Less than 4	2.3	3.3		
4 to 5.9	10.0		90.4	
6 to 7.9	1.9	1.4		5.1
8 to 9.9	20.2	24.5	9.6	10.0
10 to 11.9	12.8	9.6		32.4
12 to 13.9	4.8	6.9		
14 to 15.9	21.3	22.7		28.5
16 to 17.9	5.7	5.3		10.6
18 to 19.9	3.8	5.4		
20 to 21.9	3.6	1.5		13.4
22 to 23.9	11.4	16.3		
24 to 25.9	2.2	3.1		
Total	100.0	100.0	100.0	100.0
Median	13.2	14.4	5.1	14.2

Land costs for walk-up projects, which constituted a majority of all below-market projects, ranged from less than $500 to as much as $4,500 per unit, with more than two-thirds in the range of $1,000 to $2,000 per unit. All of the 1-family units fell within this range, while all elevator units had per-unit land costs of less than $1,500, in a range from $500 to $1,500. (Table III–88.)

TABLE III–88.—*Land cost by type of structure, multifamily housing, Sec. 221 below-market interest rate, 1962*

Average land cost per dwelling unit [1]	Percentage distribution of dwelling units			
	All projects	Walk-up	Elevator	One-family
Less than $500	2.3	3.3		
$500 to $999	10.9	1.4	90.4	
$1,000 to $1,499	27.0	31.4	9.6	20.8
$1,500 to $1,999	39.9	35.6		79.2
$2,000 to $2,499	6.0	7.1		
$2,500 to $2,999	7.0	9.9		
$3,000 to $3,499				
$3,500 to $3,999				
$4,000 to $4,499	7.9	11.3		
Total	100.0	100.0	100.0	100.0
Median	$1,622	$1,695	$777	$1,684

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

Eighty-eight percent of the monthly rentals were expected to fall between $60 and $120 as is seen in Table III–89. This distribution excludes cooperative housing projects. Almost 5 percent of the units had proposed rents of less than $60 per month, all having either 1- or 2-bedrooms.

Housing for the Elderly

Projects under Section 231 include in their design those special features which make them particularly adaptable to the elderly persons for whom they are intended. These features include extra handrails, nonskid floors, specially designed bathrooms, doors wide enough to accommodate wheelchairs, and other structural amenities suited to the varying degrees of old-age infirmities.

TABLE III–89.—*Monthly rental by number of bedrooms, multifamily housing, Sec. 221 below-market interest rate, 1962*

Monthly rental per dwelling unit [1]	Average number of bedrooms	Percentage distribution of dwelling units					
		All units	Number of bedrooms				
			0	1	2	3	4
Less than $60	1.2	4.7		3.6	1.1		
$60 to $79.99	1.9	25.4	0.2	7.0	13.1	3.9	1.2
$80 to $99.99	2.1	42.0		3.8	31.1	7.1	
$100 to $119.99	2.2	20.1			16.2	3.9	
$120 to $139.99	2.9	7.6			.9	6.5	.2
$140 to $159.99	4.0	.2					.2
Total	2.1	100.0	.2	14.4	62.4	21.4	1.6

[1] Excludes cooperative housing.

While the primary purpose of these projects is to provide shelter, in many cases they offer additional facilities and special services generally associated with institutional care.

Structures in elderly housing projects are classified either as elevator or non-elevator, since all buildings of more than a single story generally provide elevator service. In 1962, elevator structures comprised 59 percent of the projects and provided the same percentage of dwelling units. The remainder—41 percent—were non-elevator.

Dwelling units in elderly housing projects varied in size from single rooms (combination living-bedrooms) in nonhousekeeping units to more than 6 rooms in housekeeping units (Table III–90). Practically none of the units in nonhousekeeping projects had more than 3 rooms, while almost 45 percent of those in housekeeping projects had 4 or more rooms.

TABLE III–90.—*Size of dwelling units, elderly housing, Sec. 231, 1962*

Rooms per unit	Percentage distribution of dwelling units		
	All units	Housekeeping units	Nonhousekeeping units
1	12.4		48.1
2	24.5	17.8	43.5
3	30.0	37.6	8.1
4	20.2	27.1	.3
5	12.1	16.4	
6 or more	.8	1.1	
Total	100.0	100.0	100.0
Average	3.4	3.5	1.6

Number of bedrooms as a measure of dwelling unit size is shown in Table III–91. Slightly more than one-third of all units had no separate bedrooms, 14 percent in non-elevator structures and 48 percent in elevator. Practically all other units contained either 1 or 2 bedrooms. Most of the units with more than 2 bedrooms indicated 3-person occupancy.

The typical elderly housing unit had a pro rata share of the project mortgage of $12,122 in 1962.

This amount compares with $9,883 in 1961 and $9,215 in 1960. As seen in Table III–92, all unit-mortgage amounts in 1962 fall within the range $6,000–20,000, whereas in 1961 the range was from $2,000—$13,000.

TABLE III–91.—*Number of bedrooms by type of structure, elderly housing, Sec. 231, 1962*

Numbers of bedrooms	Percentage distribution of dwelling units		
	All projects	Non-elevator	Elevator
0	34.2	13.7	48.4
1	50.8	61.7	43.2
2	14.7	24.6	7.8
3	.3	----	.6
4	(1)	----	(1)
Total	100.0	100.0	100.0
Average	.8	1.1	.6

[1] Less than 0.05 percent.

Elderly housing projects sponsored by nonprofit organizations are eligible for mortgages equal to the full FHA estimate of replacement cost. In 1962, 37 percent of the units were in projects qualifying for 100 percent mortgages. Projects expected to be operated for profit can have mortgages insurable up to 90 percent of replacement cost. Only 11 percent of the units in profit-motivated projects were represented by 90 percent mortgages.

The typical land cost as a percentage of replacement cost for 1962 elderly housing projects was 17.3 percent for non-elevator projects and 6.5 percent for elevator structures. The median per-unit cost of land for nonelevator projects was $2,273 as compared with $928 for elevator. These costs are shown in Table III–93.

Monthly charges shown in Table III–94 represent regularly recurring charges which in addition to shelter rent may include standard fees for food and medical care. These charges vary substantially among projects, depending on the amount of entrance or founders' fees, the amount of subsidy in some projects supported by churches or social service agencies, and, as stated above, the extent to which the charges include services not separable from shelter rent.

TABLE III–92.—*Amount of mortgage allocable to dwellings, elderly housing, Sec. 231, 1962*

Average amount of mortgage per dwelling unit [1]	Percentage distribution of dwelling units	Average amount of mortgage per dwelling unit [1]	Percentage distribution of dwelling units
$6,000 to $6,999	0.6	$15,000 to $15,999	6.3
$7,000 to $7,999	5.8	$16,000 to $16,999	----
$8,000 to $8,999	10.2	$17,000 to $17,999	7.0
$9,000 to $9,999	2.8	$18,000 to $18,999	----
$10,000 to $10,999	12.2	$19,000 to $19,999	3.1
$11,000 to $11,999	16.8		
$12,000 to $12,999	13.0	Total	100.0
$13,000 to $13,999	14.8		
$14,000 to $14,999	7.4	Median	$12,122

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

TABLE III–93.—*Land cost by type of structure, elderly housing, Sec. 231, 1962*

Average land cost per dwelling unit [1]	Percentage distribution of dwelling units		
	All projects	Non-elevator	Elevator
Less than $500	4.0	----	0.8
$500 to $999	34.2	10.8	60.6
$1,000 to $1,499	15.8	10.8	10.3
$1,500 to $1,999	11.8	21.4	5.2
$2,000 to $2,499	8.3	12.8	5.1
$2,500 to $2,999	10.0	27.4	13.0
$3,000 to $3,499	3.1	7.6	----
$3,500 to $3,999	1.4	3.5	----
$4,000 to $4,499	----	----	----
$4,500 to $4,999	----	----	----
$5,000 to $5,499	2.0	4.8	----
$5,500 to $5,999	.4	.9	----
Total	100.0	100.0	100.0
Median	$1,373	$2,273	$928

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

Two-thirds of the units in projects committed in 1962 were housekeeping units with standard charges covering shelter only. Rents in these cases do not differ from those in other rental projects, in that they are on a unit basis rather than on the basis of number of occupants. Rents in housekeeping units began at less than $60, the lowest cost in any category, with a median of $127. On the other hand, they also included the most expensive, 3 percent of them costing $240 or more. In projects with charges for medical care included in the monthly charges of housekeeping units the median monthly charge was $139 per month. Most of the charges which included medical care ranged from $80 to $180, but one-fifth exceeded $240 per month.

In general, the most expensive elderly housing units were those with single nonhousekeeping accommodations offering both food and medical care. These units averaged (median) $180 per month. The individual costs in nonhousekeeping units with double occupancy, either with or without medical care, were the least costly of the monthly charges based on occupancy. They were not necessarily the least expensive, since the individual costs in some of the housekeeping units are only half the unit charges when the apartments are shared by two occupants. The charges per person in the double occupancy units ranged between $80 and $120 per month for shelter only. In one church-sponsored project the charges between $60 and $100 included limited medical care.

Nursing Homes

Nursing home projects under FHA commitment in 1962 ranged in size from 24-bed accommodations to 246, with a median size of 74 beds. The minimum size of project, by FHA regulation, is 20 beds.

FHA regulations, reinforcing most State and local nursing home licensing requirements, require elevators in all structures of more than one story. Single-story nursing homes in 1962 repre-

TABLE III–94.—*Monthly charge, elderly housing, Sec. 231, 1962*

Monthly charge	Percentage of housekeeping units		Percentage of single nonhousekeeping units with charges including—				Percentage of double nonhousekeeping units with per-person charges [1] including—			
	Shelter only	Shelter and medical care	Shelter only	Shelter and medical care	Shelter and meals	Shelter, medical care, and meals	Shelter only	Shelter and medical care	Shelter and meals	Shelter, medical care, and meals
Less than $60	0.1	----	----	----	----	----	----	----	----	----
$60 to $79.99	14.9	----	1.9	3.6	11.3	----	----	91.1	----	----
$80 to $99.99	13.7	14.8	19.7	1.5	----	11.4	47.7	8.9	----	47.2
$100 to $110.99	15.9	5.5	68.3	58.4	----	9.0	52.3	----	----	----
$120 to $139.99	15.2	31.4	----	----	38.1	20.0	----	----	75.8	28.8
$140 to $159.99	20.3	8.3	----	26.3	49.0	9.6	----	----	24.2	9.6
$160 to $179.99	8.4	18.8	10.1	----	.8	----	----	----	----	14.4
$180 to $199.99	5.4	.2	----	----	----	48.0	----	----	----	----
$200 to $219.99	1.8	----	----	----	----	2.0	----	----	----	----
$220 to $239.99	1.3	----	----	10.2	.8	----	----	----	----	----
$240 or more	3.0	[2] 21.0	----	----	----	----	----	----	----	----
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	67.2	6.9	2.5	1.6	2.8	11.0	2.8	1.6	2.1	1.5
Median	$127.17	$138.90	$108.31	$115.38	$140.26	$180.00	$100.88	$70.98	$133.19	$121.94

[1] For nonhousekeeping units which did not specify per-person charges for units designed for double occupancy, data shown on this table represent half the monthly charge reported for these dwelling units. Approximately three-fourths of the double occupancy nonhousekeeping units did not report per-person charges.
[2] All units provide meals.

sented 79 percent of the projects committed and 68 percent of the accommodations. Elevator projects comprised 21 percent of the nursing homes and accounted for 32 percent of the number of beds.

The typical nursing home accommodation had a prorated mortgage amount of $6,029 (Table III–95). The average amount per bed computed for each project in determining this median included the total mortgage amount, without any exclusion to account for certain service areas. This computation differs from that for other programs, which take into account only that share of the mortgage amount which is allocable to dwelling use.

TABLE III–95.—*Amount of mortgage allocable to dwellings, nursing homes, Sec. 232, 1962*

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	1.4	$9,000 to $9,999	1.7
$3,000 to $3,999	11.7	$10,000 to $10,999	1.8
$4,000 to $4,999	16.3		
$5,000 to $5,999	19.7	Total	100.0
$6,000 to $6,999	29.7		
$7,000 to $7,999	17.2	Median	$6,029
$8,000 to $8,999	.5		

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

Seventy-seven percent of the nursing homes had mortgages amounting to 90 percent of the FHA estimate of value, which is the highest loan-to-value ratio insurable under this program. Nineteen percent, or all but 4 percent of the remainder, ranged between 87.5 percent and 90 percent of value.

Land cost for the typical Section 232 project represented 12.8 percent of the estimated replacement cost. The median land cost per bed was $853 for all projects, $959 per bed in elevator projects, and $808 in non-elevator.

Monthly charges varied from $140 to more than $500 per month per patient, with a median charge of $304 for all accommodations. By type of accommodation, the charges varied fairly consistently with the number of patients per room (Table III–96).

The median monthly charge for private rooms, which comprised 9 percent of the total accommodations, was $362. Semiprivate (2-bed) rooms accounted for more than 78 percent of all beds, and involved a median charge of $304 per bed. The median charge per bed in 3-bed rooms, with

TABLE III–96.—*Monthly charge, nursing homes, Sec. 232, 1962*

Monthly charge per patient	Percentage distribution by type accommodation				
	All types	1-bed	2-bed	3-bed	4 or more beds
$140 to $159.99	0.6	----	0.5	3.2	1.3
$160 to $179.99	2.7	----	1.5	11.8	13.3
$180 to $199.99	5.0	6.5	3.9	25.7	4.0
$200 to $219.99	10.6	4.8	12.1	----	7.3
$220 to $239.99	6.2	4.5	6.8	5.3	3.3
$240 to $259.99	8.3	3.7	8.5	----	15.4
$260 to $279.99	6.7	1.8	7.2	11.8	4.7
$280 to $299.99	7.6	----	7.3	----	22.0
$300 to $319.99	12.8	13.5	11.9	20.4	17.4
$320 to $339.99	6.3	7.4	6.4	----	7.3
$340 to $359.99	14.1	7.0	16.3	7.5	4.0
$360 to $379.99	10.3	6.7	11.6	14.3	----
$380 to $399.99	1.7	5.7	1.4	----	----
$400 to $419.99	2.9	11.2	2.4	----	----
$420 to $439.99	1.9	6.4	1.7	----	----
$440 to $459.99	.6	6.1	----	----	----
$460 to $479.99	.5	3.7	.2	----	----
$480 to $499.99	.2	2.2	----	----	----
$500 or more	1.0	8.8	.3	----	----
Total	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	9.4	78.3	3.9	8.4
Median	$303.58	$362.22	$303.64	$266.67	$280.61

about 4 percent of the accommodations, was $267. This was exceeded by the median of $281 per bed in rooms containing 4 or more beds. Beds in these rooms or wards represented 8 percent of the total.

Armed Services Housing

All Section 803 projects committed for insurance in 1962 were single-family homes. These projects are the last to be processed under this program, the legislative authorization to issue commitments under it having expired October 1, 1962.

In all of its years of operations—first as the Wherry Housing program from 1949 to 1955, then as the Capehart Housing program—Section 803 projects have been predominantly 1-family, as shown in Table III-97. This predominance of 1-family units accounts, in part, for the relatively high average number of rooms per unit—7.2 in 1962, 6.3 in 1961, and 5.7 in 1960.

TABLE III-97.—*Type of structure, rental housing, Sec. 803, selected years*

Type of structure	1962	1961	1960	1955	1950
Percentage distribution of projects:					
Walk-up	-------	4.0	7.4	22.2	29.5
Elevator	-------	-------	-------	-------	1.3
One-family	100.0	96.0	92.6	77.8	69.2
All projects	100.0	100.0	100.0	100.0	100.0
Percentage distribution of dwelling units:					
Walk-up	-------	4.3	8.0	14.3	28.0
Elevator	-------	-------	-------	-------	.7
One-family	100.0	95.7	92.0	85.7	71.3
All units	100.0	100.0	100.0	100.0	100.0

All the 1962 projects had at least 2 bedrooms per unit. Almost four-fifths of the units had 3 bedrooms, and almost another fifth had 4. Those with only 2 bedrooms represented less than 1 percent of the total units.

The typical amount of mortgage per unit in 1962 was $15,413. This median was the lowest since 1957, when the median was $15,433. The distribution of these averages is shown for selected years in Table III-98.

Although mortgages with amounts equal to project replacement cost have been eligible for insurance since 1955, projects accounting for only 22 percent of the total units had mortgages with ratios of loan to replacement cost of as high as 100 percent.

No analysis of Section 803 rents is available because these projects are owned and managed by the Department of Defense and rental charges are not required to be reported to FHA.

TABLE III-98.—*Amount of mortgage allocable to dwellings, rental housing, Sec. 803, selected years*

Average amount of mortgage per dwelling unit [1]	Percentage distribution of dwelling units				
	1962	1961	1960	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	3.8	4.1	0.8	-------	-------
$14,000 to $14,999	24.1	13.3	13.6	-------	-------
$15,000 to $15,999	53.3	41.8	35.3	-------	-------
$16,000 to $16,999	16.9	27.9	34.7	-------	-------
$17,000 to $17,999	-------	8.7	8.8	-------	-------
$18,000 to $18,999	1.9	4.2	6.4	-------	-------
$19,000 to $19,999	-------	-------	.4	-------	-------
$20,000 or more	-------	-------	-------	-------	-------
Total	100.0	100.0	100.0	100.0	100.0
Median	$15,413	$15,781	$16,006	$7,622	$8,088

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

CHARACTERISTICS OF TITLE I PROPERTY IMPROVEMENT LOANS

The typical Title I improvement loan made in 1962 had net proceeds of $743, exceeding by $47 the previous record of $696 set in 1961. The typical loan was to be repaid in 38 monthly installments of $22.64, including payments to both principal and interest. Single-family residences again ranked first among the types of structure to be improved, while additions and alterations were the most prevalent type of improvement.

Amount of Loan

The typical note of $743 in net proceeds insured in 1962 represented the continuation of steady rises in median amounts for Title I improvement loans—almost 7 percent higher than in 1961 and more than double the median net proceeds reported for 1950. The increasing importance of larger loans is seen in Table III-99. The proportion of aggregate insured net proceeds accounted for by loans exceeding $1,000 increased to 73 percent of the total in 1962, compared with 71 percent in 1961 and 70 percent in 1960.

Duration of Loan

The distribution of loans and net proceeds according to repayment terms shown for selected years in Table III-100 indicates that in 1962 the greatest number of loans (37 percent) had a modal term of 36 months but that the greatest proportion of net proceeds (50 percent) had a modal term of 60 months. Data for the years 1960–62 in the table reflect the extensions of terms authorized for certain loans by amendments to regulations in 1956 and in 1961. Prior to 1956, loans were generally limited to repayment in 36 months or less. In 1962, for the first time, more than half of the net proceeds of loans insured under Title I was provided by loans with repayment terms of 5 years or more.

TABLE III-99.—*Amount of Title I improvement loans, selected years*

Net proceeds of individual loan	Number of loans—percentage distribution					Net proceeds—percentage distribution				
	1962	1961	1960	1955	1950	1962	1961	1960	1955	1950
Less than $200	5.4	6.1	6.5	12.6	21.2	0.8	0.9	1.0	2.9	6.8
$200 to $299	9.9	10.8	11.3	15.8	20.5	2.3	2.7	2.9	6.2	11.3
$300 to $399	11.3	11.8	12.6	15.0	15.4	3.7	4.1	4.4	8.1	10.9
$400 to $499	8.1	8.5	8.6	10.4	9.6	3.4	3.7	3.9	7.3	8.8
$500 to $599	7.6	7.5	7.4	9.4	8.0	3.9	4.0	4.1	8.0	8.8
$600 to $799	10.8	10.6	10.6	11.7	9.1	7.0	7.3	7.5	12.8	13.0
$800 to $999	7.0	7.2	7.3	7.1	5.0	5.9	6.5	6.6	9.9	9.2
$1,000 to $1,499	15.3	14.4	14.6	9.9	7.1	17.3	17.2	17.8	18.3	13.3
$1,500 to $1,999	9.5	8.7	8.3	4.1	2.0	15.2	14.8	14.3	10.7	6.8
$2,000 to $2,499	5.6	4.9	4.7	1.8	1.0	11.5	10.8	10.6	6.2	4.2
$2,500 to $2,999	4.0	3.7	3.4	1.9	1.0	10.0	9.9	9.3	7.9	5.2
$3,000 to $3,999	5.1	4.4	4.3	.2	.1	16.6	15.4	14.9	.8	.9
$4,000 to $4,999	.2	.2	.2	.1	(1)	.7	.8	.8	.4	.4
$5,000 or more	.2	1.2	.2	(1)	(1)	1.7	1.9	1.9	.5	.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$743	$696	$660	$464	$354	-------	-------	-------	-------	-------
Average	-------	-------	-------	-------	-------	$1,045	$999	$971	$630	$479

[1] Less than 0.05 percent.

Type of Property and Improvement

Table III-101 presents the percentage distributions of the number and amount of net proceeds of loans insured in 1962 by type of property and by type of improvement, along with the related averages. Ninety percent of the loans and 85 percent of the net proceeds were for the improvement of single-family dwellings. Improvements to multifamily dwellings accounted for an additional 7 percent of the loans and 10 percent of net proceeds. Average loans for these types, $964 and $1,524 respectively, were exceeded by the $1,891 average for commercial and industrial structures, while farm homes and buildings averaged $1,300.

The classification of loans according to type of improvement in Tables III-101 and III-104 is governed by the major improvement. For example, many improvements classed as additions and alterations involve plumbing, heating, electricity, or other items. The additions and alterations designation prevails, however, since the other factors are considered incidental.

In 1962, as in the previous 6 years, additions and alterations were reported as the most prevalent type of FHA-insured loan, accounting for 21 percent of the loans and 31 percent of net proceeds. Insulation accounted for the next highest share of improvement loans (13 percent) but represented only 6 percent of the total net proceeds (Chart III-26).

The average loan amount of $1,521 for additions and alterations was the highest, followed by $1,411 for new nonresidential construction, $1,309 for exterior finish, and $1,243 for interior finish.

CHART III-26

TYPE OF IMPROVEMENTS FINANCED
BY FHA TITLE I PROPERTY IMPROVEMENT LOANS, 1962

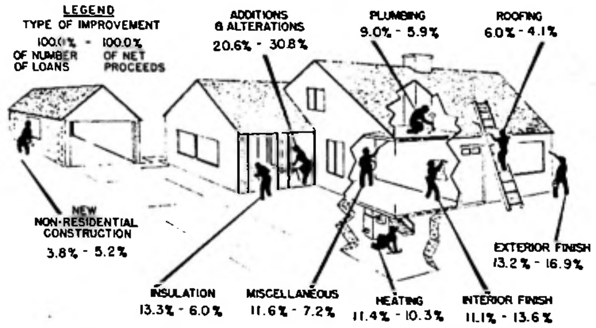

TABLE III-100.—*Term of Title I improvement loans, selected years*

Term in months: Modal term	Term in months: Interval	Number of loans—percentage distribution					Net proceeds—percentage distribution				
		1962	1961	1960	1955	1950	1962	1961	1960	1955	1950
6	6–8	0.4	0.5	0.5	0.6	0.8	0.2	0.2	0.2	0.3	0.5
12	9–14	8.5	8.8	8.8	10.0	10.1	2.9	3.1	3.2	4.4	4.9
18	15–20	4.7	5.0	5.0	6.9	6.0	1.9	2.1	2.1	3.7	3.4
24	21–26	13.2	13.0	13.0	11.3	10.2	7.2	7.2	7.3	7.7	7.1
30	27–32	2.0	2.3	2.1	3.0	9.8	1.2	1.5	1.3	2.2	9.8
36	33–41	37.3	41.8	44.2	67.5	62.5	28.8	33.1	35.5	79.1	71.1
48	42–53	3.8	3.1	2.6	(1)	(1)	5.4	4.8	4.1	.1	.1
60	54–63	29.7	25.1	23.3	.6	.4	50.4	45.9	43.9	2.0	1.7
	Over 63	.4	.4	.5	.1	.2	2.0	2.1	2.4	.5	1.4
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median		38.1	37.4	36.7	36.3	36.4	-------	-------	-------	-------	-------
Average		-------	-------	-------	-------	-------	39.4	38.0	37.6	31.0	30.7

[1] Less than 0.05 percent.

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Amount of Loan by Type of Property and Improvement

Differences in costs of the various types of improvements account for the wide dispersion in the amounts of net proceeds shown in Table III-102. The greatest concentration in any single interval was the 15 percent occurring between $1,000 and $1,500. Twenty-seven percent of all loans had net proceeds below $400. A significant difference between loans on improvements to single-family dwellings and those for other types is revealed in the percentages of loans of $1,000 and over. Such loans comprised 37 percent of the total for single-family residences in 1962, compared with 53 percent for multifamily dwellings, 51 percent for farm homes and buildings, and 73 percent for commercial and industrial structures.

Comparable distributions of loans by type of improvement in Table III-103 show that notes to finance additions and alterations were typically the largest of the loans insured in 1962, the median amount being $1,375. This median, however, exceeded that for new nonresidential structures by only $60. At the other end of the scale were loans to finance insulation—typically only $361.

Claims Paid by Type of Property and Improvement

Distributions of claims paid by type of property and type of improvement in Table III-104 show that loans to improve single-family dwellings accounted for 88 percent of the number and 82 percent of the amount of claims paid in 1962. These percentages are consistent with the proportions of loans insured in 1962, as well as with claims paid in previous years for single-family residential properties.

The average claim on defaulted loans ranged from $634 for one-family dwellings to $1,087 for multifamily dwellings. Claims on loans for improvements to commercial and industrial structures averaged $1,084, and on farm homes and buildings $861.

Defaulted loans for additions and alterations accounted for 20 percent of the number and 28 percent of the amount of claims paid in 1962 for all types of improvements. These percentages were slightly lower than those representing the proportions of loans and net proceeds that additions and alterations constituted in new business in 1962, as was shown previously in Table III-101. The next-ranking percentage of number of claims was that for loans for insulation (19 percent), but these claims accounted for only 9 percent of the amount of claims, since their average amount was only $329, the lowest for any improvement type.

TABLE III-101.—*Type of improvement by type of property for Title I improvement loans, 1962*

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	20.6	21.1	16.6	24.7	11.6	18.8
Exterior finish	13.2	13.0	16.6	9.6	11.7	9.7
Interior finish	11.1	10.9	15.5	13.4	4.6	13.6
Roofing	6.0	5.8	7.0	8.0	6.8	10.0
Plumbing	9.0	8.9	8.3	6.1	17.6	9.7
Heating	11.4	11.1	15.4	14.8	8.0	18.4
Insulation	13.3	13.7	11.9	3.6	9.9	2.2
New nonresidential construction	3.8	3.4	1.1	9.0	26.7	9.7
Miscellaneous	11.6	12.1	7.6	10.8	3.1	7.9
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	90.0	6.9	1.0	1.8	.3
Percentage distribution of net proceeds:						
Additions and alterations	30.8	27.5	2.3	.5	.3	.2
Exterior finish	16.9	14.5	1.9	.2	.3	(1)
Interior finish	13.6	11.4	1.7	.3	.1	.1
Roofing	4.1	3.4	.5	.1	.1	(1)
Plumbing	5.9	4.6	1.0	.1	.2	(1)
Heating	10.3	8.3	1.5	.3	.1	.1
Insulation	6.0	5.3	.6	(1)	.1	(1)
New nonresidential construction	5.2	4.0	.1	.1	1.0	(1)
Miscellaneous	7.2	6.1	.8	.2	.1	(1)
Total	100.0	85.1	10.4	1.8	2.3	.4
Average net proceeds:						
Additions and alterations	$1,521	$1,478	$2,053	$2,225	$1,553	$1,648
Exterior finish	1,309	1,209	1,629	1,691	1,567	1,370
Interior finish	1,243	1,187	1,617	2,016	1,477	1,908
Roofing	693	659	893	1,194	821	1,573
Plumbing	674	583	1,796	1,479	760	1,149
Heating	922	848	1,487	1,828	851	1,263
Insulation	459	441	689	568	540	(2)
New nonresidential construction	1,411	1,307	1,321	2,251	1,936	1,376
Miscellaneous	635	570	1,635	1,895	1,336	1,483
All improvements	1,045	964	1,524	1,891	1,300	1,497

1 Less than 0.05 percent. 2 Insufficient sample.

TABLE III-102.—*Amount of Title I improvement loans by type of property, 1962*

Net proceeds of individual loan	Total	Type of property improved: Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Other
Percentage distribution of number of loans:						
Less than $200	5.5	5.8	2.8	1.5	3.1	0.9
$200 to $299	10.2	10.8	5.3	1.9	6.0	3.1
$300 to $399	11.7	12.2	6.8	3.7	9.4	3.1
$400 to $499	8.2	8.4	6.3	2.9	8.1	4.4
$500 to $599	7.7	7.8	7.6	3.9	6.6	7.0
$600 to $799	10.8	11.0	10.3	7.2	8.2	10.5
$800 to $999	6.9	6.9	7.5	5.8	7.6	11.8
$1,000 to $1,499	15.0	14.9	16.6	13.8	14.4	17.1
$1,500 to $1,999	9.3	9.1	10.3	13.3	11.1	13.1
$2,000 to $2,499	5.4	5.1	7.2	9.3	9.1	7.0
$2,500 to $2,999	3.9	3.6	5.7	9.8	6.1	7.5
$3,000 to $3,999	5.0	4.4	8.1	26.9	10.3	14.5
$4,000 to $4,999	.2	--------	2.1	--------	--------	-----
$5,000 or more	.2	--------	3.4	--------	--------	-----
Total	100.0	100.0	100.0	100.0	100.0	100.0
Median	$783	$692	$1,103	$1,845	$1,034	$1,269
Average	$1,045	$964	$1,524	$1,891	$1,300	$1,497

TABLE III-103.—*Amount of Title I improvement loans by type of improvement, 1962*

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	5.5	2.0	1.5	3.0	5.8	6.1	2.6	13.9	0.5	12.9
$200-$399	21.8	8.9	8.6	12.9	32.3	38.5	13.0	44.8	3.3	38.4
$400-$599	15.9	9.8	10.6	14.2	21.9	25.0	18.3	21.7	6.1	18.6
$600-$799	10.8	8.8	9.9	10.9	12.9	8.1	20.8	9.1	9.2	9.3
$800-$999	6.9	6.6	8.7	6.6	6.2	4.6	13.6	3.7	10.4	4.0
$1,000-$1,499	15.0	18.4	24.2	18.4	10.6	7.9	17.8	4.0	32.7	7.1
$1,500-$1,999	9.3	13.7	17.7	12.1	5.2	4.3	6.5	1.5	18.5	3.8
$2,000-$2,499	5.4	10.2	8.8	8.0	2.3	2.0	2.6	.6	8.4	2.1
$2,500-$2,999	3.9	8.4	5.1	5.9	1.3	1.3	2.0	.4	4.5	1.3
$3,000-$3,999	5.1	12.5	4.7	7.5	1.4	1.7	2.3	.3	6.4	2.1
$4,000-$4,999	.2	.3	.1	.2	.1	.1	.2	(1)	(1)	.1
$5,000 or more	.2	.4	.1	.3	(1)	.4	.3	(1)	--------	.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$743	$1,375	$1,222	$1,066	$509	$443	$754	$361	$1,315	$393
Average	1,045	1,521	1,308	1,243	693	674	922	459	1,412	635
Percentage distribution of net proceeds:										
Less than $200	.8	.2	.2	.3	1.3	1.3	.5	4.6	(1)	3.1
$200-$399	6.3	1.7	1.9	2.9	13.9	17.6	4.2	28.8	.7	17.4
$400-$599	7.5	3.1	3.9	5.4	15.2	17.5	9.7	22.5	2.1	13.9
$600-$799	7.2	3.9	5.1	5.8	12.4	7.9	15.4	13.4	4.4	9.7
$800-$999	5.9	3.8	5.9	4.6	7.7	5.9	12.9	7.1	6.6	5.5
$1,000-$1,499	17.2	14.0	22.3	16.8	17.6	13.3	22.5	10.4	27.9	12.8
$1,500-$1,999	15.1	14.8	23.1	15.8	12.3	10.3	11.5	5.5	21.8	9.7
$2,000-$2,499	11.3	14.2	14.6	13.6	7.0	6.3	6.1	2.7	12.6	6.9
$2,500-$2,999	9.9	14.4	10.4	12.3	4.9	5.0	5.6	2.5	8.4	5.3
$3,000-$3,999	16.5	27.5	11.8	20.1	7.1	8.2	8.2	2.0	15.4	10.8
$4,000-$4,999	.6	.8	.4	.7	.4	.7	1.0	.2	.1	.7
$5,000 or more	1.7	1.6	.4	1.7	.2	6.0	2.4	.3	--------	4.2
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.

TABLE III-104.—*Type of improvement by type of property for claims paid on Title I improvement loans, 1962*

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	19.6	20.0	15.8	30.7	7.1	15.0
Exterior finish	14.5	14.7	14.1	8.6	13.3	5.0
Interior finish	8.4	8.0	12.8	9.7	4.2	12.5
Roofing	4.1	3.9	5.6	4.8	6.2	7.5
Plumbing	8.0	8.0	7.6	6.2	15.7	10.0
Heating	10.5	9.5	21.0	15.2	5.6	5.0
Insulation	18.5	19.3	14.6	7.2	5.0	15.0
New nonresidential construction	3.8	3.4	1.0	6.9	37.6	25.0
Miscellaneous	12.6	13.2	7.5	10.7	5.3	5.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	88.4	8.6	1.3	1.5	.2
Percentage distribution of amount of claims paid:						
Additions and alterations	28.3	25.0	2.5	.7	.1	(1)
Exterior finish	19.7	17.2	2.0	.2	.3	(1)
Interior finish	10.4	8.4	1.7	.1	.1	.1
Roofing	3.3	2.5	.6	.1	.1	(1)
Plumbing	5.4	4.0	1.1	.1	.2	(1)
Heating	11.3	7.0	3.9	.3	.1	(1)
Insulation	8.9	8.0	.8	.1	(1)	(1)
New nonresidential construction	5.1	3.7	.2	.2	.9	.1
Miscellaneous	7.6	6.3	1.0	.2	.1	(1)
Total	100.0	82.1	13.8	2.0	1.9	.2
Average claims paid:						
Additions and alterations	$987	$965	$1,226	$1,236	$818	$505
Exterior finish	930	905	1,142	1,279	1,052	1,473
Interior finish	852	810	1,093	1,014	919	1,123
Roofing	548	497	821	1,050	667	303
Plumbing	464	394	1,120	862	513	1,373
Heating	732	567	1,448	1,136	609	1,965
Insulation	329	319	446	403	279	818
New nonresidential construction	904	841	1,341	1,336	1,118	762
Miscellaneous	412	369	1,049	923	653	782
All improvements	684	634	1,087	1,084	861	900

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 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 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. All insurance funds except the Title I Insurance Fund are classified as mortgage insurance funds. Table III–105 presents FHA's insurance funds, giving the statutory dates on which they were established, and identifying by title and section of the Act the insurance programs under which contracts of insurance are assigned to particular funds.

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 insurance funds. The future losses and expenses which the liabilities of FHA's 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 insurance funds are contingent liabilities.

TABLE III–105.—*Insurance funds and insurance programs of the Federal Housing Administration, as of June 30, 1962*

Insurance fund	Date established	Insurance program
Title I Housing Insurance Fund	Apr. 30, 1950	Title I, Sec. 8.
Mutual Mortgage Insurance Fund	June 27, 1934	Title II, Secs. 203, 207 [1] and 225.
Section 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.
Section 220 Housing Insurance Fund	Aug. 2, 1954	Title II, Sec. 220.
Section 220 Home Improvement Account.	June 30, 1961	Title II, Sec. 220(b).
Section 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 [2]	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 [3]	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, Defense Housing Insurance Fund. Successor fund established May 26, 1942.
[3] For predecessor fund, Military Housing Insurance Fund. Successor fund established Aug. 11 1955.

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 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 for a mortgage insurance fund is that they take into account the fact that, when a claim is paid, the mortgage insurance fund acquires a property, or a mortgage note upon assignment, in exchange for its debentures (or cash in the case of some mortgage insurance). As properties are sold and mortgage notes are liquidated, the proceeds of sales are used to redeem the fund's debentures. It is the expected future acquisitions and assignments, 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. For the Title I Insurance Fund, which pays all claims in cash upon assignment of defaulted notes, reserve requirements take into account recoveries on such notes through collection efforts. 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. FHA's accounting system is on an accrual basis and, consequently, insurance reserve 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. Eleven of the 14 mortgage insurance funds have received net capital contributions in the amount of $26.6 million through June 30, 1962. Over 80 percent of this amount, or $21.3 million was contributed by the War Housing Insurance Fund. Included in this latter figure are contributions of $1.0 million each to establish the four insurance funds created by the Housing Act of 1961 amendments, referred to in an earlier paragraph. In addition to the War Housing Insurance Fund, the substantial contributor of capital to FHA's other mortgage insurance funds, the Title I Insurance Fund contributed $4.3 million and the Mutual Mortgage Insurance Fund $1.0 million. Capital contributions from one or more insurance funds to other insurance funds may be made under specific statutory authority to establish funds or under general authority as provided for in Section 219 of the National Housing Act, as amended, to assist funds.

The results of the 1962 fiscal year valuation of reserve requirements of the insurance funds are presented in Tables III–106 and III–107. The former, in addition to showing their reserve positions at the end of June 1962, shows the mid-year 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 1960 calendar year valuation and the 1961 fiscal year valuation.

The June 30, 1962 valuation of reserve requirements for all mortgage insurance funds combined shows an improvement in the combined reserve position over that for the previous valuation as of June 30, 1961. At that time, the valuation showed a deficiency in insurance reserves of approximately $46.0 million in meeting reserve requirements.

TABLE III–106.—*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, 1962			
	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	$115,648,660	$7,052,132	$3,472,748	$3,579,384
Mutual Mortgage Insurance Fund	27,875,109,475	[3] 730,561,051	761,406,644	−30,845,503
Sec. 203 Home Improvement Account	737,610	877,392	(4)	877,392
Housing Insurance Fund	2,431,181,810	13,027,773	89,858,787	−76,831,014
Sec. 220 Housing Insurance Fund	474,485,636	4,899,757	31,030,461	−26,130,704
Sec. 220 Home Improvement Account		883,052		883,052
Sec. 221 Housing Insurance Fund	401,340,798	−2,241,642	[5] 17,178,341	−19,419,983
Servicemen's Mortgage Insurance Fund	1,297,878,099	19,946,677	44,340,313	−24,393,636
Experimental Housing Insurance Fund		965,634		965,634
Apartment Unit Insurance Fund		917,351		917,351
War Housing Insurance Fund	2,460,628,159	216,545,113	46,967,838	169,577,275
Housing Investment Insurance Fund		934,410		934,410
Armed Services Housing Mortgage Insurance Fund	2,299,333,673	16,623,006	[6] 29,659,617	−13,036,611
National Defense Housing Insurance Fund	327,643,140	−15,485,077	4,981,222	−20,466,299
Total all mortgage insurance funds	37,683,987,066	995,506,629	1,028,805,971	−33,389,342
Title I Insurance Fund	1,594,444,832	93,677,646	93,045,735	631,911
Total all funds	39,278,431,898	1,089,184,275	1,121,941,706	−32,757,431

[1] Includes insurance reserves of certain insurance funds transferred to other insurance funds as capital contributions in the amount of $26,585,000.
[2] For insurance contracts in force. Adjusted for unearned premiums in 10 insurance funds in the amount of $63,557,172 estimated to be retained by the funds.
[3] Includes $183,744,579, as of June 30, 1962, representing balances available for participations in the Participating Reserve Account, which account may be charged with any net loss sustained by the Mutual Mortgage Insurance Fund in a semiannual period.
[4] Reserve requirements have not been estimated for the Sec. 203 Home Improvement Account.
[5] Excludes reserve requirements for the mortgages with "below-market" interest rates endorsed for insurance under Sec. 221(d)(3) with respect to which the fund will be reimbursed for any net losses out of money in the Treasury not otherwise appropriated. This "below-market" program was authorized June 30, 1961.
[6] 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.

TABLE III–107.—*Insurance reserves and estimated reserve requirements in the insurance funds of the Federal Housing Administration, as of Dec. 31, 1960 and June 30, 1961–62*

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, 1960	June 30, 1961	June 30, 1962	Dec. 31, 1960	June 30, 1961	June 30, 1962	Dec. 31, 1960	June 30, 1961	June 30, 1962
Title I Housing Insurance Fund	$5,885,246	$6,236,934	$7,052,132	$4,601,506	$4,252,656	$3,472,748	$1,283,740	$1,984,278	$3,579,384
Mutual Mortgage Insurance Fund	[3] 603,164,201	[3] 648,709,096	[3] 730,561,051	629,994,297	675,961,285	761,406,644	−26,830,096	−27,252,189	−30,845,593
Sec. 203 Home Improvement Account		1,000,000	877,392			(4)		1,000,000	877,392
Housing Insurance Fund	14,716,389	5,758,267	13,027,773	56,605,094	67,872,012	89,858,787	−41,888,705	−62,113,745	−76,831,014
Sec. 220 Housing Insurance Fund	3,270,478	4,018,330	4,899,757	18,535,939	21,649,966	31,030,461	−15,265,461	−17,631,636	−26,130,704
Sec. 220 Home Improvement Account		1,000,000	883,052					1,000,000	883,052
Sec. 221 Housing Insurance Fund	−66,012	−808,871	−2,241,642	10,565,732	12,126,969	[5] 17,178,341	−10,631,744	−12,935,840	−19,419,983
Servicemen's Mortgage Insurance Fund	12,273,868	14,940,637	19,946,677	37,001,566	39,739,326	44,340,313	−24,727,698	−24,798,689	−24,393,636
Experimental Housing Insurance Fund		1,000,000	965,634					1,000,000	965,634
Apartment Unit Insurance Fund		1,000,000	917,351					1,000,000	917,351
War Housing Insurance Fund	185,651,640	203,209,895	216,545,113	68,729,561	61,266,742	46,967,838	116,922,079	141,943,153	169,577,275
Housing Investment Insurance Fund	913,692	921,355	934,410				913,692	921,355	934,410
Armed Services Housing Mortgage Insurance Fund	15,268,766	16,969,612	16,623,006	[6] 42,809,391	[6] 45,946,474	[6] 29,659,617	−27,540,625	−28,976,862	−13,036,611
National Defense Housing Insurance Fund	−14,262,872	−13,770,782	−15,485,077	8,468,030	7,359,255	4,981,222	−22,730,902	−21,130,037	−20,466,299
Total all mortgage insurance funds	826,815,396	890,184,473	995,506,629	877,311,116	936,174,685	1,028,895,971	−50,495,720	−45,990,212	−33,389,342
Title I Insurance Fund	95,286,026	92,069,840	93,677,646	95,909,434	93,188,191	93,045,735	−623,408	−1,118,351	631,911
Total all funds	922,101,422	982,254,313	1,089,184,275	973,220,550	1,029,362,876	1,121,941,706	−51,119,128	−47,108,563	−32,757,431

[1] Includes insurance reserves of certain insurance funds transferred to other insurance funds as capital contributions in the amount of $20,310,000 as of Dec. 31, 1960, $23,310,000 as of June 30, 1961 and $26,585,000 as of June 30, 1962.
[2] For insurance contracts in force. Adjusted for unearned premiums estimated to be retained by the funds.
[3] Includes $183,744,579 as of June 30, 1962, representing balances available for participations in the Participating Reserve Account, which account may be charged with any net loss sustained by the Mutual Mortgage Insurance Fund in a semiannual period. The comparable figure for Dec. 31, 1960 is $161,820,950 and for June 30, 1961, is $176,201,014.
[4] Reserve requirements have not been estimated for the Sec. 203 Home Improvement Account.
[5] Excludes reserve requirements for the mortgages with "below-market" interest rates endorsed for insurance under Sec. 221(d)(3) with respect to which the fund will be reimbursed for any net losses out of money in the Treasury not otherwise appropriated. This "below-market" program was authorized June 30, 1961.
[6] 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.

By the following year, at June 30, 1962, the reserve deficiency was reduced to approximately $33.4 million. During this period reserve requirements in the mortgage insurance funds increased by 9.9 percent. The improvement in the combined reserve position of the mortgage insurance funds is attributable to an increase in insurance reserves of 11.8 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 $3.6 billion. This figure takes into account new insurance written and the reduction in outstanding balances on old insurance in force 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 four insurance funds, on June 30, 1962, no insurance had as yet been written. They include three of 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 $30.8 million, or slightly higher than the comparable figure of $27.3 million at the previous fiscal 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. On the reserve requirements side, they reflect 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 mortgages with shorter maturities. On the insurance reserves side, the reserve deficiency reflects principally increases in insurance losses and administrative expenses.

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. Its reserve position has shown steady improvement since the first published valuation in 1954. With the current valuation, the excess of insurance reserves over estimated reserve requirements amounts to $169.6 million, an increase of $27.7 million over the excess disclosed in the 1961 fiscal year reserve position. As has been pointed out in an earlier paragraph, this fund contributed $21.3 million from its insurance reserves to other funds. The $216.5 million in insurance reserves in this fund would have been $21.3 million greater had no capital contributions been made, or more, if allowance is made for investment income on this amount to the credit of the fund.

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. One of the four insurance funds created by the Housing Act of 1961 amendments, the Section 203 Home Improvement Account, shows figures on the outstanding balance of insurance in force and insurance reserves. Reserve requirements have not been estimated for this fund.

In addition to the Mutual Mortgage Insurance Fund 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 insurance reserves. 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 housing 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 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 under Section 222; (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 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 fourteen 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 to or receive assets from other funds. As of June 30, 1962, the net amount of $10.5 million had been transferred to assist five insurance funds under the authority of Section 219.

The total insurance reserves as of June 30, 1962 in these 14 funds which are authorized to provide mutual financial assistance are $358.6 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 $93.7 million.

Tables III-106 and III-107 also show figures on the outstanding balance of insurance in force and the insurance reserves for the Title I Insurance Fund. The fiscal provisions of one of FHA's several property modernization and improvement programs are administered under this fund. The current valuation of reserve requirements includes the results of the first regular valuations of the reserve liabilities of the Title I Insurance Fund. These results show that this fund was in a balance status as of June 30, 1962, with an excess of $0.6 million in insurance reserves over reserve requirements. At the end of the previous fiscal year there was a reserve deficiency of $1.1 million.

Like the War Housing Insurance Fund, the Title I Insurance Fund has contributed capital to other insurance funds from its insurance reserves, as has already been mentioned. The $93.7 million in its insurance reserves would have been $4.3 million greater had no capital contributions been made, or more, if allowance is made for investment income to the credit of the fund.

On an overall basis, all mortgage insurance funds and the Title I insurance fund combined, the June 30, 1962 valuation shows reserve requirements exceeding insurance reserves by $32.8 million. A year earlier, the comparable figure for the reserve deficiency was $47.1 million. Thus, the $14.3 million reduction in the reserve deficiency reflected improvement in the comparative reserve positions of all FHA's insurance funds in the last fiscal year.

ANALYSIS OF TERMINATION EXPERIENCE

The estimated life expectancy of one- to four-family home mortgages insured under Section 203 is estimated to be 9.88 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 26-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 1960 and exposed to policy anniversaries in 1961 or prior termination dates.

This estimate of life expectancy on the basis of the 1935–61 termination experience is about a fourth of a year higher than the comparable figure of 9.62 years shown in the 1961 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 mortgage or selling their home—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 1935–61 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 5.85 years. Mortgages with maturities of 13 through 17 years have an estimated life expectancy of 7.49 years. The life expectancy for mortgages with maturities of 18 through 22 years is 9.40 years. For mortgages in the 23 through 25 years maturity class, the estimated life expectancy is 11.58 years and is based on cumulative termination experience observed over a 23-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." Estimates of life expectancy for mortgages in the longest maturity classes were not made, since the period of observation was too short. Mortgages with terms of 30 years were first endorsed for insurance beginning in 1949 and mortgages with terms of 35 years 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 1948–61 period was analyzed to determine whether or not life expectancies are longer in the postwar period than in the 1935–61 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 mortagages based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1960 and exposed to policy anniversaries in 1961 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	0.0224057	2,241	13th	33,497	0.1198026	4,016
2d	97,759	.0364496	3,563	14th	29,481	.1280754	3,776
3d	94,196	.0548621	5,168	15th	25,705	.1692217	4,350
4th	89,028	.0725211	6,456	16th	21,355	.1561279	3,334
5th	82,572	.0874476	7,221	17th	18,021	.1251656	2,256
6th	75,351	.1011567	7,622	18th	15,765	.1204354	1,899
7th	67,729	.1083200	7,336	19th	13,866	.1575125	2,184
8th	60,393	.1085485	6,556	20th	11,682	.3786210	4,423
9th	53,837	.1120319	6,031	21st	7,259	.2533126	1,839
10th	47,806	.1113857	5,325	22d	5,420	.1157600	627
11th	42,481	.1113314	4,729	23d	4,793	.1256018	602
12th	37,752	.1127167	4,255				

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

The data on the 1935–61 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 1935–61 termination experience of Section 203 mortgages produces an overall annual rate of termination of 0.0224057 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 2,241 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 97,759 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 0.0364496. When this rate is applied against the 97,759 surviving mortgages at the beginning of the second year, it gives 3,563 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 94,196 mortgage survivors at the beginning of the third policy year.

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

These annual rates of termination for the different types of terminations are determined by the same method of computing probabilities as the total annual termination rates and are, therefore, additive. Thus, the annual rate of prepayment in full for a given policy year can be added to the annual rate of prepayment by supersession for the same policy year to give the total rate of prepayment for the given policy year. The rate for a particular policy year for titles acquired by mortgagees and retained by mortgagees can be combined with the rate for the same policy year

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 1960 and exposed to policy anniversaries in 1961 or prior termination dates*

Policy year	Type of termination					
	Prepayments in full	Prepayments by supersession	Titles acquired by mortgagees		Others	Total
			Retained by mortgagee	Transferred to FHA		
1st	0.0162098	0.0055089	0.0000907	0.0005611	0.0000262	0.0224057
2d	.0258452	.0085888	.0002050	.0017886	.0000220	.0364496
3d	.0390142	.0129234	.0003482	.0016459	.0000304	.0548621
4th	.0546389	.0165242	.0003585	.0009419	.0000576	.0725211
5th	.0678297	.0184804	.0003734	.0006203	.0001438	.0874476
6th	.0803404	.0197528	.0003303	.0005668	.0001664	.1011567
7th	.0882666	.0192100	.0003193	.0003992	.0001249	.1083200
8th	.0895487	.0181263	.0003065	.0003578	.0002092	.1085485
9th	.0929481	.0182268	.0002686	.0002017	.0003867	.1120319
10th	.0916512	.0166904	.0002557	.0001002	.0026882	.1113857
11th	.0935851	.0146078	.0002537	.0000878	.0027970	.1113314
12th	.0985772	.0117003	.0002304	.0000555	.0021533	.1127167
13th	.1086514	.0086059	.0001253	.0000245	.0024855	.1198926
14th	.1103673	.0063636	.0000888	----------	.0022557	.1280754
15th	.1371948	.0050277	.0000154	.0000050	.0269488	.1692217
16th	.1225193	.0040297	.0000579	----------	.0295210	.1561279
17th	.1169006	.0033596	.0000552	----------	.0048502	.1251656
18th	.1160999	.0033400	.0000279	----------	.0009676	.1204354
19th	.1458880	.0027798	.0000220	----------	.0088227	.1575125
20th	.2542185	.0026910	.0000317	----------	.1216798	.3786210
21st	.0882954	.0026174	.0000409	----------	.1623589	.2533126
22d	.1125070	.0028043	.0001122	----------	.0003365	.1157600
23d	.1256018	----------	----------	----------	----------	.1256018

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

ACTUARIAL SCHEDULE 3.—*Decrement table of a group of 1- to 4-family home mortgages based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1960 and exposed to policy anniversaries in 1961 or prior termination dates*

Policy year	Mortgage survivors at the beginning of policy year	Decrement by type of termination					
		Prepayments in full	Prepayments by supersession	Titles acquired by mortgagees		Others	Total
				Retained by mortgagee	Transferred to FHA		
1st	100,000	1,621	551	10	56	3	2,241
2d	97,759	2,526	840	20	175	2	3,563
3d	94,196	3,760	1,217	33	155	3	5,168
4th	89,028	4,864	1,471	32	84	5	6,456
5th	82,572	5,601	1,526	31	51	12	7,221
6th	75,351	6,054	1,488	25	43	12	7,622
7th	67,729	5,978	1,301	22	27	8	7,336
8th	60,393	5,408	1,095	18	22	13	6,556
9th	53,837	5,004	981	14	11	21	6,031
10th	47,806	4,381	708	12	5	129	5,325
11th	42,481	3,975	620	11	4	119	4,729
12th	37,752	3,721	442	9	2	81	4,255
13th	33,497	3,640	288	4	1	83	4,016
14th	29,481	3,519	188	3	----------	66	3,776
15th	25,705	3,527	129	1	(1)	693	4,350
16th	21,355	2,616	86	1	----------	631	3,334
17th	18,021	2,107	61	1	----------	87	2,256
18th	15,765	1,830	53	1	----------	15	1,899
19th	13,866	2,023	39	(1)	----------	122	2,184
20th	11,682	2,970	31	(1)	----------	1,422	4,423
21st	7,259	641	19	(1)	----------	1,179	1,839
22d	5,420	610	15	(1)	----------	2	627
23d	4,793	602	----------	----------	----------	----------	602

[1] Less than 1.

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 terminations are added together, they give the total annual termination rates shown in both actuarial schedules.

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

The decrement table is a convenient form for viewing the relative importance of the different types of terminations at each duration, i.e., the number of policy years during which an insurance contract is exposed to the risk of termination. A comparison of the numbers of prepayments in full with total terminations by policy year discloses the extent to which these prepayments account for total terminations. Prepayments in full in 14 of the 23 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 nearly 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 mortagages with the various terms of financing eligible for insurance under the 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 termination for the first policy year for all mortgages are based on the terminations from contracts endorsed for insurance in each calendar year from 1935 through 1960. For the second policy year, they are based on the terminations from endorsements in each calendar year from 1935 through 1959.

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 1960 and exposed to policy anniversaries in 1961 or prior termination dates*

Policy year	Mortgage survivors at the beginning of policy year					
	All maturities	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	97,759	94,825	96,228	96,686	98,775	99,448
3d	94,196	87,688	90,685	92,131	96,413	97,874
4th	89,028	78,598	83,198	86,065	92,720	95,507
5th	82,572	68,100	74,586	79,115	87,562	92,259
6th	75,351	56,949	65,619	71,874	81,011	88,346
7th	67,729	46,206	56,630	64,558	73,608	84,269
8th	60,393	36,615	48,164	57,481	66,815	79,774
9th	53,837	28,113	40,601	51,202	60,735	75,586
10th	47,606	20,202	34,194	45,520	54,863	71,174
11th	42,481	11,065	28,670	40,465	49,936	67,535
12th	37,752	4,586	24,096	35,966	45,449	63,983
13th	33,497	2,149	20,354	31,898	41,250	60,750
14th	29,481		17,026	28,163	37,251	
15th	25,705		13,198	24,755	33,299	
16th	21,355		5,378	21,697	29,732	
17th	18,021		858	18,925	26,622	
18th	15,765			16,404	23,949	
19th	13,866			13,936	21,638	
20th	11,682			10,553	19,567	
21st	7,259			2,165	17,609	
22d	5,420			27	15,801	
23d	4,793				13,970	
24th	4,191				12,215	
Estimated life expectancy in years	9.88	5.65	7.49	9.40	[4] 11.58	[5]

[1] Based on aggregate termination experience for mortgages insured from 1935 through 1960 and exposed to policy anniversaries in 1961 or prior termination dates.
[2] Based on aggregate termination experience for mortgages insured from 1938 through 1960 and exposed to policy anniversaries in 1961 or prior termination dates.
[3] Based on aggregate termination experience for mortgages insured from 1949 through 1960 and exposed to policy anniversaries in 1916 or prior termination dates.
[4] Based on termination experience observed over a 23-year period and its projection to 25 years.
[5] Not estimated.

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 a relatively favorable period of exposure. Accordingly, it must be emphasized that the pattern of termination rates shown in the actuarial schedules is only an emerging one and cannot be said to be definitive for total terminations or for the different types of terminations.

MUTUAL MORTGAGE PARTICIPATION PAYMENTS

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

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 so far as practicable was to be self-supporting and was to cost the mortgagor no more than the amount needed to cover the risk involved plus necessary administration expenses. Premium charges in excess of those needed for its operation were to be returned to the mortgagor as "dividends."

Mortgagors who pay off their mortgages—whether paid off at the maturity of the mortgage note, or paid off prior to maturity, as, for example, in the case of a mortgagor who prepays from savings or from the proceeds of the sale of his home—are eligible to receive dividends or participation payments from the Mutual Mortgage Insurance Fund. Thus, mortgagors with mortgage insurance contracts that were terminated as a result of a default are not eligible to receive such payment. 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–108 shows selected participation shares for eligible mortgagors paying off their mortgages during the 6-month period ending December 31, 1962. 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, 1962, the account had $183,744,579 available for distribution to eligible mortgagors as participation payments. Since January 1, 1944, when participation payments were first made, a total of $137,126,418 has been distributed to 1,082,876 mortgagors. In the aggregate, these amounts equal 30 percent of total FHA premium collections through June 30, 1962 under this home mortgage insurance program. The average dividend was approximately $127.

TABLE III–108.—*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, 1962 and Dec. 31, 1962*

Year mortgage was endorsed for insurance	Maturity class of mortgage				
	10 years	15 years	20 years	25 years	30 years
1956	$2.80	$6.02	$7.39	$2.15	
1954	6.59	11.64	14.17	9.92	$4.18
1952	12.50	18.93	21.39	19.20	12.07
1950		28.79	31.34	27.46	18.27
1948		41.73	45.12	42.10	
1946			54.37	58.15	

The basis for distributing dividends or participation payments from the Participating Reserve Account is an adaptation of the method known in actuarial science as the asset share method. According to this method, a class of insurance business contributing to a fund or account shares in that fund in relation to its net 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 14 years. At the end of 1962 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 14th 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 14th 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 positions—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 almost 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, also depend on the amount of insurance in force and the amount in the Participating Reserve Account. 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. The varying amounts of the Mutual Mortgage Insurance Fund's semiannual net income which have been allocated to the Participating Reserve Account have reflected, among other things, recent changes in insurance loss experience as well as changes in reserve requirements because of the levels 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.

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–109 and III–110 present measures of gross debt retirement for all FHA-insured home and project mortgages in force. Retirements are estimated from insurance written and outstanding balances in force. Since the estimates of outstanding balances reflect scheduled amortization of principal and outstanding balances of all types of terminated mortgages, the retirements (1) include outstanding balances of mortgage default termination, i.e., for mortgage notes assigned 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 generally do not reflect a backflow of cash, since the mortgagee receives debentures from most FHA insurance funds for approximately the amount of the outstanding balance, or the mortgagee takes title to property which is acquired through foreclosure proceedings or deed in lieu of foreclosure and retains title in lieu of making a claim for insurance. To the extent that such default terminations do not reflect a backflow of cash, the amount of mortgage debt retirement exceeds the amount of repayments available for reinvestment. The overstatement of retirements as cash repayments of indebtedness is probably not significant, because (1) the majority of mortgage foreclosures and most mortgage assignments involve debentures; (2) the debentures are negotiable and callable and can also be used for the payment of mortgage insurance premiums; and (3) the relative amounts involved in default terminations are not substantial. With respect to the partial prepayments, what understatement of retirements as repayments there may be is offset by the overstatement from foreclosures and assignments of mortgages, although the extent of this offset cannot now be estimated.

Estimated retirements for insured home mortgage indebtedness amounted to about $168 million in 1940. After that year the amount continued to rise, reaching a little over $800 million in 1946. In the subsequent period a postwar low of $573 million was reached in 1949. Since that year there was an overall growth in retirements resulting in a top figure of $2,493 million in 1962. This 23-year record of retirements of home mortgages is illustrated in Chart III–27.

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 1962.

TABLE III–109.—*FHA-insured home mortgage debt retirements, 1940–62* [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	8.50	25.27
1942	973,271	260,846	3,397,470	7.68	26.80
1943	763,097	445,553	3,896,735	11.43	58.39
1944	707,363	577,488	4,150,922	13.91	81.64
1945	474,245	586,529	4,151,717	14.13	123.68
1946	421,949	807,245	3,932,811	20.53	191.31
1947	894,075	805,651	3,607,722	22.33	90.05
1948	2,116,043	628,130	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	3,084,707	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	25,258,063	6.76	37.12
1961	4,765,216	1,965,111	28,077,818	7.00	41.24
1962	5,270,839	2,492,796	30,943,112	8.06	47.29

[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, 220(h), 221, 222, [illegible]; Title VI, Secs. 603, 603–610, 611; Title VIII, Sec. 809, Title IX, Sec. 903.

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

TABLE III–110.—*FHA-insured project mortgage debt retirements, 1940–62* [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	12,940	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	1,156,661	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	186,176	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	40.26
1962	1,087,132	346,044	6,788,831	5.11	31.91

[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 annual rates of debt retirement for home and project mortgages shown in the tables cover the period 1940 through 1962, 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 being turned over about once every 12½ years, or, in other words, the amount of investments in the 1940 portfolio of insured home mortgages would on the average have remained outstanding about 12½ years. The peak rate would indicate an estimated average life of a dollar invested of somewhat more than 4½ years for the 1947 portfolio. A rate of 8.06 percent for 1962 would indicate an average life of an insured home mortgage dollar of a little less than 12½ years. Chart III–28 shows the pattern of the annual rates of retirement over this 23-year period.

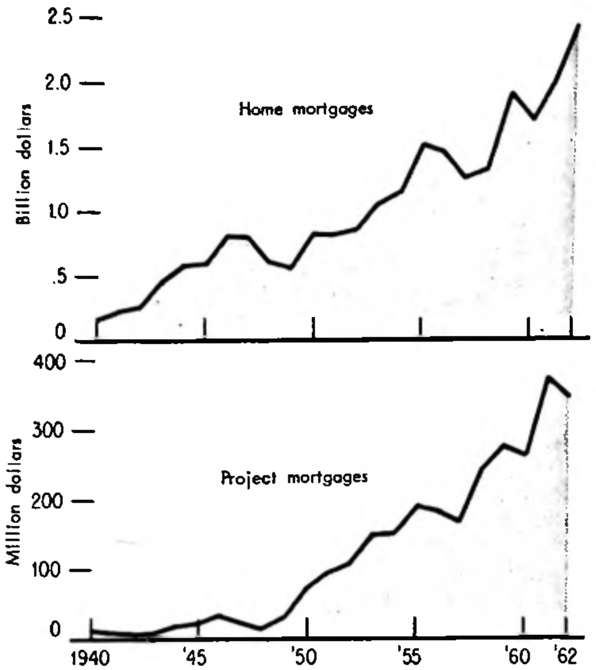
The tables on retirements also show relationships between estimated retirements and insurance written. In the prewar years, estimated home mortgage retirements represented about one-fourth of the insurance written. For 1945 and 1946, they exceed the amount of insurance written in those years. Retirements of all home mortgages in the year of 1962 represented nearly one-half of the amount of insurance written in that year.

Retirements of project mortgage indebtedness are comparatively less significant in amount than those of home mortgages. They 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 50 percent of the $347 million in estimated project mortgage retirements in 1962 were on Section 608 and Section 608–610 mortgages.

Although less significant in amount, the retirement experience of project mortgages as measured by their annual rates of retirement reflects roughly the same pattern as that for home mortgages, but at relatively lower levels for most of the period under observation, as Chart III–28 shows. This

CHART III-27

DEBT RETIREMENTS*



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

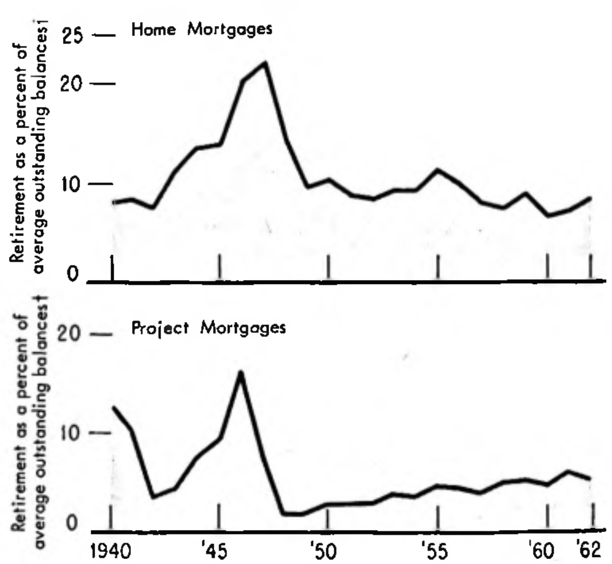
pattern shows retirements declining in 1942 to a rate of about 4 percent of the estimated average amount outstanding, climbing to a peak rate of over 16 percent in 1946, and then declining sharply to lower levels. Since 1948 the trend in these annual rates has been gradually upward. For the year 1962, the rate is 5.11 percent. This rate would indicate an estimated average life of 19½ years for the investments in the 1962 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 generally 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 23-year period show fluctuations over a wide range. These percentages, presented in Table III-110, 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 1962, estimated retirements for project mortgages amounted to about 32 percent of insurance written in that year.

CHART III-28

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.

Accounts and Finance

The figures for 1961 and 1962 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 Commissioner to fix a premium charge for the insurance hereafter granted under this section, 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, 1962 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 1962

Gross income of combined FHA funds for fiscal year 1962 under all insurance operations totaled $250,438,341 and was derived from fees, insurance premiums, and income on investments. Operating expenses of the FHA for the fiscal year 1962 totaled $69,308,915.

Cumulative Gross Income and Operating Expenses, by Fiscal Years

From the establishment of FHA in 1934 through June 30, 1962, gross income totaled $2,335,647,688, while operating expenses totaled $747,272,070. Gross income and operating expenses for each fiscal year are detailed in the following table:

Income and operating expenses through June 30, 1962

Fiscal year	Income from fees, premiums, and investments	Operating expenses
1935	$539, 609	$6, 336, 905
1936	2, 503, 248	12, 160, 487
1937	5, 690, 268	10, 318, 119
1938	7, 874, 377	9, 207, 884
1939	11, 954, 056	12, 609, 887
1940	17, 860, 296	13, 206, 522
1941	24, 126, 366	13, 359, 588
1942	28, 316, 764	13, 471, 496
1943	25, 847, 785	11, 160, 452
1944	28, 322, 415	11, 148, 361
1945	29, 824, 744	10, 218, 994
1946	30, 729, 072	11, 191, 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, 268, 153	31, 344, 804
1954	125, 223, 448	31, 395, 060
1955	138, 823, 312	36, 198, 364
1956	145, 532, 774	40, 643, 904
1957	146, 969, 012	41, 251, 237
1958	157, 158, 560	45, 992, 609
1959	181, 495, 230	52, 884, 308
1960	203, 516, 940	54, 549, 785
1961	228, 942, 825	60, 315, 108
1962	250, 438, 341	69, 308, 915
Total	2, 335, 647, 688	747, 272, 070

The above income was derived from the following insurance operations:

Income from insurance operations through June 30, 1962

Fund	Amount
Title I Insurance Fund (property imnprovement loans)	$259, 998, 278
Title I Housing Insurance Fund (home mortgages)	9, 576, 719
Title II:	
Mutual Mortgage Insurance Fund (home mortgages)	1, 467, 827, 106
Section 203 Home Improvement Account (property improvement mortgages)	35, 839
Housing Insurance Fund (homes and rental housing projects)	79, 080, 008
Section 220 Housing Insurance Fund (urban renewal housing)	9, 573, 816
Section 220 Home Improvement Account (urban renewal property improvement mortgages)	13, 926
Section 221 Housing Insurance Fund (housing for moderate income and displaced families)	6, 201, 658
Servicemen's Mortgage Insurance Fund (servicemen's housing)	24, 948, 178
Section 233 Experimental Housing Insurance Fund (homes and rental housing projects)	13, 851
Section 234 Apartment Unitl nsurance Fund (condominiums)	13, 786

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Income from insurance operations through June 30, 1962—Continued

Fund	Amount
Title VI War Housing Insurance Fund (war and veteran's emergency housing)	397, 199, 005
Title VII Housing Investment Insurance Fund (yield insurance)	240, 248
Title VIII Armed Services Housing Mortgage Insurance Fund (home mortgages and rental housing projects)	56, 681, 204
Title IX National Defense Housing Insurance Fund (home mortgages and rental housing projects)	24, 244, 066
Total	2, 335, 647, 688

Salaries and Expenses

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

Expenses during the first 3 fiscal years, 1934 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 in the amount of $85,882,962 ($65,497,433 principal and $20,385,529 interest) for funds advanced by the Treasury to pay salaries and expenses during the early years of FHA operations and to establish certain insurance funds.

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

The amounts charged against the various titles and sections of the Act during the fiscal year 1962 to cover operating costs and the purchase of furniture and equipment are as follows:

Salaries and expenses, fiscal year 1962 (July 1, 1961 to June 30, 1962)

Title and section	Amount	Percent
Title I:		
Sec. 2	$4, 531, 991	6. 39
Sec. 8	122, 577	. 17
Title II:		
Sec. 203	51, 596, 422	72. 80
Sec. 203 HIA	180, 762	. 26
Sec. 207-210	3, 953, 569	5. 58
Sec. 213	1, 648, 747	2. 33
Sec. 220 HI	1, 121, 733	1. 58
Sec. 220 HIA	138, 276	. 20
Sec. 221 HI	1, 550, 939	2. 19
Sec. 222	662, 071	. 93
Sec. 231	1, 019, 222	1. 44
Sec. 232	907, 740	1. 28
Sec. 233	54, 999	. 08
Sec. 234	129, 966	. 18

Salaries and expenses, fiscal year 1962 (July 1, 1961 to June 30, 1962)—Continued

Title and section	Amount	Percent
Title VI:		
Sec. 603	387, 609	. 55
Sec. 608	1, 495, 589	2. 11
Sec. 611		
Title VII:	5, 359	. 01
Title VIII:		
Sec. 803	375, 135	. 53
Sec. 809	101, 207	. 14
Sec. 810	42, 472	. 06
Title IX:		
Sec. 903	787, 419	1. 11
Sec. 908	59, 473	. 08
Total	70, 873, 277	100. 00

Capital and Statutory Reserves of Combined FHA Funds

The combined capital including statutory reserve of all FHA funds on June 30, 1962, amounted to $1,089,184,275, and consisted of $905,439,696 insurance reserves, and $183,744,579 statutory reserve as shown in statement 1.

STATEMENT 1.—*Comparative statement of financial conditions, all FHA funds conbined, as of June 30, 1961 and June 30, 1962.*

	June 30, 1961	June 30, 1962	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury	$52, 265, 134	$92, 336, 068	$40, 070, 934
Investments:			
U.S. Government securities (amortized)	754, 067, 454	723, 079, 204	—30, 988, 250
Other securities (stock in rental housing corporations)	465, 060	457, 240	—7, 820
Total investments	754, 532, 514	723, 536, 444	—30, 996, 070
Loans receivable:			
Mortgage notes and contracts for deed	202, 194, 580	291, 833, 962	89, 639, 382
Less allowance for losses	5, 839, 392	7, 410, 104	1, 570, 712
Net loans receivable	196, 355, 188	284, 423, 858	88, 068, 670
Accounts and notes receivable:			
Accounts receivable—Fees and insurance premiums	5, 424, 027	9, 531, 811	4, 107, 784
Accounts receivable—Other	786, 047	852, 809	66, 762
Total accounts and notes receivable	6, 210, 074	10, 384, 620	4, 174, 546
Accrued assets:			
Insurance premiums	41, 084, 137	50, 496, 637	9, 412, 500
Interest on U.S. Government securities	3, 021, 454	2, 836, 425	—185, 029
Other	1, 763, 681	2, 436, 998	673, 317
Total accrued assets	45, 869, 272	55, 770, 060	9, 900, 788
Land, structures, and equipment:			
Furniture and equipment	[1] 3, 892, 317	4, 743, 313	850, 996
Less allowance for depreciation	2, 128, 643	2, 095, 640	—33, 003
Net furniture and equipment	1, 763, 674	2, 647, 673	883, 999
Acquired security:			
Real estate (at cost plus expenses to date)	304, 948, 793	490, 588, 125	185, 639, 332
Less allowance for losses	99, 236, 976	122, 169, 575	22, 932, 599
Net real estate	205, 711, 817	368, 418, 550	162, 706, 733
Mortgage notes acquired under terms of insurance	199, 274, 510	213, 468, 158	14, 193, 648

[1] Excludes unfilled orders in the amount of $74,376.

STATEMENT 1.—*Comparative statement of financial conditions, all FHA funds combined, as of June 30, 1961 and June 30, 1962*—Continued

	June 30, 1961	June 30, 1962	Increase or decrease (—)
ASSETS—continued			
Acquired security—Continued Less allowance for losses	$60, 064, 097	$64, 701, 765	$4, 637, 668
Net mortgage notes acquired under terms of insurance	139, 210, 413	148, 766, 393	9, 555, 980
Defaulted Title I notes	46, 258, 643	50, 343, 973	4, 085, 330
Less allowance for losses	31, 935, 379	36, 722, 113	4, 786, 734
Net defaulted Title I notes	14, 323, 264	13, 621, 860	—701, 404
Net acquired security	359, 245, 494	530, 806, 803	171, 561, 309
Other assets—held for account of mortgagors	4, 229, 313	4, 721, 529	492, 216
Total assets	1, 420, 470, 663	1, 704, 627, 055	284, 156, 392
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	[2] 7, 559, 422	9, 355, 138	1, 795, 716
Group account participations payable	3, 455, 526	4, 813, 898	1, 358, 372
Total accounts payable	11, 014, 948	14, 169, 036	3, 154, 088
Accrued liabilities:			
Interest on debentures	5, 697, 318	9, 520, 004	3, 822, 686
Trust and deposit liabilities:			
Fee deposits held for future disposition	6, 195, 437	6, 265, 311	69, 874
Excess proceeds of sale	2, 211, 647	3, 030, 826	819, 179
Deposits held for mortgagors, lessees, and purchasers	12, 319, 044	14, 273, 500	1, 954, 456
Due general fund of the U.S. Treasury	602	443	—159
Employees' payroll deductions for taxes, etc	1, 754, 719	2, 057, 127	302, 408
Total trust and deposit liabilities	22, 481, 449	25, 627, 207	3, 145, 758
Deferred and undistributed credits:			
Unearned insurance premiums	69, 478, 943	64, 469, 800	—5, 009, 143
Unearned insurance fees	844, 022	756, 928	—87, 094
Other	1, 799, 531	2, 495, 154	695, 623
Total deferred and undistributed credits	72, 122, 496	67, 721, 882	—4, 400, 614
Bonds, debentures and notes payable:			
Debentures payable	325, 029, 750	496, 437, 900	171, 408, 150
Other liabilities:			
Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	1, 870, 389	1, 966, 751	96, 362
Total liabilities	438, 216, 350	615, 442, 780	177, 226, 430
RESERVES			
Statutory reserve for participation payments and future losses	176, 201, 014	183, 744, 579	7, 543, 565
Insurance reserve—available for future losses and expenses	806, 053, 299	905, 439, 696	99, 386, 397
Total reserves	982, 254, 313	1, 089, 184, 275	106, 929, 962
Total liabilities and reserves	1, 420, 470, 663	1, 704, 627, 055	284, 156, 392
Certificates of claim relating to properties on hand	13, 197, 331	19, 403, 073	6, 205, 742

[2] Excludes unfilled orders in the amount of $414,120.

The insurance reserves of $905,439,696 are available for future contingent losses and related expenses. The statutory reserve of $183,744,579 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	$93, 677, 646
Title I Housing Insurance Fund	7, 052, 132
Mutual Mortgage Insurance Fund	730, 561, 051
Section 203 Home Improvement Account	877, 392
Housing Insurance Fund	13, 027, 773
Section 220 Housing Insurance Fund	4, 899, 757
Section 220 Home Improvement Account	883, 052
Section 221 Housing Insurance Fund	—2, 241, 642
Servicemen's Mortgage Insurance Fund	19, 946, 677
Experimental Housing Insurance Fund	965, 634
Apartment Unit Insurance Fund	917, 351
War Housing Insurance Fund	216, 545, 113
Housing Investment Insurance Fund	934, 410
Armed Services Housing Mortgage Insurance Fund	16, 623, 006
National Defense Housing Insurance Fund	—15, 485, 077
Total all funds	1, 089, 184, 275

In addition, the various insurance funds had collected or accrued $756,928 unearned insurance fees and $64,469,800 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, 964, 662	$27, 964, 662
Housing Insurance Fund		224, 458	224, 458
Mutual Mortgage Insurance Fund		17, 976, 122	17, 976, 122
Section 203 Home Improvement Account			
Housing Insurance Fund	$589, 371	6, 183, 419	6, 772, 790
Section 220 Housing Insurance Fund	61, 117	1, 250, 039	1, 311, 156
Section 220 Home Improvement Account			
Section 221 Housing Insurance Fund	80, 057	127, 780	207, 837
Servicemen's Mortgage Insurance Fund		497, 738	497, 738
Experimental Housing Insurance Fund			
Apartment Unit Insurance Fund			
War Housing Insurance Fund		6, 059, 253	6, 059, 253
Housing Investment Insurance Fund			
Armed Services Housing Mortgage Insurance Fund	26, 383	3, 431, 461	3, 457, 844
National Defense Housing Insurance Fund		754, 838	754, 838
Total	756, 928	64, 469, 800	65, 226, 728

Combined Income, Expenses, and Losses, All FHA Funds

Total income from all sources during the fiscal year 1962 amounted to $262,370,692, while total expenses and insurance losses amounted to $105,556,582, leaving net income of $156,814,110 before adjustment of valuation allowances. Increases in valuation allowances for the year amounted to $33,927,713, leaving $122,886,397 net income for the period. Cumulative income from June 30, 1934 through June 30, 1962 was $2,411,339,489, and cumulative expenses and insurance losses were $954,025,239, leaving net income of $1,457,314,250 before adjustment of valuation allowances.

STATEMENT 2.—*Combined statement of income and expenses for all FHA funds through June 30, 1961 and June 30, 1962*

	June 30, 1934 to June 30, 1961	July 1, 1961 to June 30, 1962	June 30, 1934 to June 30, 1962
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$156,780,493	$23,172,464	$179,952,957
Interest on mortgage notes and contracts for deed	222,900	70,521	293,421
Interest and other income on defaulted Title I notes	11,156,887	972,418	12,129,305
Interest—Other	48,401,207	6,297,716	54,698,923
Dividends on rental housing stock	30,725	2,100	32,825
	216,592,212	30,515,219	247,107,431
Insurance premiums and fees:			
Premiums	1,630,434,826	201,383,314	1,831,818,140
Fees	296,500,049	25,865,777	322,365,826
	1,926,934,875	227,249,091	2,154,183,966
Other income:			
Profit on sale investments	1,463,254	14,686	1,477,940
Income retained on settled properties	3,927,496	4,591,006	8,518,502
Miscellaneous income	50,960	690	51,650
	5,441,710	4,606,382	10,048,092
Total income	2,148,968,797	262,370,692	2,411,339,489
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)	[1] 667,891,857	69,492,719	737,384,576
Other expenses:			
Depreciation on furniture and equipment	3,330,893	61,725	3,392,618
Miscellaneous expenses	512,588	86,492	599,080
	3,843,481	148,217	3,991,698
Losses and charge-offs:			
Loss on acquired security	84,437,857	29,815,897	114,253,754
Loss (or profit —) on equipment	−59,940	−12,994	−72,934
Loss on defaulted Title I notes	71,969,873	6,112,743	78,082,616
	156,347,790	35,915,646	192,263,436
Total expenses	848,468,657	105,556,582	954,025,239
Net income before adjustment of valuation allowances	1,300,500,140	156,814,110	1,457,314,250
Increase (—) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−5,839,392	−1,570,712	−7,410,104
Allowance for loss on real estate	−99,236,976	−22,932,599	−122,169,575
Allowance for loss on mortgage notes acquired under under terms of insurance	−60,064,097	−4,637,668	−64,701,765
Allowance for loss on defaulted Title I notes	−31,935,379	−4,786,734	−36,722,113
Net adjustment of valuation allowances	−197,075,844	−33,927,713	−231,003,557
Net income	1,103,424,296	122,886,397	1,226,310,693

[1] Excludes unfilled orders in the amount of $339,744.

STATEMENT 2.—Continued

ANALYSIS OF INSURANCE RESERVES

	June 30, 1934 to June 30, 1961	July 1, 1961 to June 30, 1962	June 30, 1934 to June 30, 1962
Distribution of net income:			
Statutory reserve-participating reserve:			
Balance at beginning of period		$176,201,014	
Adjustments during the period			
Net income allocated for the period	$297,370,997	23,500,000	$320,870,997
	297,370,997	199,701,014	320,870,997
Participations in mutual earnings distributed	−121,169,983	−15,956,435	−137,126,418
Balance at end of period	176,201,014	183,744,579	183,744,579
Insurance reserve:			
Balance at beginning of period		806,053,299	
Adjustments during the period			
Net income for the period	806,053,299	99,386,397	905,439,696
	806,053,299	905,439,696	905,439,696
Capital contributions to other FHA insurance funds	−23,310,000	−3,275,000	−26,585,000
Capital contributions from other FHA insurance funds	23,310,000	3,275,000	26,585,000
Balance at end of period	806,053,299	905,439,696	905,439,696
Total reserves at end of period	982,254,313	1,089,184,275	1,089,184,275

Mortgage Notes and Sales Contracts

Through June 30, 1962, 35,211 purchase money mortgages totaling $384,466,057, face amount, had been taken on the sale of 36,497 acquired properties. There have been 9,449 liquidations, of which 4,411 had been sold, and 5,038 paid in full, leaving a balance of 25,762 purchase money mortgages on hand as of June 30, 1962, as shown below:

Statement of purchase money mortgages on hand, for all FHA funds, as of June 30, 1962

	Number of notes	Face amount	Unpaid balance
HOMES			
Title I			
Sec. 2	90	$373,642	$242,833
Sec. 8	834	4,604,765	4,210,667
Title II			
Sec. 203	14,963	143,322,288	137,842,503
Sec. 213	335	3,060,050	2,946,417
Sec. 220	6	65,200	64,655
Sec. 221	305	2,515,700	2,491,222
Sec. 222	521	5,806,250	5,733,149
Title VI			
Sec. 603	3,689	29,991,297	20,722,414
Sec. 611	1	8,000	7,524
Title VIII			
Sec. 809	18	207,150	205,379
Title IX			
Sec. 903	4,227	37,601,205	35,171,041
Total homes	24,989	227,555,547	209,637,804
MULTIFAMILY			
Title II			
Sec. 207	38	4,658,763	3,635,243
Sec. 213	241	2,547,500	2,266,806
Sec. 221	2	755,000	747,417
Title VI			
Sec. 608	447	77,960,800	70,549,624
Title VIII			
Sec. 803	38	1,893,800	1,836,067
Title IX			
Sec. 908	7	3,325,000	3,162,001
Total multifamily	773	91,140,863	82,196,158
Total home and multifamily	25,762	318,696,410	291,833,962

Contributed Capital

Contributed capital of $26,585,000, 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, 1962 is shown in Statement 3.

STATEMENT 3.—*Analysis of capital contributions to FHA insurance funds from other FHA insurance funds as of June 30, 1962*

Fund	Capital contributions		Total contributions	Contributions returned	Contributed capital
	To establish insurance funds	Pursuant to Sec. 219			
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:					
Title I Insurance		2,500,000	2,500,000		2,500,000
War Housing Insurance	1,000,000		1,000,000		1,000,000
Total	1,000,000	2,500,000	3,500,000		3,500,000
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
Title I Insurance		775,000	775,000		775,000
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	−3,425,000	6,575,000	4,200,000	10,775,000
Grand total	19,000,000	10,485,000	29,485,000	−2,900,000	26,585,000

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 25,641,169 in number and $14,722,494,857 in amount (net proceeds) had been reported for insurance and 725,515 claims had been paid for $268,550,522 under this section through June 30, 1962. The total claims paid represents approximately 1.82 percent of the total net proceeds of loans insured, as shown in Statement 4.

In fiscal year 1962, 830,114 loans were insured for an aggregate of $847,927,821, and 24,499 claims were paid for $16,192,798.

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.

During fiscal year 1962, four properties insured under Title I Section 2 had been acquired under terms of insurance. Through June 30, 1962, a total of 594 properties had been acquired under the Title I Insurance Fund at a total cost of $1,672,899, and 590 had been sold at prices which left a net charge against the fund of $133,118.

On June 30, 1962, there remained on hand four properties insured under Title I Insurance Fund. The cost of these properties was:

Title I Insurance Fund, statement of properties on hand at June 30, 1962

	Title 1 Section 2 (4 properties)
Expenses:	
Unpaid balance of claim at acquisition	$5, 307
Taxes and insurance	146
Maintenance and operating	33
Miscellaneous	850
Total expenses	6, 336
Income:	
Rent and other income (net)	245
Net acquired security on hand	6, 091

Insurance losses and reserves for losses through June 30, 1962 amounted to $129,669,635. These losses and reserves represent 0.88 percent of the total amount of loans insured ($14,722,494,857). A summary of transactions through June 30, 1962 follows:

STATEMENT 4.—*Summary of Title I transactions for the period June 30, 1934 to June 30, 1962*

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, 1962
1934–39	$839, 559, 605	$21, 499, 306	$3, 791, 225		$3, 653, 335	$2, 639, 974	
1940–49	2, 746, 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, 993	−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	
1962	847, 927, 821	16, 192, 798	5, 989, 417	5, 594	−286	10, 899, 477	
Totals	14, 722, 494, 857	268, 550, 522	123, 848, 713	1, 410, 314	4, 442, 622	125, 227, 013	13, 621, 860
Percent to claims paid		100. 000	46. 118	. 525	1. 654	46. 631	5. 072

[1] Includes reserve for losses on defaulted Title I notes in process of collection at June 30, 1962, in the amount of $36,722,113.

NOTES.—In addition to the above recoveries, $14,418,529 interest and other income on outstanding balance of Title I notes, and $275,475 interest on mortgage notes had been collected through June 30, 1962.

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 (Section 2) on insurance granted on and after July 1, 1939. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Section 2(f) of the Act provides that moneys in the Title I Insurance Fund shall be available for defraying the operating expenses of the Federal Housing Administration under this title, and any amounts which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this title. Section 2(f) of the Act as amended August 2, 1954 provides that moneys in this fund not needed for current operations may be invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the U.S. Government. During the fiscal year 1962, net investments amounting to $155,000 (principal amount) were made for the account of this fund, and at June 30, 1962 the fund held U.S. Government securities in the principal amount of $103,678,000, yielding 3.50 percent, as follows:

Investments of the Title I Insurance Fund, June 30, 1962

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1962		$1, 525, 444	$1, 550, 000	$1, 545, 042
1962	3¾	3, 870, 937	3, 800, 000	3, 806, 033
1963	3¼	2, 922, 000	2, 922, 000	2, 922, 000
1963	4⅞	14, 745, 875	14, 750, 000	14, 748, 491
1964	3	4, 172, 066	4, 150, 000	4, 157, 327
1964	3¾	8, 257, 125	8, 298, 000	8, 277, 684
1964	4¾	5, 536, 800	5, 519, 000	5, 527, 532
1964–69	2½	4, 910, 903	5, 510, 000	5, 002, 659
1965	2⅝	17, 944, 580	18, 710, 000	18, 352, 194
1965	4⅝	7, 909, 725	7, 880, 000	7, 898, 490
1965–70	2½	2, 543, 556	2, 810, 000	2, 580, 689
1966	3	2, 177, 344	2, 250, 000	2, 201, 208
1966	3¾	1, 350, 000	1, 350, 000	1, 350, 000
1967	2	23, 179, 000	23, 179, 000	23, 179. 000
1967	3⅝	1, 000, 000	1, 000, 000	1, 000, 000
Average annual yield 3.50 percent		102, 046, 355	103, 678, 000	102, 548, 349

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

The total insurance reserve of the Title I Insurance Fund as of June 30, 1962, as shown in Statement 5, was $93,677,646, consisting entirely of earnings. In accordance with Public Law 5, 83d Congress, approved March 10, 1953, the amount of capital contributed to this fund by the U.S. Government, $8,333,314, was established as a liability of the fund as of June 30, 1953. On July 1, 1953, the entire amount was repaid and the liability liquidated.

STATEMENT 5.—*Comparative statement of financial condition, Title I Insurance Fund, as of June 30, 1961 and June 30, 1962*

	June 30, 1961	June 30, 1962	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury	$1, 815, 928	$3, 509, 365	$1, 693, 437
Investments: U.S. Government securities (amortized)	102, 170, 864	102, 548, 349	377, 485
Loans receivable:			
Mortgage notes and contracts for deed	293, 967	242, 832	−51, 135
Less allowance for losses	4, 410	3, 642	−768
Net loans receivable	289, 557	239, 190	−50, 367
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	2, 038, 920	2, 293, 791	254, 871

STATEMENT 5.—*Comparative statement of financial condition, Title I Insurance Fund, as of June 30, 1961 and June 30, 1962*—Continued

	June 30, 1961	June 30, 1962	Increase or decrease)—)
ASSETS—continued			
Accounts receivable—Interfund	$222, 020	$281, 599	$59, 579
Total accounts and notes receivable	2, 260, 940	2, 575, 390	314, 450
Accrued assets:			
Interest on U.S. Government securities	536, 448	532, 960	−3, 488
Other	1, 607	1, 479	−128
Total accrued assets	538, 055	534, 439	−3, 616
Acquired security:			
Real estate (at cost plus expenses to date)		6, 092	6, 092
Less allowance for losses		531	531
Net real estate		5, 561	5, 561
Defaulted Title I notes	46, 258, 643	50, 343, 973	4, 085, 330
Less allowance for losses	31, 935, 379	36, 722, 113	4, 786, 734
Net defaulted Title I notes	14, 323, 264	13, 621, 860	−701, 404
Net acquired security	14, 323, 264	13, 627, 421	−695, 843
Total assets	121, 398, 608	123, 034, 154	1, 635, 546
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	2, 280, 894	1, 380, 699	−900, 195
Trust and deposit liabilities:			
Deposits held for mortgagors, lessees, and purchasers	9, 344	6, 871	−2, 473
Deferred and undistributed credits:			
Unearned insurance premiums	27, 035, 781	27, 964, 662	928, 881
Other	2, 749	4, 276	1, 527
Total deferred and undistributed credits	27, 038, 530	27, 968, 938	930, 408
Total liabilities	29, 328, 768	29, 356, 508	27, 740
RESERVE			
Insurance reserve—available for future losses and expenses	92, 069, 840	93, 677, 646	1, 607, 806
Total liabilities and reserve	121, 398, 608	123, 034, 154	1, 635, 546

For the fiscal year 1962, Title I Insurance Fund income totaled $20,334,633, while expenses and losses amounted to $10,731,491, leaving $9,603,142 net income before adjustment of valuation allowances. After the valuation allowances were increased by $4,786,497, there remained $4,816,645 net income for the year.

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

STATEMENT 6.—*Income and expense, Title I Insurance Fund, through June 30, 1961 and June 30, 1962*

	June 3, 1939 to June 30, 1961	July 1, 1961 to June 30, 1962	June 3, 1939 to June 30, 1962
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$12,715,541	$3,619,619	$16,335,160
Interest on mortgage notes and contracts for deed	222,900	12,537	235,437
Interest and other income on defaulted Title I notes	11,156,887	972,418	12,129,305
	24,095,328	4,604,574	28,699,902
Insurance premiums and fees:			
Premiums	227,563,872	15,729,941	243,293,813
Fees	369,304	----------	369,304
	227,933,176	15,729,941	243,663,117
Other income:			
Miscellaneous income	38,069	118	38,187
Total income	252,066,573	20,334,633	272,401,206
Expenses:			
Administrative expenses:			
Operating costs (including adjustments for prior years)	54,225,965	4,601,354	58,761,452
Other expenses:			
Depreciation on furniture and equipment	264,795	4,111	268,609
Miscellaneous expenses	453,235	14,197	467,432
	718,030	18,308	736,041
Losses and charge-offs:			
Loss on acquired security—properties	106,223	−49	106,174
Loss on equipment	36,853	−865	35,991
Loss on defaulted Title I notes	71,969,873	6,112,743	78,082,616
	72,112,949	6,111,829	78,224,781
Total expenses	127,056,944	10,731,491	137,722,274
Net income before adjustment of valuation allowances	125,009,629	9,603,142	134,678,932
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−4,410	+237	−4,173
Allowance for loss on real estate	----------	----------	----------
Allowance for loss on defaulted Title I notes	−31,935,379	−4,786,734	−36,722,113
Net adjustment of valuation allowances	−31,939,789	−4,786,497	−36,726,286
Net income	93,069,840	4,816,645	97,952,646

STATEMENT 6.—*Income and expense, Title I Insurance Fund, through June 30, 1961 and June 30, 1962*—Con.

ANALYSIS OF INSURANCE RESERVE

	June 3, 1939 to June 30, 1961	July 1, 1961 to June 30, 1962	June 3, 1939 to June 30, 1962
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period	----------	$92,069,840	----------
Adjustment during the period	----------	+66,161	----------
Net income for the period	$93,069,840	4,816,645	$97,952,646
	93,069,840	96,952,646	97,952,646
Capital contributions to other FHA insurance funds	−1,000,000	−3,275,000	−4,275,000
Balance at end of period	92,069,840	93,677,646	93,677,646

shall not exceed 90 per centum 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, 1962, the maximum possible liability of the Title I Insurance Fund for claims was $421,356,131.

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.

Insurance reserves under Title I, established, released, and outstanding at June 30, 1962, 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	115,394,307	----------	46,275,439	$1,389,192
10 percent, reserve of Mar. 1, 1950	1,059,785,735	4,701,971	$495,754,262	144,756,959	414,572,543
Estimated loan reports in process	5,394,396	----------		----------	5,394,396
Sec. 6:					
20 percent, amendment Apr. 22, 1937	297,366	246,498	----------	50,868	----------
10 percent, amendment Apr. 17, 1936	11,913	6,339	----------	5,574	----------
Total	1,510,958,319	326,678,104	495,754,262	267,169,822	421,356,131

TITLE I HOUSING INSURANCE FUND

An amendment of April 20, 1950 to the National Housing Act (Public Law 475, 81st Congress) created the Title I Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Section 8 of Title I of the Act. This section 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, 1962 totaled $8,270,829, against which there were outstanding liabilities of $1,218,697, leaving $7,052,132 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.

The total income of the Title I Housing Insurance Fund for fiscal year 1962 amounted to $878,672, while expenses and losses totaled $142,337, leaving net income of $736,335 before adjustment of the valuation allowances. The valuation allowances were decreased $78,448, resulting in a net income of $814,783 for the year.

Investments

Section 8(i) of the Act provides that moneys in the Title I Housing Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under the fund, provided that such purchases are made at a price that will produce an investment yield of not less than the yield obtainable from other authorized investments. During fiscal year 1962, $178,650 of debentures were redeemed in payment of mortgage insurance premi-

STATEMENT 7.—*Comparative statement of financial condition, Title I Housing Insurance Fund, as of June 30, 1961 and June 30, 1962*

	June 30, 1961	June 30, 1962	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$352,874	$612,166	$259,292
Investments: U.S. Government securities (amortized)	2,203,157	2,048,157	−155,000
Loans receivable:			
Mortgage notes and contracts for deed	3,862,880	4,210,667	347,787
Less allowance for losses	57,943	63,160	5,217
Net loans receivable	3,804,937	4,147,507	342,570
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	14,729	20,030	5,301
Accounts receivable—Other	33	----------	−33
Accounts receivable—Inter-fund	1,776	3,367	1,591
Total accounts and notes receivable	16,538	23,397	6,859
Accrued assets:			
Interest on U.S. Government securities	4,870	4,927	57
Other	22,915	28,042	5,127
Total accrued assets	27,785	32,969	5,184
Acquired security:			
Real estate (at cost plus expenses to date)	1,131,744	1,542,085	410,341
Less allowance for losses	219,117	135,452	−83,665
Net acquired security	912,627	1,406,633	494,006
Total assets	7,317,918	8,270,829	952,911
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	10,618	23,192	12,574
Accrued liabilities: Interest on debentures	13,679	15,091	1,412
Trust and deposit liabilities:			
Fee deposits held for future disposition	----------	----------	----------
Excess proceeds of sale	45,812	67,557	21,745
Deposits held for mortgagors, lessees, and purchasers	60,371	65,928	5,557
Total trust and deposit liabilities	106,183	133,485	27,302
Deferred and undistributed credits:			
Unearned insurance premiums	311,038	224,487	−86,551
Other	22,915	28,042	5,127
Total deferred and undistributed credits	333,953	252,529	−81,424
Bonds, debentures, and notes payable:			
Debentures payable	616,551	794,400	177,849
Total liabilities	1,080,984	1,218,697	137,713
RESERVE			
Insurance reserve—available for future losses and expenses	6,236,934	7,052,132	815,198
Total liabilities and reserve	7,317,918	8,270,829	952,911
Certificates of claim relating to properties on hand	56,760	69,580	12,820

STATEMENT 8.—*Income and expenses, Title I Housing Insurance Fund, through June 30, 1961 and June 30, 1962*

	April 20, 1950 to June 30, 1961	July 1, 1961 to June 30, 1962	April 20, 1950 to June 30, 1962
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$448,471	$54,771	$503,242
Interest—Other	348,275	113,595	461,870
	796,746	168,366	965,112
Insurance premiums and fees:			
Premiums	6,719,683	689,596	7,409,279
Fees	1,664,197		1,664,197
	8,383,880	689,596	9,073,476
Income retained on settled properties	49,866	20,695	70,561
Other income: Miscellaneous income		15	15
Total income	9,230,492	878,672	10,109,164
Expenses:			
Administrative expenses:			
Operating costs (including adjustments for prior years)	3,079,991	99,694	3,179,272
Other expenses:			
Depreciation on furniture and equipment	14,772	111	14,881
Miscellaneous expense		535	535
	14,772	646	15,416
Losses and charge-offs:			
Loss on acquired security	621,912	42,020	663,932
Loss (or profit —) on equipment	−177	−23	−200
	621,735	41,997	663,732
Total expenses	3,716,498	142,337	3,858,420
Net income before adjustment of valuation allowances	5,513,994	736,335	6,250,744
Increase (—) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−57,943	−5,217	−63,160
Allowance for loss on real estate	−219,117	+83,665	−135,452
Net adjustment of valuation allowances	−277,060	+78,448	−198,612
Net income	5,236,934	814,783	6,052,132

ANALYSIS OF INSURANCE RESERVE

Distribtuion net income:			
Insurance reserve:			
Balance at beginning of period		$6,236,934	
Adjustments during the period		+415	
Net income for the period	$5,236,934	814,783	$6,052,132
	5,236,934	7,052,132	6,052,132
Capital contributions from other FHA insurance funds	1,000,000		1,000,000
Balance at end of period	6,236,934	7,052,132	7,052,132

ums and $447,450 were redeemed by debenture calls. During the fiscal year 1962, net redemptions amounting to $155,000 (principal amount) were made for the account of this fund, and at June 30, 1962 the fund held U.S. Government securities in the principal amount of $2,045,000 yielding 2.38 percent as follows:

Investments of the Title I Housing Insurance Fund, June 30, 1962

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1962		$54,524	$55,000	$54,636
1963	2	190,000	190,000	190,000
1964	3	351,382	350,000	350,499
1966	2	500,000	500,000	500,000
1967–72	2½	958,367	950,000	953,022
Average annual yield 2.38 percent		2,054,273	2,045,000	2,048,157

Properties Acquired Under the Terms of Insurance

During fiscal year 1962, 163 properties insured under Title I Section 8 were acquired by the Commissioner under the terms of insurance. Through June 30, 1962 a total of 1,196 homes had been acquired under the Title I Housing Insurance Fund at a total cost of $7,406,555 and 931 had been sold at prices which left a net charge against the fund of $663,932, or an average of $713 per case.

STATEMENT 9.—*Statement of profit and loss on sale of acquired properties, Title I Housing Insurance Fund, through June 30, 1962*

Items	Total TIHI Fund (931 properties)
Proceeds of sale:	
Sales price [1]	$5,200,538
Less commission and other selling expense	239,030
Net proceeds of sales	4,961,508
Income:	
Rental and other income (net)	40,157
Mortgage note income	724,101
Recovery prior to acquisition on defaulted notes	13,840
Total income	778,098
Total proceeds of sold properties	5,739,606
Expenses:	
Debentures and cash adjustments	5,091,699
Asset value acquired after default of purchase money mortgages	−93,312
Purchase of land held under lease	2
Interest on debentures	627,230
Taxes and insurance	121,091
Additions and improvements	665
Maintenance and operating expense	456,080
Service charge	80,627
Miscellaneous	2,232
Total expenses	6,286,314
Net profit (or loss —) before distribution of liquidation profits	−546,708
Less distribution of liquidation profits:	
Certificates of claim	57,010
Increment on certificates of claim	1,746
Refunds to mortgagors	58,468
Loss (—) to Title I Housing Insurance Fund	−663,932

[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	71		$208,528		$208,528
Properties sold for cash and notes (or contracts for deed)	860	860	246,295	$4,745,715	4,992,010
Totals	931	860	454,823	4,745,715	5,200,538

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

STATEMENT 10.—*Turnover of properties acquired under Sec. 8 of Title I contracts of insurance by years, and cumulative through Dec. 31, 1962*

Properties acquired		Properties sold, calendar years											Properties on hand Dec 31, 1962
Years	Number	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	
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		−1	6
1957	219						114	77	5	1	1	−3	24
1958	155							78	58	8	4		7
1959	155								82	56	1		16
1960	146									60	53	12	21
1961	152										31	67	54
1962	171											30	141
Total	1,267		7	55	26	102	162	166	142	142	89	106	270

NOTE.—On the 997 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 7.58 months. The number of properties sold has been reduced by 45 properties repossessed because of default on mortgage notes. Of these repossessions, 31 had been sold by Dec. 31, 1962.

On June 30, 1962, there remained on hand 265 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, 1962

	Title I, Sec. 8 (265 properties)[1]
Expenses:	
Acquisition costs	$1,354,521
Interest on debentures	73,884
Taxes and insurance	41,792
Maintenance and operating	69,245
Additions and improvements	281
Miscellaneous	1,409
Accrued expenses payable	23,030
Total expenses	1,564,162
Income: Rent and other income (net)	22,077
Net acquired security on hand	1,542,085

[1] Includes 16 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 paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim issued in connection with the 931 Section 8 properties which had been acquired and sold through June 30, 1962 totaled $274,965. The amount paid or to be paid on these certificates of claim totaled $57,010, while certificates of claim totaling $217,955 had been or will be canceled.

In addition there were excess proceeds on 201 of the 931 properties sold, amounting to $58,468 for refund to the mortgagors.

TITLE II: MUTUAL MORTGAGE INSURANCE FUND

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

In accordance with Section 202 of the Act, the Mutual Mortgage Insurance Fund was originally allocated the sum of $10 million by the Federal Government. It has been credited with all income received in connection with insurance granted under Section 203, and that received with respect to insurance granted prior to February 3, 1938 under Section 207.

Prior to an 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.

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

Capital

As of June 30, 1962, the assets of the Mutual Mortgage Insurance Fund totaled $1,002,646,135, against which there were outstanding liabilities of $272,085,084, leaving $730,561,051 insurance reserves.

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

STATEMENT 11.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1961 and June 30, 1962*

	June 30, 1961	June 30, 1962	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$25,227,700	$50,605,065	$25,377,365
Investments:			
U.S. Government securities (amortized)	554,691,544	532,272,531	−22,419,013
Other securities (stock in rental housing corporations)	100	100	
Total investments	554,691,644	532,272,631	−22,419,013
Loans receivable:			
Mortgage notes and contracts for deed	59,082,185	137,842,503	78,760,318
Less allowance for losses	900,867	2,138,138	1,237,271
Net loans receivable	58,181,318	135,704,365	77,523,047
Accounts and notes receivable:			
Accounts receivable—Fees and insurance premiums	2,432,092	5,579,525	3,147,433
Accounts receivable—Other	3,721	33,873	30,152
Accounts receivable—Interfund	1,424,132	2,067,601	643,469
Total accounts and notes receivable	3,859,945	7,680,999	3,821,054
Accrued assets:			
Insurance premiums	37,679,932	46,333,103	8,653,170
Interest on U.S. Government securities	2,338,111	2,180,440	−157,670
Other	256,506	537,871	281,365
Total accrued assets	40,274,549	49,051,414	8,776,865
Acquired security:			
Real estate (at cost plus expenses to date)	123,546,891	263,969,499	140,422,608
Less allowance for losses	24,412,659	36,802,836	12,390,177
Net real estate	99,134,232	227,166,663	128,032,431
Mortgage notes acquired under terms of insurance		165,867	165,867
Less allowance for losses		22,869	22,869
Net mortgage notes acquired under terms of insurance		142,998	142,998
Net acquired security	99,134,232	227,309,661	128,175,429
Other assets—held for account of mortgagors	22,000	22,000	
Total assets	781,391,388	1,002,646,135	221,254,747
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	535,978	1,582,174	1,046,196
Group account participations payable	3,455,526	4,813,898	1,358,372
Total accounts payable	3,991,504	6,396,072	2,404,568
Accrued liabilities: Interest on debentures	1,836,665	5,151,574	3,314,909
Trust and deposit liabilities:			
Fee deposits held for future disposition	5,972,202	5,794,061	−178,141
Excess proceeds of sale	748,309	1,185,514	437,205
Deposits held for mortgagors, lessees, and purchasers	1,142,792	2,389,372	1,246,580
Total trust and deposit liabilities	7,863,303	9,368,947	1,505,644
Deferred and undistributed credits:			
Unearned insurance premiums	24,847,702	17,976,122	−6,871,580
Other	273,268	588,019	314,751
Total deferred and undistributed credits	25,120,970	18,564,141	−6,556,829
Bonds, debentures, and notes payable: Debentures payable	93,869,850	232,604,350	138,734,500
Total liabilities	132,682,292	272,085,084	139,402,792

STATEMENT 11.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1961 and June 30, 1962*—Continued

	June 30, 1961	June 30, 1962	Increase or Decrease (−)
RESERVES			
Statutory reserve—for participation payments	$176,201,014	$183,744,579	$7,543,565
Insurance reserve—available for future losses and expenses	472,508,082	546,816,472	74,308,390
Total reserves	648,709,096	730,561,051	81,851,955
Total liabilities and reserves	781,391,388	1,002,646,135	221,254,747
Certificates of claim relating to properties on hand	4,685,520	9,671,495	4,985,975

Income and Expenses

During fiscal year 1962 the income to the fund amounted to $180,001,559, while expenses and losses amounted to $68,587,988, leaving $111,413,571 net income before adjustment of valuation allowances. After the valuation allowances had been increased $13,650,317, the net income for the year was $97,763,254.

The cumulative income of the Mutual Mortgage Insurance Fund from June 30, 1934 to June 30, 1962 amounted to $1,474,612,467, while cumulative expenses amounted to $566,961,155, leaving $907,651,312 net income before adjustment of valuation allowances. After $38,963,843 had been allocated to valuation allowances, the cumulative net income amounted to $868,687,469.

STATEMENT 12.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1961 and June 30, 1962*

	June 30, 1934 to June 30, 1961	July 1, 1961 to June 30, 1962	June 30, 1934 to June 30, 1962
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$119,968,136	$17,388,189	$137,356,325
Interest—other	2,429,585	−336,102	2,093,483
Interest on mortgage notes		4,557	4,557
Dividends on rental housing stock	311		311
	122,398,032	17,056,644	139,454,676
Insurance premiums and fees:			
Premiums	959,933,674	142,167,699	1,102,101,373
Fees	208,719,454	17,807,383	226,526,837
	1,168,653,128	159,975,082	1,328,628,210
Other income:			
Profit on sale of investments	1,829,815	12,445	1,842,260
Income retained on settled properties	1,723,054	2,957,382	4,680,436
Miscellaneous income	6,879	6	6,885
	3,559,748	2,969,833	6,529,581
Total income	1,294,610,908	180,001,559	1,474,612,467
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)	467,373,319	51,222,929	518,551,313

STATEMENT 12.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1961 and June 30, 1962*—Continued

	June 30, 1934 to June 30, 1961	July 1, 1961 to June 30, 1962	June 30, 1934 to June 30, 1962
Expenses—Continued			
Other expenses:			
Depreciation on furniture and equipment	$2,319,396	$44,868	$2,364,061
Miscellaneous expenses	17,764	48,198	65,962
	2,337,160	93,066	2,430,023
Losses and charge-offs:			
Loss on acquired security	11,714,430	17,281,439	28,995,869
Loss (or profit−) on equipment	−66,453	−9,446	−75,897
	11,647,977	17,271,993	28,919,972
Total expenses	498,418,303	68,587,988	566,961,155
Net income before adjustment of valuation allowances	796,192,605	111,413,571	907,651,312
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−900,867	−1,237,271	−2,138,138
Allowance for loss on real estate	−24,412,659	−12,390,177	−36,802,836
Allowance for loss on mortgage notes acquired under terms of insurance		−22,869	−22,869
Net adjustment of valuation allowances	−25,313,526	−13,650,317	−38,963,843
Net income	770,879,079	97,763,254	868,687,469

ANALYSIS OF INSURANCE RESERVE

Distribution of net income:			
Statutory reserve:			
Balance at beginning of period		$176,201,014	
Adjustments during the period			
Net income allocated for the period	$297,370,997	23,500,000	$320,870,997
	297,370,997	199,701,014	320,870,997
Participations in mutual earnings distributed	−121,169,983	−15,956,435	−137,126,418
Balance at end of period	176,201,014	183,744,579	183,744,579
Insurance reserve:			
Balance at beginning of period		472,508,082	
Adjustments during the period		+45,136	
Net income for the period	473,508,082	74,263,254	547,816,472
	473,508,082	546,816,472	547,816,472
Capital contributions to other FHA insurance funds	−1,000,000		−1,000,000
Balance at end of period	472,508,082	546,816,472	546,816,472
Total reserves at end of period	648,709,096	730,561,051	730,561,051

Investments

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

During the fiscal year 1962, $41,461,550 in debentures were redeemed in payment of mortgage insurance premiums, $43,606,700 were redeemed by debenture calls, $164,800 were redeemed by reason of maturity and $303,550 were redeemed in exchange of mortgage notes for debentures.

Net redemptions of U.S. Government securities made during the fiscal year decreased the holdings of the fund by $23,457,000 (principal amount). On June 30, 1962, the fund held U.S. Government securities in the principal amount of $539,259,350, yielding 3.18 percent, as follows:

Investments of the Mutual Mortgage Insurance Fund, June 30, 1962

Series	Interest rate	Purchase price	Par value	Book value (amortized)
1962	----------	$4,200,557	$4,235,000	$4,207,063
1962	3¼	8,344,594	8,100,000	8,120,697
1962-67	2½	5,000,000	5,000,000	5,000,000
1963	4⅞	19,287,625	19,300,000	19,295,480
1963-68	2½	26,778,078	27,200,000	26,982,057
1964	3	16,636,870	16,400,000	16,472,586
1964	3¾	48,288,075	48,318,000	48,303,100
1964	4¾	12,200,600	12,117,000	12,153,145
1964-69	2½	77,062,079	81,660,000	78,406,572
1965	2⅝	24,466,516	26,550,000	25,557,740
1965	4⅝	39,870,916	39,820,000	39,851,615
1965-70	2½	41,575,359	43,050,000	42,027,144
1966	3	5,478,312	5,950,000	5,633,452
1966	3⅜	3,500,000	3,500,000	3,500,000
1966-71	2½	29,897,742	31,000,000	30,232,184
1967	2	15,109,000	15,109,000	15,109,000
1967	3⅝	7,890,000	7,890,000	7,890,300
1967-72	2½	137,244,134	137,567,000	137,037,346
NDHI debentures	2½	3,227,700	3,227,700	3,227,700
NDHI debentures	2¾	3,265,650	3,265,650	3,265,650
Average annual yield 3.18 percent		529,323,807	539,259,350	532,272,531

Properties Acquired Under the Terms of Insurance

Twenty thousand six hundred and ninety-five properties and 19 assigned mortgage notes insured under Section 203 were acquired by the Commissioner during the fiscal year 1962 under the terms of insurance. Through June 30, 1962, a total of 45,046 home properties and 19 assigned mortgage notes had been acquired under the Mutual Mortgage Insurance Fund at a total cost of $477,850,074. Statement 13 shows the turnover of Section 203 acquired properties since the acquisition of the first such property in 1936 through December 31, 1962.

Through June 30, 1962, 21,646 acquired properties insured under Section 203 had been sold at prices which left a net charge against the fund of $28,995,869, or an average of approximately $1,339 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 and mortgage notes assigned under Sec. 203 of Title II contracts of insurance by years, and cumulative through Dec. 31, 1962*

Properties acquired: Year	Number	Properties sold, by calendar years: 1936-47	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	Properties and notes on hand Dec. 31, 1962
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	2	2
1952	282						142	86	13	20	5	8	7				-2	3
1953	263							88	84	49	28	10	4					
1954	427								162	174	36	21			14	1		10
1955	485									199	213	20	9	7	7	1	-13	42
1956	1,572										279	391	50	51	80	49	329	343
1957	910											372	273	34	17	35	48	131
1958	1,328												501	337	53	29	271	137
1959	1,828													648	682	116	77	305
1960	5,082														1,214	2,009	724	1,135
1961	15,119															2,247	6,913	5,959
1962	24,656																5,622	19,034
Total	56,692	4,067	2	19	84	291	340	202	277	457	508	830	845	1,076	2,067	4,485	13,971	27,111

NOTE.—On the 29,581 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 9.10 months. The number of properties sold has been reduced by 318 properties repossessed because of default on mortgage notes. Of these repossessions, 149 and been sold by Dec. 31, 1962.

STATEMENT 14.—*Statement of profit and loss on sale of acquired properties, Mutual Mortgage Insurance Fund, through June 30, 1962*

Item	Sec. 203 (21,646 properties)	Sec. 207 1 property (265 units)	Total MMI Fund (21,647 properties)
Proceeds of sales:			
Sales price ¹	$184,718,839	$1,000,000	$185,718,839
Less commission and other selling expenses	8,286,232	----------	8,286,232
Net proceeds of sales	176,432,607	1,000,000	177,432,607
Income:			
Rental and other income (net)	2,953,063	----------	2,953,063
Mortgage note income	9,326,957	----------	9,326,957
Recovery prior to acquisition on defaulted notes	180,801	----------	180,801
Total income	12,460,821	----------	12,460,821
Total proceeds of sold properties	188,893,428	1,000,000	189,893,428
Expenses:			
Debentures and cash adjustments	187,406,803	942,145	188,348,948
Asset value acquired after default of purchase money mortgages	-1,004,977	----------	-1,004,977
Purchase of land held under lease	654	----------	654
Interest on debentures	13,305,780	18,387	13,324,167
Taxes and insurance	3,947,636	5,012	3,952,648
Additions and improvements	251,329	----------	251,329
Maintenance and operating expense	10,638,905	----------	10,638,905
Service charge	452,817	----------	452,817
Miscellaneous expense	13,215	1,669	14,884
Total expenses	215,012,162	967,213	215,979,375
Net profit (or loss –) before distribution of liquidation profits	-26,118,734	32,787	-26,085,947
Less distribution of liquidation profits:			
Certificates of claim	1,576,007	31,532	1,607,539
Increment on certificates of claim	80,792	1,255	82,047
Refunds to mortgagors	1,220,336	----------	1,220,336
Loss (–) to Mutual Mortgage Insurance Fund	-28,995,869	----------	-28,995,869

¹ Analysis of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	2,023	-------	$12,808,049	----------	$12,808,049
Properties sold for cash and notes (or contracts for deed)	19,623	18,997	9,763,380	$162,147,410	171,010,790
Total	21,646	18,997	22,571,429	162,147,410	184,718,839

On June 30, 1962, 23,400 home properties and 19 assigned mortgage notes insured under the Mutual Mortgage Insurance Fund were held by the FHA. The cost of these properties was:

Mutual Mortgage Insurance Fund, statement of properties and assigned mortgage notes on hand at June 30, 1962

	Sec. 203: 23,400 properties ¹	Sec. 203: 19 mortgage notes	Total 23,400 properties, 19 mortgage notes
Expenses:			
Acquisition costs	$247,020,000	$165,867	$247,185,867
Interest on debentures	10,064,378	----------	10,064,378
Taxes and insurance	2,964,803	----------	2,964,803
Additions and improvements	47,500	----------	47,500
Maintenance and operating	3,883,791	----------	3,883,791
Miscellaneous	9,468	----------	9,468
Accrued expenses payable	1,482,235	----------	1,482,235
Total expenses	265,472,175	165,867	265,638,042
Income: Rental and other income (net)	1,502,676	----------	1,502,676
Net acquired security on hand	263,969,499	165,867	264,135,366

¹ Includes 121 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, 1962 totaled $9,633,059. The amount paid or to be paid on these certificates of claim totaled $1,607,539 (approximately 15 percent), while certificates of claim totaling $8,025,520 (approximately 85 percent) had been or will be canceled.

In addition, there were excess proceeds on approximately 12 percent (or 2,679) of the 21,646 sold properties amounting to $1,220,336, for refund to mortgagors. This amount represents $453,703 paid and $743,024 payable on 2,561 cases, and $23,609 held in trust for 118 payees whose whereabouts are unknown. The average refund per case amounted to $456.

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 18½ years following that date total payments of $137,126,418 were made or accrued on 1,082,876 insured loans. This amount represents $132,312,520 paid and $4,286,345 payable on 1,074,350 cases, and $527,553 held in trust for 8,526 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. 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 in amounts up to $10,000 per dwelling unit.

The purpose of this 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, 1962, the assets of the Section 203 Home Improvement Account totaled $877,392. The insurance reserve of the fund amounted to $877,392 represented by $1 million capital contributions from other FHA insurance funds and a net expense of $122,608.

During the fiscal year 1962, the income of the fund amounted to $35,839, while expenses amounted to $158,447, leaving a net expense of $122,608. From inception June 30, 1961, to June 30, 1962, the operations of the account resulted in a net expense of $122,608.

Investments

Section 203(k) of the Act provides that moneys in the Title II Section 203 Home Improvement Account 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 guaranteed as to principal and interest by the United States. During the fiscal year 1962, net investments amounting to $850,000 (principal amount) were made for the account of this fund, and at June 30, 1962 the fund held U.S. Government securities in the principal amount of $850,000, yielding 2.00 percent, as follows:

STATEMENT 15.—*Comparative statement of financial condition, Sec. 203 Home Improvement Account, as of June 30, 1961 and June 30, 1962*

	June 30, 1961	June 30, 1962	Increase or decrease (–)
ASSETS			
Cash with U.S. Treasury	$1,000,000	$21,231	–$978,769
Investments: U.S. Government securities (amortized)		850,000	850,000
Accounts and notes receivable:			
Accounts receivable—Fees		3,500	3,500
Accounts receivable—Interfund		1,862	1,862
		5,362	5,362
Accrued assets: Insurance premiums		799	799
Total assets	1,000,000	877,392	–122,608
RESERVE			
Insurance reserve—available for future losses and expenses	1,000,000	877,392	–122,608

STATEMENT 16.—*Income and expenses, Sec. 203 Home Improvement Account, through June 30, 1961 and June 30, 1962*

	June 30, 1961	July 1, 1961 to June 30, 1962	June 30, 1961 to June 30, 1962
Income:			
Interest and dividends:			
Interest on U.S. Government securities		$13,786	$13,786
Insurance premiums and fees:			
Premiums		848	848
Fees		21,205	21,205
		22,053	22,053
Total income		35,839	35,839
Expenses:			
Administrative expenses:			
Operating costs (including adjustments for prior years)		158,334	158,334
Other expenses:			
Depreciation on furniture and equipment		113	113
Total expenses		158,447	158,447
Net income or loss (–)		–122,608	–122,608
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		$1,000,000	
Net income (or loss–) for the period		–122,608	–$122,608
		877,392	–122,608
Capital contributions from other FHA insurance funds	$1,000,000		1,000,000
Balance at end of period	1,000,000	877,392	877,392

Investments of the Sec. 203 Home Improvement Account, June 30, 1962

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1966	2	$850,000	$850,000	$850,000
Average annual yield 2.00 percent		850,000	850,000	850,000

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 housing for nursing homes insured under Section 232 are liabilities of the Housing Insurance Fund, which was established by an amendment to the National Housing Act approved February 3, 1938.

Section 213, which was added to the Act by an amendment approved April 20, 1950, authorizes the insurance of mortgages on cooperative housing properties. To be eligible for insurance under Section 213, the mortgagor must be a nonprofit cooperative ownership housing corporation, the permanent occupancy of the dwellings being restricted to members (management type project), or a nonprofit corporation organized for the purpose of building homes for members (sales type project), or a corporation (investor sponsor) intending to sell proposed or rehabilitated housing on completion to a nonprofit cooperative ownership housing corporation. In a sales type project, when all the houses are completed the individual properties may be released from the blanket mortgage, and individual mortgages on the released properties may be insured under Section 213.

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 a management-type cooperative project for improvements and repairs or necessary community facilities.

Sections 231 and 232 were added to the Act by amendments approved September 23, 1959.

Section 231 authorizes the insurance of multifamily property 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 multifamily property 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 multifamily property, after deducting all costs incident to the acquisition, handling, and final disposition of the property, 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, 1962 totaled $70,861,276, against which there were outstanding liabilities of $57,833,503. The insurance reserve of the fund amounted to $13,027,773, represented by $4,400,000 capital con-

STATEMENT 17.—*Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1961 and June 30, 1962*

	June 30, 1961	June 30, 1962	Increase or decrease (–)
ASSETS			
Cash with U.S. Treasury	$2,769,598	$7,194,568	$4,424,970
Investments:			
U.S. Government securities (amortized)	7,316,584	8,061,256	744,672
Other securities (stock in rental housing corporations)	97,100	108,500	11,400
Total investments	7,413,684	8,169,756	756,072
Loans receivable:			
Mortgage notes and contracts for deed	6,866,526	8,848,467	1,981,941
Less allowance for losses	202,527	253,687	51,160
Net loans receivable	6,663,999	8,594,780	1,930,781

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STATEMENT 17.—*Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1961 and June 30, 1962*—Continued

	June 30, 1961	June 30, 1962	Increase or decrease (−)
ASSETS—continued			
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	$278,174	$292,567	$14,393
Accounts receivable—Other		1,915	1,915
Accounts receivable—Interfund	53,074	145,957	92,883
Total accounts and notes receivable	331,248	440,439	109,191
Accrued assets:			
Insurance premiums	448,244	522,905	74,661
Interest on U.S. Government securities	3,437	3,437	
Other	361,527	387,002	25,475
Total accrued assets	813,208	913,344	100,136
Acquired security:			
Real estate (at cost plus expenses to date)	15,928,087	28,547,419	12,619,332
Less allowance for losses	6,399,573	9,409,670	3,010,097
Net real estate	9,528,514	19,137,749	9,609,235
Mortgage notes acquired under terms of insurance	38,380,360	44,319,437	5,939,077
Less allowance for losses	20,210,921	18,109,390	−2,101,531
Net mortgage notes acquired under terms of insurance	18,169,439	26,210,047	8,040,608
Net acquired security	27,697,953	45,347,796	17,649,843
Other assets—held for account of mortgagors	162,035	200,593	38,558
Total assets	45,851,725	70,861,276	25,009,551
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	16,552	61,118	44,566
Accrued liabilities: Interest on debentures	643,482	891,914	248,432
Trust and deposit liabilities:			
Excess proceeds of sale	44,906	47,909	3,003
Deposits held for mortgagors, lessees, and purchasers	701,093	802,091	100,998
Total trust and deposit liabilities	745,999	850,000	104,001
Deferred and undistributed credits:			
Unearned insurance premiums	4,469,506	6,183,419	1,713,913
Unearned insurance fees	767,603	589,371	−178,232
Other	361,526	387,002	25,476
Total deferred and undistributed credits	5,598,635	7,159,792	1,561,157
Bonds, debentures, and notes payable: Debentures payable	32,698,050	48,417,200	15,719,150
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	390,740	453,479	62,739
Total liabilities	40,093,458	57,833,503	17,740,045
RESERVE			
Insurance reserve—available for future losses and expenses	5,758,267	13,027,773	7,269,506
Total liabilities and reserve	45,851,725	70,861,276	25,009,551
Certificates of claim relating to properties on hand	1,083,965	1,516,411	432,446

STATEMENT 18.—*Income and expenses, Housing Insurance Fund, through June 30, 1961 and June 30, 1962*

	Feb. 3, 1938 to June 30, 1961	July 1, 1961 to June 30, 1962	Feb. 3, 1938 to June 30, 1962
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$2,025,823	$193,864	$2,219,687
Interest—Other	2,852,721	826,087	3,678,808
Dividends on rental housing stock	4,318	275	4,593
	4,882,862	1,020,226	5,903,088
Insurance premiums and fees:			
Premiums	39,801,038	10,189,479	49,990,517
Fees	21,114,838	5,654,956	26,769,794
	60.915,876	15,844.435	76,760,311
Other income:			
Profit on sale of investments	95,416		95,416
Income retained on settled properties	35,896	45,982	81,878
	131,312	45,982	177,294
Total income	65,930,050	16,910,643	82,840,693
Expenses:			
Interest expenses: Interest on funds advanced by U.S. Treasury	1,386,666		1,386,666
Administrative expenses: Operating costs (including adjustments for prior years)	34,168,055	7,295,966	41,688,266
Other expenses:			
Depreciation on furniture and equipment	175,292	6,592	182,896
Miscellaneous expenses	200	1,030	1,230
	175,492	7,622	184,126
Losses and charge-offs:			
Loss (or profit −) on acquired security	2,032,847	1,153,965	3,186,812
Loss (or profit −) on equipment	−4,298	−1,388	−5,697
	2,028,549	1,152,577	3,181,115
Total expenses	37,758,762	8,456,165	46,440,173
Net income before adjustment of valuation allowances	28,171,288	8,454,478	36,400,520
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−202,527	−51,160	− 253,687
Allowance for loss on real estate	−6,399,573	−3,010,097	−9,409,670
Allowance for loss on mortgage notes acquired under terms of insurance	−20,210,921	2,101,531	−18,109,390
Net adjustment of valuation allowances	−26,813,021	−959,726	−27,772,747
Net income	1,358,267	7,494,752	8,627,773

ANALYSIS OF INSURANCE RESERVE

Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		$5,758,267	
Adjustments during the period		−225,246	
Net income for the period	$1,358,267	7,494,752	$8,627,773
	1,358,267	13,027,773	8,627,773
Capital contributions from other FHA insurance funds	4,400,000		4,400,000
Balance at end of period	5,758,267	13,027,773	13,027,773

tributions from other FHA insurance funds and earnings of $8,627,773.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed to this fund by the U.S. Government for salaries and expenses in the amount of $4,170,024 was established as a liability of the fund as of June 30, 1953. This amount, together with interest thereon in the amount of $1,386,666, was repaid during fiscal year 1954, the final payment being made on October 31, 1953.

During the fiscal year 1962 the income of the fund amounted to $16,910,643, while expenses and losses amounted to $8,456,165, leaving $8,454,478 net income before adjustment of valuation allowances. After the valuation allowances had been increased by $959,726, a net income of $7,494,752 resulted for the fiscal year.

Investments

Section 207(p) of the National Housing Act provides that excess moneys not needed for current operations under the Housing Insurance Fund shall be deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States, or, with the approval of the Secretary of the Treasury, used for the purchase of debentures issued under Section 207 and Section 204. In the fiscal year 1962, $3,733,250 of debentures were redeemed in payment of mortgage insurance premiums and $2,206,500 were redeemed by debenture calls. During the fiscal year 1962, net investments amounting to $750,000 (principal amount) were made for the account of this fund, and at June 30, 1962 the funds held U.S. Government securities in the principal amount of $8,068,000, yielding 2.29 percent, as follows:

Investments of the Housing Insurance Fund, June 30, 1962

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1962		$1,080,015	$1,090,000	$1,082,832
1962-67	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	2	148,000	148,000	148,000
1967–1972	2½	1,801,438	1,800,000	1,800,424
Average annual yield 2.29 percent		8,059,453	8,068,000	8,061,256

Property Acquired Under the Terms of Insurance

During fiscal year 1962, 17 additional multifamily properties or assigned mortgage notes (1,363 units) were acquired by the FHA Commis-

Housing Insurance Fund, statement of properties and assigned mortgage notes on hand as of June 30, 1962

	Multifamily				Sec. 213 homes, 615 properties, [3] 616 units	Total 635 properties, 51 mortgage notes, 8,393 units
	Sec. 207		Sec. 213			
	15 projects, 2,169 units	45 mortgage notes, 4,768 units	5 projects, 319 units [1]	6 mortgage notes, 521 units [2]		
Expenses:						
Acquisition costs	$13,467,995	[4] $40,018,931	$6,092,093	[4] $5,450,237	$7,901,592	$72,930,848
Interest on debentures	1,710,460	2,666,700	282,711	395,092	313,855	5,368.818
Taxes and insurance	686,850		62,827		62,977	812,654
Additions and improvements	15,122					15,122
Maintenance and operating	1,201,115		57,752		134,003	1,392,873
Service charge		85,377		10,932		96,309
Miscellaneous	31,212	5,225	12,451	3,240	1,347	53,475
Accrued expenses payable	20,360		46		39,932	60,338
Total expenses	17,133,117	42,776,233	6,507,880	5,859,501	8,453.706	80,730,437
Income and recoveries:						
Rent and other (net)	2,372,540	2,982,494	244,333	328,227	1,315	5,928,909
Collections on mortage notes		677,705		225,401		903,106
Undisbursed mortgage proceeds				102,471		102,471
Total income	2,372,540	3,660,199	244,333	656,099	1,315	6,934,486
Proceeds from partial sales of multifamily projects:						
Estimated net investment (sales price)			−929,095			−929,095
Net acquired security on hand	14,760,577	39,116,034	5,334,452	5,203,402	8,452,391	72,866,856

[1] Excludes 82 units in two partially sold multifamily properties with estimated net investment of $929,095.
[2] Includes 17 units released in accordance with the provisions of the mortgage.
[3] Includes 14 properties and one large-scale unit repossessed and carried at the asset value at time of repossession.
[4] See following table:

	Sec. 207	Sec. 213	Total
Outstanding balance of notes receivable at date of acquisition	$40,018,931	$5,450,237	$45,469,168
Less:			
Collection to principal	677,705	225,401	903,106
Undisbursed mortgage proceeds		102,471	102,471
Unpaid principal balance	39,341,226	5,122,365	44,463,591

sioner under the terms of mortgage insurance of Section 207. Four Section 213 multifamily properties or assigned mortgage notes (399 units) were acquired during the fiscal year, and partial sales of 21 units were made on 2 multifamily properties. Under Section 213 home properties, 506 were acquired under the terms of insurance and 117 were sold during fiscal year 1962.

Through June 30, 1962, a cumulative total of 90 rental housing properties or assigned mortgage notes (11,959 units) insured under Sections 207–210 had been acquired under the terms of insurance: 13 multifamily properties or multifamily mortgage notes (1,091 units) and 1,015 home properties (1,016 units) insured under Section 213 had been acquired. Twenty-eight multifamily properties (3,874 units) and 2 mortgage notes (1,148 units) insured under Sections 207–210, and under Section 213 1 multifamily property (108 units) and 1 mortgage note (143 units) and 400 home properties had been sold or liquidated. The acquired security on hand at June 30, 1962 in the Housing Insurance Fund is shown on page 173.

An analysis of properties sold and assigned notes liquidated is shown in Statement 19.

In addition to the rental housing properties acquired under the Housing Insurance Fund, one Section 207 multifamily property insured under the Mutual Mortgage Insurance Fund had been acquired and sold at no loss to that fund.

The turnover of Section 207 and Section 213 acquired security, by calendar year, is given on page 175.

Certificates of Claim and Refunds to Mortgagors

Certificates of claim issued in connection with the 28 multifamily properties sold and two mortgage notes liquidated under Sections 207–210 through June 30, 1962 totaled $418,417. The amount paid or to be paid on these certificates totaled $150,125, and the amount canceled or to be canceled, $268,292. In addition, excess proceeds in the amount of $172,289, on three multifamily properties had been refunded to mortgagors in accordance with provisions of the Act prior to amendment of August 10, 1948. The Housing Act amendment of 1948 eliminated refunds to mortgagors on multifamily properties, on a retroactive basis, under all titles and sections of the Act.

As a result of insurance under Section 213, two certificates of claim totaling $39,337 had been issued in connection with one multifamily property acquired and sold and one mortgage note assigned under terms of insurance and subsequently liquidated. Of this amount, $30,242 was to be paid and $9,095 canceled. In addition, certificates of claim in the amount of $168,592 were issued on 400 Section 213 homes sold. The amount paid or to be paid on the certificates of claim issued on Section 213 home properties totaled $7,123, and the amount canceled or to be canceled totaled $161,469. In addition, there were excess proceeds on 11 Section 213 home properties amounting to $4,653 for refund to mortgagors.

STATEMENT 19.—*Statement of profit and loss on sale of acquired properties, and assigned mortgage notes liquidated, Housing Insurance Fund, through June 30, 1962*

	Multifamily		Homes, Sec. 213, 400 properties (400 units)	Total HI Fund, 429 properties, 3 mortgage notes (5,073 units)
	Secs. 207–210	Sec. 213		
	28 properties and 2 mortgage notes (5,022 units)	1 property, 1 mortgage note (251 units)[2]		
Proceeds of sales:				
Sales price [1]	$19,689,295	[2]$2,643,995	$3,524,167	$25,857,457
Less commissions	23,938	9,228	159,566	192,732
Net proceeds of sales	19,665,357	2,634,767	3,364,601	25,664,725
Income:				
Rental and other income (net)	2,615,864	18,390	21,845	2,656,099
Mortgage note income	3,741,524	641,782	224,500	4,607,806
Recovery prior to acquisition on defaulted notes	8,037	975	7,231	16,243
Total income	6,365,425	661,147	253,576	7,280,148
Total proceeds of sold properties	26,030,782	3,295,914	3,618,177	32,944,873
Expenses:				
Debentures and cash adjustments	21,326,387	1,703,327	3,827,079	26,856,793
Asset value acquired after default of purchase money mortgages		−9,233	−128,769	−138,002
Purchase of land held under lease			39	39
Estimated net investment on partial sales of multifamily properties		929,095		929,095
Interest on debentures	4,798,096	440,964	297,811	5,536,871
Taxes and insurance	725,082	3,943	66,529	795,554
Additions and improvements	221,846	82		221,928
Maintenance and operating expense	1,218,787	22,384	187,892	1,429,063
Service charge	21,650	23,274	19,663	64,587
Miscellaneous expense	46,531	551	1,366	48,448
Total expenses	28,358,379	3,114,387	4,271,610	35,744,376
Net profit (or loss −) before distribution of liquidation profits	−2,327,597	181,527	−653,433	−2,799,503
Less distribution of liquidation profits:				
Certificates of claim	150,125	30,242	7,123	187,490
Increment on certificates of claim	13,456	9,197	224	22,877
Refunds to mortgagors	172,289		4,653	176,942
Loss (−) to Housing Insurance Fund	−2,663,467	142,088	−665,433	−3,186,812

[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	48		$3,894,150		$3,894,150
Properties sold for cash and notes (or contracts for deed)	384	653	775,084	$21,188,223	21,963,307
Total	432	653	4,669,234	21,188,223	25,857,457

[2] Includes $929,095 for 82 units of 2 partially sold multifamily properties.

STATEMENT 20.—*Turnover of properties acquired and mortgage notes assigned under Sec. 207 of Title II contracts of insurance, by years and cumulative through Dec. 31, 1962*

Properties and notes acquired		Properties and notes sold, by calendar years											Properties and notes on hand Dec. 31, 1962
Year	Number	1940–52	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	
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	1	6
1959	6										2		4
1960	13												13
1961	17												17
1962	17												17
Total	96	18		2		3	2		1		5	1	64

NOTE.—The number of properties and notes sold has been reduced by one property repossessed because of default on mortgage notes. The repossessed property has been resold. On the 32 properties sold the average time between acquisition and sale by the Federal Housing Administration was 33.87 months.

STATEMENT 21.—*Turnover of properties acquired and mortgage notes assigned under Sec. 213 of Title II contracts of insurance by years and cumulative through Dec. 31, 1962*

Properties and notes acquired		Properties and notes sold, by calendar years											Properties and notes on hand Dec. 31, 1962
Year	Number	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	
1952	1			1									
1953	2						1						1
1954	3			1	1	1							
1955	14				4	8	2						
1956	64					20	18	5	−2		−2	3	22
1957	72						35	21	3	6	1	2	4
1958	53							21	10	15	−1	1	7
1959	87								12	47	6	5	17
1960	114									32	26	10	46
1961	250										20	130	100
1962	755											137	618
Total	1,415			2	5	29	56	47	23	100	50	288	[1]815

[1] Includes 802 of the 1,398 home properties acquired.

NOTE.—On the 596 home properties sold, the average time between acquisition and sale by the Federal Housing Administration was 8.98 months; on the 4 multifamily projects sold the average time was 42.40 months.

The number of properties sold has been reduced by 28 properties repossessed because of default on mortgage notes. Seventeen of the repossessed properties had been resold by Dec. 31, 1962.

The certificate of claim issued in connection with the only rental housing project acquired under the Mutual Mortgage Insurance Fund amounted to $31,532. This certificate of claim had been paid in full with increment thereon in the amount of $1,255.

TITLE II: SECTION 220 HOUSING INSURANCE FUND

The Section 220 Housing Insurance Fund was created by Section 220 of the National Housing Act as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Congress). This section authorizes insurance by the FHA of mortgages on homes and rental properties located in an urban redevelopment area for which a Federal-aid contract was executed or approved before August 2, 1954, or in an urban renewal area which the Housing and Home Finance Administrator has determined to be appropriate for an urban renewal project and located in a city for which the Administrator has approved a workable program presented by the local authorities for preventing the spread of blight and eliminating and preventing slum conditions. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of $1 million from the War Housing Insurance Fund.

Capital and Net Income

At June 30, 1962, assets of the fund totaled $6,444,898. There were outstanding liabilities of $1,545,141 and insurance reserve of $4,899,757, of which $1 million was transferred from the War Housing Insurance Fund and $3,899,757 was net operating income.

During the fiscal year 1962, the income to the fund amounted to $3,070,705 while expenses and losses amounted to $1,045,874, leaving $2,024,831 net income before adjustment of valuation allowances. After the valuation allowances had been increased $1,145,992, the net income for the year was $878,839.

STATEMENT 22.—*Comparative statement of financial condition, Sec. 220 Housing Insurance Fund, as of June 30, 1961 and June 30, 1962*

	June 30, 1961	June 30, 1962	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$448,295	$1,765,853	$1,317,558
Investments:			
U.S. Government securities (amortized)	4,288,433	2,937,785	−1,350,648
Other securities (stock in rental housing corporations)	8,800	10,100	1,300
Total investments	4,297,233	2,947,885	−1,349,348
Loans receivable:			
Mortgage notes and contracts for deed	31,277	64,655	33,378
Less allowance for losses	469	970	501
Net loans receivable	30,808	63,685	32,877
Accounts and notes receivable:			
Accounts receivable—Fees and insurance premiums	85,090	142,160	57,070
Accounts receivable—Inter-fund	7,720	20,972	13,252
Total accounts and notes receivable	92,810	163,132	70,322
Accrued assets:			
Insurance premiums	32,308	44,165	11,858
Interest on U.S. Government securities	5,036	4,989	−47
Other	337	39,253	38,915
Total accrued assets	37,681	88,407	50,726
Acquired security:			
Real estate (at cost plus expenses to date)	40,670	353,196	312,526
Less allowance for losses	5,895	79,536	73,641
Net real estate	34,775	273,660	238,885
Mortgage notes acquired under terms of insurance		2,214,126	2,214,126
Less allowance for losses		1,071,850	1,071,850
Net mortgage notes acquired under terms of insurance		1,142,276	1,142,276
Net acquired security	34,775	1,415,936	1,381,161
Total assets	4,941,602	6,444,898	1,503,296
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies		33,754	33,754
Accrued liabilities: Interest on debentures	161	2,190	2,029
Trust and deposit liabilities:			
Fee deposits held for future disposition	15,100	22,325	7,225
Excess proceeds of sale		1,786	1,786
Deposits held for mortgagors, lessees, and purchasers	234	17,161	16,927
	15,334	41,272	25,938
Deferred and undistributed credits:			
Unearned insurance premiums	837,657	1,250,039	412,382
Unearned insurance fees	58,965	61,117	2,153
Other	1,255	40,029	38,773
Total deferred and undistributed credits	897,877	1,351,185	453,308
Bonds, debentures, and notes payable: Debentures payable	9,900	95,050	85,150
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance		21,690	21,690
Total liabilities	923,272	1,545,141	621,869

STATEMENT 22.—*Comparative statement of financial condition, Sec. 220 Housing Insurance Fund, as of June 30, 1961 and June 30, 1962*—Continued

	June 30, 1961	June 30, 1962	Increase or decrease (−)
RESERVE			
Insurance reserve—available for future losses and expenses	$4,018,330	$4,899,757	$881,427
Total liabilities and reserve	4,941,602	6,444,898	1,503,296
Certificates of claim relating to properties on hand	1,147	50,058	48,911

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 1962, $35,000 of debentures were redeemed in payment of mortgage insurance premiums and $2,143,700 were redeemed by debenture calls. During the fiscal year 1962 net redemptions of $1,360,000 (principal amount) were made for the account of this fund, and at June 30, 1962 the fund held U.S. Government securities in the principal amount of $2,940,000, yielding 2.61 percent, as follows:

Investments of the Sec. 220 Housing Insurance Fund, June 30, 1962

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1962		$331,951	$335,000	$332,785
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
1967	2	450,000	450,000	450,000
Average annual yield 2.61 percent		2,936,951	2,940,000	2,937,785

Properties Acquired Under the Terms of Insurance

During fiscal year 1962, 1 mortgage note assigned (132 units) and 32 home properties insured under Title II, Section 220 were acquired by the Commissioner under the terms of insurance and 3 were sold. Through June 30, 1962, a total of 39 home properties had been acquired at a total cost of $428,572, and 6 had been sold at prices which

STATEMENT 23.—*Income and expenses, Sec. 220 Housing Insurance Fund, through June 30, 1961 and June 30, 1962*

	Aug. 2, 1954 to June 30, 1961	July 1, 1961 to June 30, 1962	Aug. 2, 1954 to June 30, 1962
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$267,116	$118,044	$385,160
Interest—Other	130	16,849	16,979
	267,246	134,893	402,139
Insurance premiums and fees:			
Premiums	3,305,509	1,715,132	5,020,641
Fees	2,949,440	1,218,541	4,167,987
	6,254,955	2,933,673	9,188,628
Other income:			
Profit on sale of investments		27	27
Income retained on settled properties	366	2,112	2,478
	366	2,139	2,505
Total income	6,522,567	3,070,705	9,593,272
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	3,479,415	1,040,515	4,517,354
Other expenses:			
Depreciation on furniture and equipment	16,029	932	16,949
Miscellaneous expense		19	19
	16,029	951	16,968
Losses and charge-offs:			
Loss on acquired security	3,172	4,604	7,776
Loss (or profit −) on equipment	−743	−196	−939
	2,429	4,408	6,837
Total expenses	3,497,873	1,045,874	4,541,159
Net income before adjustment of valuation allowances	3,024,694	2,024,831	5,052,113
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−469	−501	−970
Allowance for loss on real estate	−5,895	−73,641	−79,536
Allowance for loss on mortgage notes acquired under terms of insurance		−1,071,850	−1,071,850
Net adjustment of valuation allowances	−6,364	−1,145,992	−1,152,356
Net income	3,018,330	878,839	3,899,757
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income: Insurance Reserve:			
Balance at beginning of period		$4,018,330	
Adjustments during the period		+2,588	
Net income (or loss −) for the period	$3,018,330	878,839	$3,899,757
	3,018,330	4,899,757	3,899,757
Capital contributions from other FHA insurance funds	1,000,000		1,000,000
Balance at end of period	4,018,330	4,899,757	4,899,757

left a net charge against the fund of $7,776, or an average of $1,296. Certificates of claim issued on the six properties sold amounted to $2,318, of which $592 was to be paid and $1,726 was to be canceled.

STATEMENT 24.—*Statement of profit and loss on sale of acquired properties, Sec. 220 Housing Insurance Fund, through June 30, 1962*

Items	Sec. 220 Homes, 6 properties, 6 units
Proceeds of sale:	
Sales price [1]	$67,600
Less commission and other selling expenses	2,955
Net proceeds of sales	64,645
Expenses:	
Debentures and cash adjustments	66,458
Interest on debentures	1,844
Taxes and insurance	672
Maintenance and operating	1,661
Total expenses	70,635
Net profit (or loss −) before distribution of liquidation profits	−5,990
Less distribution of liquidation profits:	
Certificates of claim	592
Increment on certificates of claim	9
Refunds to mortgagors	1,185
Loss (−) to Sec. 220 Housing Insurance Fund	−7,776

[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	6	6	$2,400	$65,200	$67,600

The turnover of Section 220 acquired security by calendar year is shown below:

STATEMENT 25.—*Turnover of properties acquired and mortgage notes assigned under Sec. 220 of Title II contracts of insurance by years and cumulative through Dec. 31, 1962*

Properties and notes acquired		Properties sold, by calendar years			Properties and notes on hand Dec. 31, 1962
Year	Number	1960	1961	1962	
1960	6	3		2	1
1961	6			2	4
1962	32			1	31
Total	44	3		5	[1] 36

[1] Includes 33 of the 41 home properties acquired.

NOTE.—On the 8 home properties sold, the average time between acquisition and sale by the Federal Housing Administration was 11.02 months.

On June 30, 1962, the cost of the 33 homes and 1 multifamily property (132 units) which remained on hand under this fund is shown in the following table. The average time between acquisition and sale by the FHA was 11.02 months.

Sec. 220 Housing Insurance Fund, statement of properties and assigned mortgage notes on hand at June 30, 1962

	Sec. 220		Total 33 properties, 1 mortgage note, 165 units
	Homes, 33 properties, 33 units	Multifamily, 1 mortgage note, 132 units	
Expenses:			
Acquisition costs	$335,596	$2,168,984	$2,504,580
Interest on debentures	4,244	88,428	92,672
Taxes and insurance	484		484
Service charge		2,033	2,033
Maintenance and operating	150		150
Accrued expenses payable at June 30, 1962	12,722		12,722
Total expenses	353,196	2,259,445	2,612,641
Income and recoveries: Rent and other income (net)		45,319	45,319
Net acquired security on hand	353,196	2,214,126	2,567,322

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 (Section 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 in amounts up to $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 lenders. 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, 1962, the assets of the Section 220 Home Improvement Account totaled $883,052. The insurance reserve of the fund amounted to $883,052, represented by a $1 million capital contributions from War Housing Insurance Fund and a net expense of $116,948.

During the fiscal year 1962, the income of the fund amounted to $13,927, while expenses amounted to $130,875, leaving a net expense of $116,948. From inception June 30, 1961 to June 30, 1962, the operations resulted in a net expense of $116,948.

Statement 26.—*Comparative statement of financial condition, Sec. 220 Home Improvement Account, as of June 30, 1961 and June 30, 1962*

	June 30, 1961	June 30, 1962	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$1,000,000	$31,514	−$968,486
Accounts and notes receivable: Accounts receivable—Interfund		1,538	1,538
Investments: U.S. Government securities (amortized)		850,000	850,000
Total assets	1,000,000	883,052	−116,948
RESERVE			
Insurance reserve—available for future losses and expenses	1,000,000	883,052	−116,948

Statement 27.—*Income and expenses, Sec. 220 Home Improvement Account, through June 30, 1961 and June 30, 1962*

	June 30, 1961	July 1, 1961 to June 30, 1962	June 30, 1961 to June 30, 1962
Income:			
Interest and dividends: Interest on U.S. Government securities		$13,787	$13,787
Insurance premiums and fees: Fees		140	140
Total income		13,927	13,927
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)		130,783	130,783
Other expenses: Depreciation on furniture and equipment		117	117
Losses and charge-offs: Loss (or profit −) on equipment		−25	−25
Total expenses		130,875	130,875
Net income (or loss −)		−116,948	−116,948
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income: Insurance Reserve:			
Balance at beginning of period		$1,000,000	
Adjustments during the period			
Net income (or loss−) for the period		−116,948	−$116,948
		883,052	−116,948
Capital contributions from other FHA insurance funds	$1,000,000		1,000,000
Balance at end of period	1,000,000	883,052	883,052

Investments

Section 220(h)(4) of the Act provides that moneys in the Title II, Section 220 Home Improvement Account 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 guaranteed as to principal and interest by the United States. During the fiscal year 1962, net investments amounting to $850,000 (principal amount) were made for the account of this fund, and at June 30, 1962 the fund held U.S. Government securities in the principal amount of $850,000, yielding 2.00 percent, as follows:

Investments of the Sec. 220 Home Improvement Account, June 30, 1962

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1966	2	$850,000	$850,000	$850,000
Average annual yield 2.00 percent		850,000	850,000	850,000

TITLE II: SECTION 221 HOUSING INSURANCE FUND

Section 221 Housing Insurance Fund was created by Section 221 of the National Housing Act as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Congress), which authorized the insurance, in communities that have requested it, of mortgages on low-cost housing for families displaced because of urban renewal projects.

The Housing Act of 1961, Public Law 87–70, amended Section 221 and provides that Section 221 mortgage insurance program will apply to home 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.

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, 1962, assets of the fund amounted to $25,533,145. There were outstanding liabilities of $27,774,787, leaving a deficit of $2,241,642. This represents an operating loss of $5,741,642, less $3,500,000 transferred from other insurance funds.

Statement 28.—*Comparative statement of financial condition, Sec. 221 Housing Insurance Fund, as of June 30, 1961 and June 30, 1962*

	June 30, 1961	June 30, 1962	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$530,552	$1,374,600	$844,048
Investments: U.S. Government securities (amortized)	100,000		−100,000
Loans receivable:			
Mortgage notes and contracts for deed	974,125	3,238,639	2,264,514
Less allowance for losses	14,612	72,831	58,219
Net loans receivable	959,513	3,165,808	2,206,295
Accounts and notes receivable:			
Accounts receivable—Fees and insurance permiums	47,147	144,320	97,173
Accounts receivable—Other	23	104	81
Accounts receivable—Interfund	4,825	21,709	16,884
Total accounts and notes receivable	51,995	166,133	114,138
Accrued assets:			
Insurance premiums	519,698	729,187	209,489
Interest on U.S. Government securities	1,477		−1,477
Other	6,154	24,712	18,558
Total accrued assets	527,329	753,899	226,570
Acquired security:			
Real estate (at cost plus expenses to date)	16,211,933	26,375,901	10,163,968
Less allowance for losses	3,088,667	6,662,860	3,574,193
Net real estate	13,123,266	19,713,041	6,589,775
Mortgage notes acquired under terms of insurance		850,413	850,413
Less allowances for losses		490,749	490,749
Net mortgage notes acquired under terms of insurance		359,664	359,664
Net acquired security	13,123,266	20,072,705	6,949,439
Total assets	15,292,655	25,533,145	10,240,490
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	11,155	65,561	54,406
Accrued liabilities: Interest on debentures	352,689	561,008	208,319
Trust and deposit liabilities:			
Fee deposits held for future disposition	145,925	383,550	237,625
Excess proceeds of sales	2,271	4,763	2,492
Deposits held for mortgagors, lessees, and purchasers	44,561	104,206	59,645
Total trust and deposit liabilities	192,757	492,519	299,762
Deferred and undistributed credits:			
Unearned insurance premiums	151,976	127,780	−24,196
Unearned insurance fees	5,803	80,057	74,254
Other	12,196	39,925	27,729
Total deferred credits	169,975	247,762	77,787
Bonds, debentures, and notes payable: Debentures payable	15,374,950	26,399,700	11,024,750
Other liabilities: Reserve for foreclosure cost—Mortgage notes acquired under terms of insurance		8,237	8,237
Total liabilities	16,101,526	27,774,787	11,673,261

STATEMENT 28.—*Comparative statement of financial condition, Sec. 221 Housing Insurance Fund, as of June 30, 1961 and June 30, 1962*—Continued

	June 30, 1961	June 30, 1962	Increase or decrease (−)
RESERVE			
Insurance reserve—available for future losses and expenses	−$808,871	−$2,241,642	−$1,432,771
Total liabilities and reserve	15,292,655	25,533,145	10,240,490
Certificates of claim relating to properties on hand	374,473	688,914	374,473

During the fiscal year 1962, the income to the fund amounted to $2,367,936 while expenses and losses amounted to $2,164,533, leaving an operating income of $203,403 for the period before adjustment of valuation allowances. Valuation allowances were increased in the amount of $4,123,161 resulting in net loss of $3,919,758 for the year. From inception August 2, 1954, to June 30, 1962, operations resulted in a net loss of $5,741,642 as shown on Statement 29.

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 1962, $971,550 of debentures were redeemed in payment of mortgage insurance premiums. During the fiscal year 1962 net redemptions of $100,000 (principal amount) were made for the account of this fund.

Properties Acquired Under the Terms of Insurance

During fiscal year 1962, 3 multifamily properties or assigned mortgage notes (104 units) and 1,424 home properties or assigned mortgage notes insured under Title II, Section 221 were acquired by the Commissioner under the terms of insurance. Also, there were sales of 2 multifamily properties (127 units) and 188 home properties during the fiscal year. Through June 30, 1962, a total of 6 multifamily properties (941 units) and 2 mortgage notes assigned (93 units) were acquired at a total cost of $8,891,962 and 2 multifamily properties (127 units) were sold, leaving a net charge of $429,759 to the fund, or an average of $3,384 per unit. A total of 2,500 home properties and one mortgage note assigned were acquired through June 30, 1962 at a total cost of $22,639,537, and 315 had been sold at prices which left a net charge against the fund of $438,046, or an average of $1,391 per case.

STATEMENT 29.—*Income and expenses, Sec. 221 Housing Insurance Fund, through June 30, 1961 and June 30, 1962*

	Aug. 2, 1954 to June 30, 1961	July 1, 1961 to June 30, 1962	Aug. 2, 1954 to June 30, 1962
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$123,668	$2,785	$126,453
Interest on mortgage notes and contracts for deed		344	344
	123,668	3,129	126,797
Insurance premiums and fees:			
Premiums	2,238,148	1,509,016	3,747,164
Fees	1,539,198	788,734	2,327,932
	3,777,346	2,297,750	6,075,096
Other income:			
Profit on sale of investments		109	109
Income retained on settled properties	29,449	66,948	96,397
	29,449	67,057	96,506
Total income	3,930,463	2,367,936	6,298,399
Expenses:			
Interest expense:			
Interest on debenture obligations	1,863	80,064	81,927
Administrative expenses—Operating costs (including adjustments for prior years)	2,461,886	1,372,649	3,847,489
Other expenses:			
Depreciation on furniture and equipment	11,525	1,216	12,799
Miscellaneous expense		4,315	4,315
	11,525	5,531	17,114
Losses and charge-offs:			
Loss on acquired security	161,259	706,546	867,805
Loss (or profit −) on equipment	−478	−257	−734
	160,781	706,289	867,071
Total expenses	2,636,055	2,164,533	4,813,601
Net income (or loss −) before adjustment of valuation allowances	1,294,408	203,403	1,484,798
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−14,612	−58,219	−72,831
Allowance for loss on real estate	−3,088,667	−3,574,193	−6,662,860
Allowance for loss on mortgage notes acquired under terms of insurance		−490,749	−490,749
Net adjustment on valuation allowances	−3,103,279	−4,123,161	−7,226,440
Net income (or loss −)	−1,808,871	−3,919,758	−5,741,642
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		−$808,871	
Adjustments during the period		−13,013	
Net income (or loss −) for the period	−$1,808,871	−3,919,758	−$5,741,642
	−1,808,871	−4,741,642	−5,741,642
Capital contributions from other FHA insurance funds	1,000,000	2,500,000	3,500,000
Balance at end of period	−808,871	−2,241,642	−2,241,642

STATEMENT 30.—*Statement of profit and loss on sale of acquired properties, Sec. 221 Housing Insurance Fund, through June 30, 1962*

Items	Sec. 221		Total Sec. 221 Fund, 317 properties, 442 units
	Homes, 315 properties, 315 units	Multifamily, 2 properties, 127 units	
Proceeds of sale:			
Sales price [1]	$2,659,380	$778,000	$3,437,380
Less commissions and other selling expenses	116,333	4,118	120,451
Net proceeds of sales	2,543,047	773,882	3,316,929
Income:			
Rental and other income (net)	9,831	47,144	56,975
Mortgage note income		29,604	29,604
Recovery prior to acquisition on defaulted notes	76		76
Total income	9,907	76,748	86,655
Total proceeds of sold properties	2,552,954	850,630	3,403,584
Expenses:			
Debentures and cash adjustments	2,759,543	1,163,858	3,923,401
Asset value acquired after default of purchase money mortgages	−17,138		−17,138
Purchase of land held under lease	50		50
Interest on debentures	68,432	92,796	161,228
Additions and improvements	590	50	640
Taxes and insurance	41,936	17,169	59,105
Maintenance and operating	132,745	3,626	136,371
Service charge	21	2,327	2,348
Miscellaneous	58	563	621
Total expenses	2,986,237	1,280,389	4,266,626
Net profit (or loss −) before distribution of liquidation profits	−433,283	−429,759	−863,042
Less distribution of liquidation profits:			
Certificates of claim	1,842		1,842
Increment on certificates of claim	26		26
Refunds to mortgagors	2,895		2,895
Loss (−) to Sec. 221 Housing Insurance Fund	−438,046	−429,759	−867,805

[1] Analysis of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for cash	10		$62,705		$62,705
Properties sold for cash and notes (or contracts for deed)	307	307	103,975	$3,270,700	3,374,675
Total	317	307	166,680	3,270,700	3,437,380

The certificates of claim issued on two multifamily projects in the amount of $23,808 is to be canceled. In addition, certificates of claim were issued on 315 homes sold in the amount of $107,938, with $1,842 to be paid and $106,096 canceled or to be canceled.

The cost on June 30, 1962 of the 2,186 home properties and mortgage notes assigned and the 6 multifamily properties and mortgage notes assigned (907 units) which remained on hand under this fund was as shown in the table (at the top of page 182.)

Statement 31 shows the turnover of Section 221 Housing Insurance Fund acquired security since the first such acquisition in 1958 through December 31, 1962.

STATEMENT 31.—*Turnover of properties acquired and mortgage notes assigned under Sec. 221 of Title II contracts of insurance, by years and cumulative through Dec. 31, 1962*

Properties acquired		Properties sold, by calendar year					Properties and notes on hand Dec. 31, 1962
Year	Number	1958	1959	1960	1961	1962	
1958	2	1	1				
1959	43		13	12	3		15
1960	403			54	62	21	266
1961	1,205				45	153	1,007
1962	1,488					146	1,342
Total	3,141	1	14	66	110	320	[1] 2,630

[1] Includes 2,623 of the 3,132 home properties acquired and mortgage notes assigned.

NOTE.—On the 509 home properties sold, the average time between acquisition and sale by the Federal Housing Administration was 7.92 months; on the 2 multifamily projects sold the average time was 6.77 months. The number of properties sold has been reduced by 10 properties repossessed because of default on mortgage notes. Of these repossessions, none had been sold by Dec. 31, 1962.

TITLE II: SERVICEMEN'S MORTGAGE INSURANCE FUND

The Servicemen's Mortgage Insurance Fund was created by Section 222 of the National Housing Act as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Congress). The purpose of this section is to aid in the provision of housing accommodations for servicemen in the Armed Forces of the United States and in the Coast Guard of the United States, and their families. Section 222 provides for the insurance of mortgages which would be eligible for insurance under Section 203, except that when executed by a mortgagor who is a serviceman and who, at the time of insurance, is the owner of the property, and either occupies the property or certifies that his failure to do so is a result of his military or Coast Guard assignment, 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, or such higher value as may be approved by the Commissioner in high cost areas. 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, 1962, the fund had assets of $36,058,548 and outstanding liabilities of $16,111,871, leaving $19,946,677 insurance reserve. In-

Sec. 221 Housing Insurance Fund, statement of properties and assigned mortgage notes on hand at June 30, 1962

	Sec. 221				Total, 2,189 properties, 3 mortgage notes, 3,093 units
	Homes		Multifamily		
	2,185 properties,[1] 2,185 units	1 mortgage note, 1 unit	4 properties, 814 units	2 mortgage notes, 93 units	
Expenses:					
Acquisition costs	$18,459,048	$9,464	$6,489,849	$823,660	$25,782,021
Interest on debentures	728,755		482,546	17,151	1,228,452
Taxes and insurance	184,437		170,418		354,855
Additions and improvements	3,037		54,511		57,548
Maintenance and operating	165,714		477,146		642,860
Service charge				138	138
Miscellaneous	102		1,468		1,570
Accrued expenses payable	35,167		276		35,443
Total expenses	19,576,260	9,464	7,676,214	840,949	28,102,887
Income and recoveries: Rent and other income (net)	43,613		832,960		876,573
Net acquired security on hand	19,532,647	9,464	6,843,254	840,949	27,226,314

[1] Includes 2 properties repossessed and carried at asset value at time of repossession.

cluded in the insurance reserve is the sum of $1 million which was transferred from the War Housing Insurance Fund.

For the fiscal year 1962, income of $7,101,918 was earned, while expenses and losses were $1,294,452, leaving net income of $5,807,466 before adjustment of valuation allowances. Valuation allowances were increased in the amount of $817,201, resulting in a net income of $4,990,265 for the year. Total net income from inception, August 2, 1954, to June 30, 1962 was $18,946,677, as shown in Statement 33.

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 1962, $627,800 of debentures were redeemed in payment of mortgage insurance premiums, $3,494,050 were redeemed by debenture calls, and $30,000 were redeemed in exchange of mortgage notes for debentures. During the fiscal year the fund decreased its investment in U.S. Government securities by $2,281,000 (principal amount), and as of June 30, 1962 the fund held U.S. Government securities in the principal amount of $8,132,000, yielding 3.46 percent, as follows:

Investments of the Servicemen's Mortgage Insurance Fund, June 30, 1962

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1962		$1,227,539	$1,240,000	$1,231,526
1963	3¼	100,000	100,000	100,000
1963	4⅞	240,000	240,000	240,000
1964	3	524,063	540,000	532,875
1964	3¾	1,339,325	1,344,000	1,341,658
1964	4¾	531,000	528,000	529,292
1964-69	2½	85,812	100,000	89,629
1965	2	100,000	100,000	100,000
1965	2⅝	2,025,074	2,195,000	2,114,060
1966	2	550,000	550,000	550,000
1967	2	925,000	925,000	925,000
1967	3⅝	270,000	270,000	270,000
Average annual yield 3.46 percent		7,917,813	8,132,000	8,024,040

Properties Acquired Under the Terms of Insurance

During fiscal year 1962, 1,189 properties were acquired by the Servicemen's Mortgage Insurance Fund and 371 were sold. Through June 30, 1962, a total of 1,936 home properties had been acquired at a total cost of $23,680,662 and 542 had been sold at prices which left a net charge against the fund of $825,011, or an average of $1,522 per case.

STATEMENT 32.—*Comparative statement of financial condition, Servicemen's Mortgage Insurance Fund, as of June 30, 1961 and June 30, 1962*

	June 30, 1961	June 30, 1962	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$1,264,477	$4,311,225	$3,046,748
Investments: U.S. Government securities (amortized)	10,266,782	8,024,040	−2,242,742
Loans receivable:			
Mortgage notes and contracts for deed	1,745,366	5,733,149	3,987,783
Less allowance for losses	26,180	85,997	59,817
Net loans receivable	1,719,186	5,647,152	3,927,966
Accounts and notes receivable:			
Accounts receivable—Fee and insurance premiums	132,964	450,024	317,060
Accounts receivable—Other	26	353	327
Accounts receivable—Interfund	6,885	15,417	8,532
Total accounts and notes receivable	139,875	465,794	325,919
Accrued assets:			
Insurance premiums	2,246,004	2,682,541	436,537
Interest on U.S. Government securities	62,596	40,274	−22,322
Other	5,388	17,964	12,576
Total accrued assets	2,313,988	2,740,779	426,791
Acquired security: Real estate (at cost plus expenses to date)	6,615,982	16,578,941	9,962,959
Less: Allowance for losses	951,999	1,709,383	757,384
Net acquired security	5,663,983	14,869,558	9,205,575
Total assets	21,368,291	36,058,548	14,690,257
LIABILITIES			
Accounts payable: Bills payable to vendors and government agencies	17,737	72,358	54,621
Accrued liabilities: Interest on debentures	102,765	286,810	184,045
Trust and deposit liabilities:			
Fee deposits held for future disposition	56,511	59,650	3,139
Excess proceeds of sale	5,718	14,563	8,845
Deposits held for mortgagors, lessees, and purchasers	41,446	101,679	60,233
Total trust and deposit liabilities	103,675	175,892	72,217
Deferred and undistributed credits:			
Unearned insurance premiums	691,582	497,738	−193,844
Other	6,245	18,873	12,628
Total deferred and undistributed credits	697,827	516,611	−181,216
Bonds, debentures, and notes payable: Debentures payable	5,505,650	15,060,200	9,554,550
Total liabilities	6,427,654	16,111,871	9,684,217
RESERVE			
Insurance reserve—available for future losses and expenses	14,940,637	19,946,677	5,006,040
Total liabilities and reserve	21,368,291	36,058,548	14,690,257
Certificates of claim relating to properties on hand	238,068	575,036	336,968

STATEMENT 33.—*Income and expenses, Servicemen's Mortgage Insurance Fund, through June 30, 1961 and June 30, 1962*

	Aug. 2, 1954 to June 30, 1961	July 1, 1961 to June 30, 1962	Aug. 2, 1954 to June 30, 1962
Income:			
Interest and dividends: Interest on U.S. Government securities	$910,771	$331,156	$1,241,927
	910,771	331,156	1,241,927
Insurance premiums and fees:			
Premiums	16,459,761	6,473,322	22,933,083
Fees	635,963	135,081	771,044
	17,095,724	6,608,403	23,704,127
Other income:			
Profit on sale of investments	19	2,104	2,123
Income retained on settled properties	64,946	160,255	225,201
	64,965	162,359	227,324
Total income	18,071,460	7,101,918	25,173,378
Expenses:			
Interest expense: Interest on debenture obligations	−2,196	40,099	37,903
Administrative expenses: Operating costs (including adjustments for prior years)	2,901,050	667,505	3,552,850
	2,898,854	707,604	3,590,753
Other expenses:			
Depreciation on furniture and equipment	13,294	593	13,816
Miscellaneous expense		2,488	2,488
	13,294	3,081	16,304
Losses and charge-offs:			
Loss on acquired security	241,117	583,894	825,011
Loss (or profit—) on equipment	−621	−127	−747
	240,496	583,767	824,264
Total expenses	3,152,644	1,294,452	4,431,321
Net income before adjustment of valuation reserves	14,918,816	5,807,466	20,742,057
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−26,180	−59,817	−85,997
Allowance for loss on real estate	−951,999	−757,384	−1,709,383
Net adjustment of valuation allowances	−978,179	−817 201	−1,795,380
Net income	13,940,637	4,990,265	18,946,677

ANALYSIS OF INSURANCE RESERVE

Distribution of net income: Insurance reserve:			
Balance at beginning of period		$14,940,637	
Adjustments during the period		+15,775	
Net income for the period	$13,940,637	4,990,265	$18,946,677
	13,940,637	19,946,677	18,946,677
Capital contributions from other FHA insurance funds	1,000,000		1,000,000
Balance at end of period	14,940,637	19,946,677	19,946,677

STATEMENT 34.—*Statement of profit and loss on sale of acquired properties, Servicemen's Mortgage Insurance Fund, through June 30, 1962*

Item	Sec. 222 (542 properties)
Proceeds of sales:	
Sales price [1]	$6,276,710
Less commissions and other selling expenses	285,363
Net proceeds of sales	5,991,347
Income:	
Rental and other income (net)	38,099
Mortgage note income	11,614
Recovery price to acquisition of defaulted notes	1,772
Total income	51,485
Total proceeds of sold properties	6,042,832
Expenses:	
Debentures and cash adjustments	6,364,602
Asset value acquired after default of purchase money mortgages	−12,979
Interest on debentures	165,629
Taxes and insurance	106,615
Additions and improvements	120
Maintenence and operating	228,224
Service charge	753
Miscellaneous	−11
Total expenses	6,852,953
Net profit (or loss—) before distribution of liquidation profits	−810,121
Less distribution of liquidation profits:	
Certificates of claim	8,054
Increment on certificates of claim	86
Refund to mortgagors	6,750
Loss (—) to Servicemen's Mortgage Insurance Fund	−825,011

[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	15		$150,250		$150,250
Properties sold for cash and notes (or contracts for deed)	527	527	250,360	$5,876,100	6,126,460
Total	542	527	400,610	5,876,100	6,276,710

On June 30, 1962, the cost of the 1,394 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, 1962

	Sec. 222 (1,394 properties) [1]
Expenses:	
Acquisition costs	$15,714,042
Interest on debentures	539,386
Taxes and insurance	133,691
Maintenance and operating	173,320
Additions and improvements	25
Miscellaneous	158
Accrued expenses payable	70,520
Total expenses	16,631,142
Income: Rent and other (net)	52,201
Net acquired security on hand	16,578,941

[1] Includes 1 property repossessed and carried at the asset value at time of repossession.

Statement 35 shows the turnover of Section 222 acquired properties since the acquisition of the first such property in 1957 through December 31, 1962.

STATEMENT 35.—*Turnover of properties acquired under Sec. 222 of Title II, contracts of insurance, by years and cumulative through Dec. 31, 1962*

Properties acquired		Properties sold, by calendar year						Properties on hand Dec. 31, 1962
Year	Number	1957	1958	1959	1960	1961	1962	
1957	4	3	1					
1958	17		7	7	1	2		
1959	47			11	17	7	3	9
1960	294				54	79	39	122
1961	810					119	334	357
1962	1,548						316	1,232
Total	2,720	3	8	18	72	207	692	1,720

NOTE.—On the 1,000 properties sold, the average time between acquisiton and sale by the Federal Housing Administration was 8.17 months. The number of properties sold had been reduced by 4 properties repossessed because of default on mortgage notes. Of these repossesions, 2 had been sold by Dec. 31, 1962.

Section 222 of the Act contains provisions identical to Section 204(f) under the Mutual Mortgage Insurance Fund with respect to the issuance of certificates of claim on properties acquired. Certificates of claim issued in connection with the 542 Section 222 properties which had been acquired and sold through June 30, 1962 totaled $245,876, of which $8,054 was to be paid and $237,822 had been or was to be canceled. In addition, there were excess proceeds amounting to $6,750 on 14 of the 542 properties sold, for refund to the mortgagors.

TITLE II: EXPERIMENTAL HOUSING INSURANCE FUND

The Experimental Housing Insurance Fund (Section 233) was created by an amendment of June 30, 1961, Public Law 87–70, which authorized the insurance 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 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, 1962, the assets of the Experimental Housing Insurance Fund totaled $965,659. The outstanding liabilities were $25, which left insurance reserve of $965,634. Included in the reserve is a $1 million contribution from War Housing Insurance Fund.

During the fiscal year 1962, the income of the fund amounted to $13,852, while expenses amounted to $48,218, leaving a net expense of $34,366. From inception June 30, 1961, to June 30, 1962, the operations resulted in a net expense of $34,366.

STATEMENT 36.—*Comparative statement of financial condition, Experimental Housing Insurance Fund, as of June 30, 1961 and June 30, 1962*

	June 30, 1961	June 30, 1962	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$1,000,000	$115,092	−$884,908
Investments: U.S. Government securities (amortized)		850,000	850,000
Accounts and notes receivable: Accounts receivable—Interfund		567	567
Total assets	1,000,000	965,659	−34,341
LIABILITIES			
Trust and deposit liabilities: Fee deposits held for future disposition		25	25
Total liabilities		25	25
RESERVE			
Insurance reserve—available for future losses and expenses	1,000,000	965,634	−34,366
Total liabilities and reserves	1,000,000	965,659	−34,341

STATEMENT 37.—*Income and expenses, Experimental Housing Insurance Fund, through June 30, 1961 and June 30, 1962*

	June 30, 1961	July 1, 1961 to June 30, 1962	June 30, 1961 to June 30, 1962
Income:			
Interest and dividends: Interest on U.S. Government securities		$13,787	$13,787
Insurance premiums and fees: Fees		65	65
Total income		13,852	13,852
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)		48,184	48,184
Other expenses: Depreciation on furniture and equipment		43	43
Losses and charge-offs: Loss (or profit −) on equipment		−9	−9
Total expenses		48,218	48,218
Net income (or loss −)		−34,366	−34,366
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income: Insurance reserve:			
Balance at beginning of period		$1,000,000	
Net income (or loss −) for the period		−34,366	−$34,366
		965,634	−34,366
Capital contributions from other FHA insurance funds	$1,000,000		1,000,000
Balance at end of period	1,000,000	965,634	965,634

Investments

Section 233(f) of the Act provides that moneys in the Title II Experimental 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 guaranteed as to principal and interest by the United States. During the fiscal year 1962, net investments amounting to $850,000 (principal amount) were made for the account of this fund, and at June 30, 1962 the fund held U.S. Government securities in the principal amount of $850,000, yielding 2.00 percent, as follows:

Investments of the Experimental Housing Insurance Fund—Sec. 233, June 30, 1962

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1966	2	$850,000	$850,000	$850,000
Average annual yield 2.00 percent		850,000	850,000	850,000

TITLE II: APARTMENT UNIT INSURANCE FUND

The Apartment Unit Insurance Fund (Section 234) was created by an amendment of June 30, 1961, Public Law 87–70, which authorizes the insurance of family units in multifamily projects for which there are undivided interests in the common areas and facilities serving the structure. These types of structures 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 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, 1962, the assets of the Apartment Unit Insurance Fund totaled $917,351. The insurance reserve of the fund amounted to $917,351 represented by a $1 million capital contribution from War Housing Insurance Fund, and a net expense of $82,649.

Statement 38.—*Comparative statement of financial condition, Apartment Unit Insurance Fund, as of June 30, 1961 and June 30, 1962*

	June 30, 1961	June 30, 1962	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$1,000,000	$66,218	−$933,782
Investments: U.S. Government securities (amortized)		850,000	850,000
Accounts and notes receivable: Accounts receivable—Interfund		1,133	1,133
Total assets	1,000,000	917,351	−82,649
RESERVE			
Insurance reserve—available for future losses and expenses	1,000,000	917,351	−82,649

During the fiscal year 1962, the income of the fund amounted to $13,787, while expenses amounted to $96,436, leaving a net expense of $82,649. From inception June 30, 1961 to June 30, 1962 the operations resulted in a net expense of $82,649.

Statement 39.—*Income and expenses, Apartment Unit Insurance Fund, through June 30, 1961 and June 30, 1962*

	June 30, 1961	July 1, 1961 to June 30, 1962	June 30, 1961 to June 30, 1962
Income:			
Interest and dividends:			
Interest on U.S. Government securities		$13,787	$13,787
Total income		13,787	13,787
Expenses:			
Administrative expenses:			
Operating costs (including adjustments for prior years)		96,368	96,368
Other expenses:			
Depreciation on furniture and equipment		86	86
Losses and charge-offs:			
Loss (or profit −) on equipment		−18	−18
Total expenses		96,436	96,436
Net income (or loss −)		−82,649	−82,649
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		$1,000,000	
Net income (or loss −) for the period		−82,649	−$82,649
		917,351	−82,649
Capital contributions from other FHA insurance funds	$1,000,000		1,000,000
Balance at end of period	1,000,000	917,351	917,351

Investments

Section 234(e) of the Act provides that moneys in the Title II Apartment Unit 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 guaranteed as to principal and interest by the United States. During the fiscal year 1962, net investments amounting to $850,000 (principal amount) were made for the account of this fund, and at June 30, 1962 the fund held U.S. Government securities in the principal amount of $850,000, yielding 2.00 percent, as follows:

Investments of the Apartment Unit Insurance Fund—Sec. 234, June 30, 1962

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1966	2	$850,000	$850,000	$850,000
Average annual yield 2.00 percent		850,000	850,000	850,000

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, 1944 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, 1962 totaled $264,903,263, against which there were outstanding liabilities of $48,358,150. The fund had an insurance reserve of $216,545,113, 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 40.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1961 and June 30, 1962*

	June 30, 1961	June 30, 1962	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$3,460,561	$6,033,472	$2,572,911
Investments:			
U.S. Government securities (amortized)	35,320,359	42,112,893	6,792,534
Other securities (stock in rental housing corporations)	344,960	325,340	−19,620
Total investments	35,665,319	42,438,233	6,772,914
Loans receivable:			
Mortgage notes and contracts for deed	96,217,269	91,279,563	−4,937,706
Less allowance for losses	3,910,732	3,881,659	−29,073
Net loans receivable	92,306,537	87,397,904	−4,908,633
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	283,915	304,710	20,795
Accounts receivable—Other	549,924	371,852	−178,072
Accounts receivable—Interfund	24,133	48,650	24,517
Total accounts and notes receivable	857,972	725,212	−132,760
Accrued assets:			
Interest on U.S. Government securities	46,614	46,532	−82
Other	818,385	883,036	64,651
Total accrued assets	864,999	929,568	64,569
Acquired security:			
Real estate (at cost plus expenses to date)	65,880,900	72,027,466	6,146,566
Less allowance for losses	27,214,958	30,116,274	2,901,316
Net real estate	38,665,942	41,911,192	3,245,250
Mortgage notes acquired under terms of insurance	106,924,041	109,558,455	2,634,414
Less allowance for losses	26,844,261	28,230,551	1,386,290
Net mortgage notes acquired under terms of insurance	80,079,780	81,327,904	1,248,124
Net acquired security	118,745,722	123,239,096	4,493,374
Other assets—held for account of mortgagors	3,676,577	4,139,778	463,201
Total assets	255,577,687	264,903,263	9,325,576
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	202,760	155,082	−47,678
Accrued liabilities: Interest on debentures	425,744	447,811	22,067
Trust and deposit liabilities			
Excess proceeds of sale	1,137,886	1,385,404	247,518
Deposits held for mortgagors, lessees, and purchasers	8,639,589	9,011,425	371,836
Total trust and deposit liabilities	9,777,475	10,396,829	619,354

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Statement 40.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1961 and June 30, 1962*—Continued

	June 30, 1961	June 30, 1962	Increase or decrease (−)
LIABILITIES—continued			
Deferred and undistributed credits:			
Unearned insurance premiums	$7,078,522	$6,059,253	−$1,019,269
Other	824,023	889,464	65,441
Total deferred and undistributed credits	7,902,545	6,948,717	−953,828
Bonds, debentures, and notes payable: Debentures payable	32,853,900	29,153,200	−3,700,700
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	1,205,368	1,256,511	51,143
Total liabilities	52,367,792	48,358,150	−4,009,642
RESERVE			
Insurance reserve—available for future losses and expenses	203,209,895	216,545,113	13,335,218
Total liabilities and reserve	255,577,687	264,903,263	9,325,576
Certificates of claim relating to properties on hand	3,837,245	3,991,543	154,298

Income and Expenses

During the fiscal year 1962 the fund earned $21,277,457 and had expenses and losses of $3,750,207, leaving $17,527,250 net income before adjustment of valuation allowances. After the valuation allowances had been increased by $4,258,533, the net income for the year amounted to $13,268,717, 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, 1962 amounted to $443,884,128, while cumulative expenses were $143,800,531, leaving $300,083,597 net income before adjustment of valuation allowances. Valuation allowances of $62,228,484 were established, leaving cumulative net income of $237,855,113.

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 1962, $5,418,600 of debentures were redeemed in payment of mortgage insurance premiums, $19,556,400 were redeemed by debenture calls, and $272,750 were redeemed in exchange of mortgage notes for debentures.

During the fiscal year 1962, net investments of $6,885,000, face amount, increased the U.S. Government securities held by the fund as of June

STATEMENT 41.—*Income and expenses, War Housing Insurance Fund, through June 30, 1961 and June 30, 1962*

	Mar. 28, 1941 to June 30, 1961	July 1, 1961 to June 30, 1962	Mar. 28, 1941 to June 30, 1962
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$15,684,275	$828,172	$16,512,447
Interest—Other	39,608,873	5,605,230	45,214,103
Dividends on rental housing stock	23,689	1,756	25,445
	55,316,837	6,435,158	61,751,995
Insurance premiums and fees:			
Premiums	321,439,582	14,566,179	336,005,761
Fees	45,156,036	29,220	45,185,256
	366,595,618	14,595,399	381,191,017
Other income:			
Profit (or loss —) on sale of investments	−529,903		−529,903
Income retained on settled properties	1,220,626	246,252	1,466,878
Miscellaneous income	3,493	648	4,141
	694,216	246,900	941,116
Total income	422,606,671	21,277,457	443,884,128
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)	81,912,585	1,515,070	83,361,450
Other expenses:			
Depreciation on furniture and equipment	428,070	1,685	429,456
Miscellaneous expenses	11,300	842	12,142
	439,370	2,527	441,598
Losses and charge-offs:			
Loss on acquired security	56,396,405	2,232,965	58,629,370
Loss (or profit —) on equipment	−21,545	−355	−21,897
	56,374,860	2,232,610	58,607,473
Total expenses	140,116,825	3,750,207	143,800,531
Net income before adjustment of valuation reserves	282,489,846	17,527,250	300,083,597
Increase (—) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−3,910,732	29,073	−3,881,659
Allowance for loss on real estate	−27,214,958	−2,901,316	−30,116,274
Allowance for loss on mortgage notes acquired under terms of insurance	−26,844,261	−1,386,290	−28,230,551
Net adjustment of valuation allowances	−57,969,951	−4,258,533	−62,228,484
Net income	224,519,895	13,268,717	237,855,113
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		$203,209,895	
Adjustments during the period		+66,501	
Net income for the period	$224,519,895	13,268,717	$237,855,113
	224,519,895	216,545,113	237,855,113
Capital contributions to other FHA insurance funds	−21,310,000		−21,310,000
Balance at end of period	203,209,895	216,545,113	216,545,113

30, 1962 to $42,117,500, principal amount, yielding 2.41 percent, as follows:

Investments of the War Housing Insurance Fund, June 30, 1962

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1962		$11,775,710	$11,885,000	$11,805,703
1963	2	972,000	972,000	972,000
1964–69	2½	9,902	11,000	10,354
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	16,676,336
Average annual yield 2.41 percent		42,274,938	42,117,500	42,112,893

Properties Acquired Under the Terms of Insurance

The Federal Housing Administration acquired title in fiscal year 1962 under the terms of insurance, to 47 properties (61 units) insured under Section 603 and sold 74 (86 units). Through June 30, 1962, a total of 11,820 Section 603 properties (16,156 units) had been acquired at a cost of $79,677,176, and 11,497 properties (15,615 units) had been sold at prices which left a net charge against the fund of $11,404,192, or an average of $992 per case. There remained on hand for future disposition 323 properties having 541 living units.

During fiscal year 1962, 57 additional rental housing properties or assigned mortgage notes (3,694 units) insured under Section 608 were acquired by the FHA Commissioner under the terms of insurance and 45 (1,763 units) were sold or liquidated. Through June 30, 1962, a total of 534 multifamily properties (35,212 units) and 264 mortgage notes (19,551 units) had been acquired by the Commissioner. Three hundred and ninety-five multifamily properties (24,203 units) had been sold and 24 mortgage notes (618 units) had been liquidated, which left a net charge against the fund of $46,437,658, or an average of $1,871 per unit. There remained on hand at June 30, 1962, 139 multifamily properties (11,009 units) and 240 mortgage notes (18,933 units).

There was no additional activity under Section 609 or 611. The 2 Section 609 manufacturers' notes and 65 discounted purchasers' notes previously assigned were settled with a resultant loss to the fund to $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 42.—*Statement of profit and loss on sale of acquired properties and assigned notes liquidated, War Housing Insurance Fund, through June 30, 1962*

	Sec. 603, 11,497 properties, 15,615 units	Sec. 608, multifamily, 419 properties and notes, 24,821 units [2]	Sec. 609, 67 notes, 370 units	Sec. 611, 1 property, 1 unit	Total WHI Fund, 11,984 properties and notes, 40,807 units
Proceeds of sales:					
Sales price [1]	$65,150,546	[2] $114,146,750	$325,470	$8,250	$179,631,016
Less commissions and other selling expenses	2,640,832	447,062		495	3,088,389
Net proceeds of sales	62,509,714	113,699,688	325,470	7,755	176,542,627
Income:					
Rental and other income (net)	6,844,605	43,301,307			50,145,912
Mortgage note income	12,161,382	17,516,853	28,260	1,175	29,707,670
Recovery prior to acquisition of defaulted notes	1,405,607	553,567			1,959,174
Miscellaneous		27,430			27,430
Total income	20,411,594	61,399,157	28,260	1,175	81,840,186
Total proceeds of sold properties	82,921,308	175,098,845	353,730	8,930	258,382,813
Expenses:					
Debentures and cash adjustments	68,628,792	162,148,037	1,119,121	5,908	231,901,858
Asset value acquired after default of purchase money mortgages	−178,773	−3,194,165			−3,372,938
Other assets acquired		−4,339	−311		−4,650
Purchase of land held under lease	78,960	258,894			337,854
Estimated net investment on partial sale of multifamily properties		1,080,950			1,080,950
Interest on debentures	11,366,876	30,661,874	22,396	576	42,051,722
Taxes and insurance	2,536,567	8,174,989		145	10,711,701
Additions and improvements	667,396	1,375,254			2,042,650
Maintenance and operating	7,211,698	19,506,407		747	26,718,852
Service charge	369,329	356,301		108	725,738
Miscellaneous	13,482	631,149	44		644,675
Total expenses	90,694,327	220,995,351	1,141,250	7,484	312,838,412
Net profit (or loss —) before distribution of liquidation profits	−7,773,019	−45,896,506	−787,520	1,446	−54,455,599
Less distribution of liquidation profits:					
Certificates of claim	1,153,553	418,938		461	1,572,952
Increment on certificates of claim	153,710	122,214		81	276,005
Refunds to mortgagors	2,323,910			904	2,324,814
Loss (—) to War Housing Insurance Fund	−11,404,192	−46,437,658	−787,520		−58,629,370

[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	3,137		$30,284,313		$30,284,313
Properties sold for cash and notes (or contracts for deed)	8,847	8,264	13,684,458	$135,662,245	149,346,703
Total	11,984	8,264	43,968,771	135,662,245	179,631,016

[2] Includes $1,080,950 for 191 units of 7 partially sold multifamily properties.

Statement 43.—*Statement of properties and assigned mortgage notes on hand, War Housing Insurance Fund, as of June 30, 1962*

	Sec. 603, 323 properties,[1] 541 units	Sec. 608, multifamily		Total, 462 properties, 240 mortgage notes, 30,483 units
		139 properties,[2] 11,009 units[3]	240 mortgage notes, 18,933 units	
Expenses:				
Acquisition costs	$2,614,266	$62,016,128	[4] $126,034,405	$190,664,799
Interest on debentures	457,616	7,251,924	15,277,438	22,986,978
Taxes and insurance	266,140	3,299,040		3,566,079
Additions and improvements	64,042	80,303		144,345
Maintenance and operating	590,230	6,973,313		7,563,543
Service charge			431,151	431,151
Miscellaneous	2,360	210,142	48,214	260,717
Accrued expenses payable	30,340	123,159		153,499
Total expenses	4,024,994	79,954,909	141,791,208	225,771,111
Income and recoveries:				
Rent and other (net)	902,556	9,968,931	21,925,035	32,796,522
Collections on mortgage notes			10,307,718	10,307,718
Total income	902,550	9,968,931	32,232,753	43,104,240
Proceeds from partial sales of projects: Estimated net investment (sales price)		−1,080,950		−1,080,950
Net acquired security on hand	3,122,438	68,905,028	109,558,455	181,585,921

[1] Includes 30 properties (34 units) and 2 large scale units repossessed and carried at the asset value at time of repossession.
[2] Includes 8 large-scale projects (625 units) repossessed and carried at the asset value at the time of repossession.
[3] Excludes 191 units in 7 partially sold multifamily properties with estimated net investment of $1,080,950.

	Section 608
[4] Outstanding balance of notes receivable at date of acquisition	$126,034,406
Less:	
Collection to principal	10,307,718
Unpaid principal balance	115,726,687

The turnover of Sections 603 and 608 acquired security, by calendar year, is given below:

Statement 44.—*Turnover of properties acquired and mortgage notes assigned under Sec. 603 of Title VI contracts of insurance by years, and cumulative through Dec. 31, 1962*

Properties acquired		Properties sold, by calendar years																				Properties and notes on hand Dec. 31, 1962
Year	Number	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	
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	−4	22
1951	735									411	193	53	27	36	15					−2	−4	6
1952	609										209	122	65	73	38	10	2	15	6	5	7	57
1953	412											56	58	125	34	43	6	3	5	14	16	52
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	2	4
1960	64																		19	25	11	9
1961	68																			13	34	21
1962	74																				4	70
Total	11,875	29	256	982	2,798	1,010	732	384	763	964	691	345	290	836	629	337	125	114	114	72	69	335

Note.—On the 11,540 properties sold the average time between acquisition and sale by the Federal Housing Administration was 25.28 months. The number of properties sold has been reduced by 590 properties repossessed because of default on mortgage notes, of which 557 had been resold by Dec. 31, 1962.

Statement 45.—*Turnover of properties acquired and mortgage notes assigned under Sec. 608 of Title VI contracts of insurance by years and cumulative through Dec. 31, 1962*

Properties and notes acquired		Properties and notes sold, by calendar years													Properties and notes on hand Dec. 31, 1962
Year	Number	1943–50	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	
1943–48	3	2				1									
1949	16				11	1	1		2					−1	2
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	3	23
1956	53							2	7	11	8	2	1	2	20
1957	49								1	1	11	4	7	1	24
1958	57									1	2	1	8	5	40
1959	63											3	10	4	46
1960	83											1	17	12	53
1961	56													3	53
1962	47														47
Total	821	2	8	2	17	44	38	57	84	35	45	17	55	29	388

Note.—The number of properties and notes sold has been reduced by 19 properties repossessed because of default on mortgage notes, 11 of which had been resold by Dec. 31, 1962. On the 433 properties sold, the average time between acquisition and sale was 34.17 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 $2,547,253 had been issued through fiscal year 1962, in connection with the Section 603 properties which had been acquired and subsequently sold. The proceeds of sale were sufficient to provide for the payment in full or in part on these certificates in the amount of $1,153,553, or approximately 45 percent. Certificates of claim canceled or to be canceled amounted to $1,393,700, or approximately 55 percent. In addition, the proceeds of sale were sufficient to pay refunds of $2,296,665 to 5,216 mortgagors, and $27,245 of refunds was held in trust for 71 payees whose whereabouts were unknown. The average refund per case amounted to $440.

With respect to the excess proceeds, if any, from the sale of an acquired multifamily property 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 $3,542,338 had been issued in connection with the Section 608 acquisitions which had been disposed of by June 30, 1962. The proceeds of sale were sufficient to provide $418,950 for payment in full or in part on these certificates. Certificates of claim canceled or to be canceled amounted to $3,123,388.

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 $905 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 Congress), which provides that this fund shall be used by the FHA Commissioner as a revolving fund for carrying out the rental housing yield insurance program authorized by Title VII and for administration expenses in connection therewith. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Section 710 further provides that the Secretary of the Treasury shall make available to the Commissioner such funds as the Commissioner may deem necessary, but not to exceed $10 million, which amount is authorized to be appropriated out of any money in the Treasury not otherwise appropriated.

One million dollars had been allocated to the fund by the Secretary of the Treasury pursuant to the request of the Federal Housing Commissioner and the remaining $9 million had been rescinded and covered into the Treasury in accordance with the Second Supplemental Appropriation Act, 1956 (P.L. 533, 84th Cong.) approved May 19, 1956. Up to June 30, 1962, no applications for insurance under Title VII had been submitted.

Capital and Net Income

Assets of the Housing Investment Insurance Fund at June 30, 1962 totaled $934,410. Transfers from the War Housing Insurance Fund under Section 219 amounted to $910,000, and the cumulative operating income was $24,410. 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 46.—*Comparative statement of financial condition, Housing Investment Insurance Fund, as of June 30, 1961 and June 30, 1962*

	June 30, 1961	June 30, 1962	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury	$9,499	$17,651	$8,152
Investments: U.S. Government securities (amortized)	910,279	915,087	4,808
Accounts and notes receivable: Accounts receivable—Inter-fund	119	214	95
Accrued assets: Interest on U.S. Government securities	1,458	1,458	
Total assets	921,355	934,410	13,055
RESERVE			
Insurance reserve—available for future losses and expenses	921,355	934,410	13,055

The total income for fiscal year 1962 was $22,355, consisting entirely of income on U.S. Government securities, while expenses amounted to $6,944, resulting in a net income for the year of $15,411. The cumulative income of the Housing Investment Insurance Fund from August 10, 1948 to June 30, 1962 amounted to $240,248, while cumulative expenses amounted to $215,838, resulting in a net income to the fund of $24,410.

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 1962, net purchases of U.S. Government securities made for the account of this fund amounted to $5,000, principal amount. At June 30, 1962, the fund held $915,000, principal amount, of United States Government securities, yielding 2.47 percent, as follows:

Investments of the Housing Investment Insurance Fund, June 30, 1962

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1962		$39,088	$40,000	$39,637
1963		4,882	5,000	4,885
1965-70	2½	97,375	100,000	98,753
1967	2	70,000	70,000	70,000
1967-72	2½	704,922	700,000	701,812
Average annual yield 2.47 percent		916,267	915,000	915,087

STATEMENT 47.—*Income and expenses, Housing Investment Insurance Fund, through June 30, 1961 and June 30, 1962*

	Aug. 10, 1948 to June 30, 1961	July 1, 1961 to June 30, 1962	Aug. 10, 1948 to June 30, 1962
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$217,621	$22,355	$230,970
Other income:			
Profit on sale of investments	272		272
Total income	217,893	22,355	240,248
Expenses:			
Interest expenses:			
Interest on funds advanced by U.S. Treasury	107,914		107,914
Administrative expenses:			
Operating costs (including adjustments for prior years)	98,183	6,939	107,467
Other expenses:			
Depreciation on furniture and equipment	446	6	463
Losses and charge-offs:			
Loss (or profit—) on equipment	—5	—1	—6
Total expenses	206,538	6,944	215,838
Net income (or loss—)	11,355	15,411	24,410
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		$921,355	
Adjustments during the period		—2,356	
Net income (or loss—) for the period	$11,355	15,411	$24,410
	11,355	934,410	24,410
Capital contributions from other FHA insurance funds	910,000		910,000
Balance at end of period	921,355	934,410	934,410

TITLE VIII: ARMED SERVICES HOUSING MORTGAGE INSURANCE FUND

An amendment to the National Housing Act approved August 8, 1949 (Public Law 211, 81st Congress) created the Military Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Title VIII of the Act. Public Law 345, 84th Congress, approved August 11, 1955, changed the title of the fund from Military Housing Insurance Fund to Armed Services Housing Mortgage Insurance Fund. For the purposes of this fund, the Act authorized to be appropriated the sum of $10 million, of which $5 million was made available by the Supplemental Appropriation Act, 1950 (Public Law 358, 81st Congress). Section 803 provides for the insurance of military housing "project" mortgages for personnel in the armed services. Authority to issue commitments to insure under this section expired October 1, 1962. Section 809, added by Public Law 574, 84th Congress and extended to October 1, 1963 by Public Law 623, 87th 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 and extended to October 1, 1963 by Public Law 623, 87th Congress, provides for the insurance of mortgages on multifamily rental housing properties 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, 1962, the assets of the Armed Services Housing Mortgage Insurance Fund totaled $69,595,524 against which there were outstanding liabilities of $52,972,518, leaving $16,623,006 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 48.—*Comparative statement of financial condition, Armed Services Housing Mortgage Insurance Fund, as of June 30, 1961 and June 30, 1962*

	June 30, 1961	June 30, 1962	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury	$4,544,220	$5,477,810	$933,590
Investments:			
U.S. Government securities (amortized)	36,277,661	20,276,635	—16,001,026
Other securities (stock in rental housing corporations)	5,500	4,500	—1,000
Total investments	36,283,161	20,281,135	—16,002,026
Loans receivable:			
Mortgage notes and contracts for deed	1,132,733	2,040,446	907,713
Less allowance for losses	45,373	85,180	39,807
Net loans receivable	1,087,360	1,955,266	867,906
Accounts and notes receivable:			
Accounts receivable—Fee and insurance premiums	79,523	243,879	164,356
Accounts receivable—Other	43,916	68,904	24,988
Accounts receivable—Inter-fund	15,602	22,800	7,198
Total accounts and notes receivable	139,041	335,583	196,542
Accrued assets:			
Insurance premiums	157,950	183,938	25,988
Interest on U.S. Government securities	19,740	19,740	
Other	128,997	109,699	—19,298
Total accrued assets	306,687	313,377	6,690
Acquired security:			
Real estate (at cost plus expenses to date)	12,645,023	15,106,448	2,461,425
Less allowance for losses	8,505,491	8,372,621	—132,870
Net real estate	4,139,532	6,733,827	2,594,295
Mortgage notes acquired under terms of insurance	51,065,798	49,945,448	—1,120,350
Less allowance for losses	12,465,433	15,765,146	3,299,713
Net mortgage notes acquired under terms of insurance	38,600,365	34,180,302	—4,420,063
Net acquired security	42,739,897	40,914,129	—1,825,768
Other assets—held for account of mortgagors	355,211	318,224	—36,987
Total assets	85,455,577	69,595,524	—15,860,053
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	20,659	6,332	—14,327
Accrued liabilities:			
Interest on debentures	1,204,684	818,038	—386,646
Trust and deposit liabilities:			
Fee deposits held for future disposition	5,700	5,700	
Excess proceeds of sale		38,840	38,840
Deposits held for mortgagors, lessees and purshasers	1,049,697	820,153	—229,544
Total trust and deposit liabilities	1,055,397	864,693	—190,704

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STATEMENT 48.—*Comparative statement of financial condition, Armed Services Housing Mortgage Insurance Fund, as of June 30, 1961 and June 30, 1962*—Continued

	June 30, 1961	June 30, 1962	Increase or decrease (−)
LIABILITIES—continued			
Deferred and undistributed credits:			
Unearned insurance premiums	$3,106,175	$3,431,461	$325,286
Unearned insurance fees	11,651	26,383	14,732
Other	128,997	110,283	−18,714
Total deferred and undistributed credits	3,246,823	3,568,127	321,304
Bonds, debentures, and notes payable:			
Debentures payable	62,718,600	47,532,350	−15,186,250
Other liabilities:			
Reserve for foreclosure costs—mortgage notes acquired under terms of insurance	239,802	182,978	−56,824
Total liabilities	68,485,965	52,972,518	−15,513,447
RESERVE			
Insurance reserve—available for future losses and expenses	16,969,612	16,623,006	−346,606
Total liabilities and reserve	85,455,577	69,595,524	−15,860,053
Certificates of claim relating to properties on hand	869,987	735,590	−134,397

Total income of the Armed Services Housing Mortgage Insurance Fund during the fiscal year 1962 amounted to $7,817,425, while expenses and losses amounted to $4,996,085 leaving a net income of $2,821,340 before adjustment of valuation allowances. Valuation allowances were increased by $3,206,650, resulting in a net loss of $385,310 for the year. The cumulative income of the fund from August 8, 1949 to June 30, 1962 amounted to $58,955,054, while cumulative expenses totaled $18,109,101, resulting in a cumulative net income of $40,845,953 before adjustment of valuation allowances. Valuation allowances of $24,222,947 were established, leaving cumulative net income of $16,623,006.

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 1962, $3,248,650 of debentures were redeemed in payment of mortgage insurance premiums and $14,675,950 were redeemed in the exchange of assigned mortgage notes for debentures.

During the fiscal year 1962, net investments of $16 million decreased the U.S. Government securities held by the fund as of June 30, 1962 to $20,285,000, principal amount. These transactions resulted in an increase in the average annual yield from 2.14 percent to 2.26 percent.

STATEMENT 49.—*Income and expenses, Armed Services Housing Mortgage Insurance Fund, through June 30, 1961 and June 30, 1962*

	Aug. 8, 1949 to June 30, 1961	July 1, 1961 to June 30, 1962	Aug. 8, 1949 to June 30, 1962
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$3,353,280	$538,946	$3,892,226
Dividends on rental housing stock	1,993	20	2,013
Interest—Other	1,669,506	598,360	2,267,866
	5,024,779	1,137,326	6,162,105
Insurance premiums and fees:			
Premiums	34,479,319	6,464,738	40,944,057
Fees	11,628,681	210,451	11,839,132
	46,108,000	6,675,189	52,783,189
Other income:			
Profit on sale of investments	3,776		3,776
Income retained on settled properties	1,058	4,910	5,968
Miscellaneous income	16		16
	4,850	4,910	9,760
Total income	51,137,629	7,817,425	58,955,054
Expenses:			
Interest expenses:			
Interest on funds advanced by U.S. Treasury	441,092		441,092
Administrative expenses:			
Operating costs (including adjustments for prior years)	9,628,147	442,177	10,031,792
Other expenses:			
Depreciation on furniture and equipment	45,984	469	46,279
Miscellaneous expense	358	100	458
	46,342	569	46,737
Losses and charge-offs:			
Loss on acquired security	3,037,850	4,553,438	7,591,288
Loss (or profit −) on equipment	−1,711	−99	−1,808
	3,036,139	4,553,339	7,589,480
Total expenses	13,151,720	4,996,085	18,109,101
Net income before adjustment of valuation allowances	37,985,909	2,821,340	40,845,953
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−45,373	−39,807	−85,180
Allowance for loss on real estate	−8,505,491	132,870	−8,372,621
Allowance for loss on mortgage notes acquired under terms of insurance	−12,465,433	−3,299,713	−15,765,146
Net adjustment of valuation reserves	−21,016,297	−3,206,650	−24,222,947
Net income (or loss −)	16,969,612	−385,310	16,623,006

ANALYSIS OF INSURANCE RESERVE

Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		$16,969,612	
Adjustments during the period		38,704	
Net income (or loss −) for the period	$16,969,612	−385,310	$16,623,006
Balance at end of period	16,969,612	16,623,006	16,623,006

Investments of the Armed Services Housing Mortgage Insurance Fund, June 30, 1962

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1964–69	2½	$1,511,820	$1,550,000	$1,532,503
1965	2	9,735,000	9,735,000	9,735,000
1965–70	2½	288,391	300,000	294,210
1966–71	2½	1,063,141	1,100,000	1,080,593
1967–72	2½	7,701,281	7,600,000	7,634,329
Average annual yield 2.26 percent		20,299,633	20,285,000	20,276,635

Properties Acquired Under Terms of Insurance

During fiscal year 1962, 2 additional multifamily properties or assigned notes (326 units) insured under Section 803 were acquired by the Commissioner under the terms of insurance and 10 properties or mortgage notes assigned (1,441 units) were sold. Through June 30, 1962, a total of 20 properties (3,380 units) and 35 mortgage notes (5,466 units) had been acquired by the Commissioner, and 9 properties (1,412 units) and 8 mortgage notes assigned (914 units) had been sold. The sale resulted in a net loss of $7,587,032, or an average of $3,262 per unit.

Certificates of claim issued in connection with the 17 Section 803 multifamily properties or assigned mortgage notes sold as of June 30, 1962 amounted to $317,807, of which $36,199 was to be paid and $281,608 had been or will be canceled.

The turnover of Section 803 acquired security by calendar year, is shown in Statement 51.

On June 30, 1962, there remained on hand, under Section 803, 11 multifamily properties (1,968 units) and 27 assigned mortgage notes (4,552 units) as shown in Statement 52.

During fiscal year 1962, 37 additional Section 809 home properties were acquired and 15 properties were sold. Through June 30, 1962, a total of 74 home properties had been acquired and 19 had been sold. The sale resulted in a net loss of $32,936; however, $29,915 of the loss may be recoverable from the Department of Defense, in accordance with Public Law 574, 84th Congress, approved June 13, 1956. If this recovery of $29,915 is effected it will leave a net amount of $4,255 chargeable to the fund, as shown on Statement 50, or an average of $224 per case. On June 30, 1962, there remained 55 Section 809 properties on hand as shown in Statement 52. Nineteen certificates of claim totalling $9,733 were issued on the 19 properties sold, of which $952 was to be paid, and $8,781 was to be canceled.

The turnover of Section 809 acquired security by calendar year is shown in Statement 53.

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

STATEMENT 50.—*Statement of profit and loss on sale of acquired properties and assigned notes liquidated, Armed Services Housing Mortgage Insurance Fund, through June 30, 1962*

	Sec. 803, multifamily, 17 properties and notes, 2,326 units	Sec. 809, homes, 19 properties, 19 units	Total ASHMI Fund, 36 properties and notes, 2,345 units
Proceeds of sales:			
Sales price [1]	$19,330,451	$222,475	$19,552,926
Less commissions and other selling expenses	43,077	9,515	52,592
Net proceeds of sales	19,287,374	212,960	19,500,334
Income:			
Rental and other income (net)	1,389,979	2,059	1,392,038
Mortgage note income	1,069,733		1,069,733
Excess undisbursed mortgage proceeds	541,908		541,908
Total income	3,001,620	2,059	3,003,679
Total proceeds of sold properties	22,288,994	215,019	22,504,013
Expenses:			
Debenture and cash adjustment	25,791,489	233,716	26,025,205
Purchase of land held under lease	5,600		5,600
Interest on debentures	2,345,650	5,902	2,351,552
Taxes and insurance	196,312	4,096	200,408
Additions and improvements	9,868		9,868
Maintenance and operating	1,201,131	4,241	1,205,372
Service charge	36,780		36,780
Completion and preservation	201,209		201,209
Miscellaneous	50,382		50,382
Total expenses	29,838,421	247,955	30,086,376
Net profit (or loss −)	−7,549,427	−32,936	−7,582,363
Less amount recoverable from military on guaranteed cases		29,915	29,915
Net profit (or loss −) before distribution of liquidation profits	−7,549,427	−3,021	−7,552,448
Distribution of liquidation profits:			
Certificates of claim	36,199	952	37,151
Increment on certificates of claim	1,406	12	1,418
Refunds to mortgagors		271	271
Loss (−) to Armed Services Housing Mortgage Insurance Fund	−7,587,032	−4,256	−7,591,288

[1]Analysis of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Total
Property sold for all cash	21	---	$15,420,575		$15,420,575
Property sold for cash and note	15	317	222,251	$3,910,100	4,132,351
Total	36	317	15,642,826	3,910,100	19,552,926

STATEMENT 51.—*Turnover of properties acquired and mortgage notes assigned under Sec. 803 of Title VIII contracts of insurance by years and cumulative through Dec. 31, 1962*

Properties and notes acquired		Properties sold by calendar years						Properties and notes on hand Dec. 31, 1962
Year	Number	1957	1958	1959	1960	1961	1962	
1954	1				1			
1955	4				1		1	2
1956	2							2
1957	11	1	1	1	1		1	6
1958	4					1		3
1959	7					1		6
1960	12					4	5	3
1961	13						3	10
1962	1							1
Total	55	1	1	1	3	6	10	33

NOTE.—On the 22 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 25.17 months.

STATEMENT 52.—*Armed Services Housing Mortgage Insurance Fund, statement of properties and assigned mortgage notes on hand at June 30, 1962*

	Sec. 803, multifamily		Sec. 809, 55 properties, 55 units	Total, 66 properties and 27 notes, 6,575 units
	11 properties, 1,968 units	27 mortgage notes, 4,552 units		
Expenses:				
Acquisition costs	$13, 190, 780	[1]$50, 624, 178	$629, 441	$64, 444, 399
Interest on debentures	1, 756, 000	4, 612, 056	25, 910	6, 393, 966
Taxes and insurance	262, 677	110, 294	8, 457	381, 428
Additions and improvements	5, 845	----------	----------	5, 845
Maintenance and operating	526, 312	----------	2, 633	528, 945
Service charge	----------	122, 939	----------	122, 939
Completion and preservation	----------	2, 368, 593	----------	2, 368, 593
Miscellaneous	50, 653	98, 413	----------	149, 066
Accrued expenses payable	6, 211	----------	49	6, 260
Total expenses	15, 798, 478	57, 936, 473	666, 490	74, 401, 441
Income and recoveries:				
Rent and other income (net)	1, 358, 520	4, 791, 773	----------	6, 150, 293
Collections on mortgage notes	----------	907, 735	----------	907, 735
Undisbursed mortgage proceeds	----------	2, 291, 517	----------	2, 291, 517
Total income	1, 358, 520	7, 991, 025	----------	9, 349, 545
Net acquired security on hand	14, 439, 958	49, 945, 448	666, 490	65, 051, 896

[1] See the following table:

	803		
	MHI	ASHMI	Total
Asset value at acquisition	$18, 320, 882	$32, 303, 295	$50, 624, 177
Less:			
Collection to principal	554, 925	352, 810	907, 735
Undisbursed mortgage proceeds	----------	2, 291, 517	2, 291, 517
Outstanding note balance	17, 765, 957	29, 658, 968	47, 424, 925

STATEMENT 53.—*Turnover of properties acquired under Sec. 809 of Title VIII contracts of insurance by years, and cumulative through Dec. 31, 1962*

Properties acquired		Properties sold by calendar years				Properties on hand Dec. 31, 1962
Year	Number	1959	1960	1961	1962	
1959	1	-----	1	-----	-----	-----
1960	15	-----	-----	6	4	5
1961	35	-----	-----	3	16	16
1962	57	-----	-----	-----	14	43
Total	108	-----	1	9	34	64

NOTE.—On the 44 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 9.68 months.

Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Congress), which provides that this fund shall be used by the Commissioner as a revolving fund for carrying out the provisions of Title IX of the Act. This title of the Act provides for the insurance of mortgages in areas which the President shall have determined to be critical defense housing areas. To accomplish this purpose, the Act authorized the Commissioner to transfer from the War Housing Insurance Fund the sum of $10 million. 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, 1962, the assets of the National Defense Housing Insurance Fund totaled $84,792,841, against which there were outstanding liabilities of $100,277,918, leaving a deficit of $15,485,077. This represents an operating deficit of $26,260,077 less $10,775,000 transferred from other insurance funds in accordance with Section 219 of the Act.

STATEMENT 54.—*Comparative statement of financial condition, National Defense Housing Insurance Fund, as of June 30, 1961 and June 30, 1962*

	June 30, 1961	June 30, 1962	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$1, 864, 882	$3, 546, 848	$1, 681, 966
Investments:			
U.S. Government securities (amortized)	521, 791	482, 471	−39, 320
Other securities (stock in rental housing corporations)	8, 600	8, 700	100
Total investments	530, 391	491, 171	−39, 220
Loans receivable:			
Mortgage notes and contracts for deed	31, 988, 251	38, 333, 041	6, 344, 790
Less allowance for losses	676, 279	824, 840	148, 561
Net loans receivable	31, 311, 972	37, 508, 201	6, 196, 229
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	31, 473	57, 305	25, 832
Accounts receivable—Other	892	120, 621	119, 729
Accounts receivable—Interfund	3, 390	14, 287	10, 897
Total accounts and notes receivable	35, 755	192, 213	156, 458
Accured assets:			
Interest on U.S. Government securities	1, 667	1, 667	----------
Other	161, 866	407, 939	246, 073
Total accrued assets	163, 533	409, 606	246, 073
Acquired security:			
Real estate (at cost plus expenses to date)	62, 947, 563	66, 081, 079	3, 133, 516
Less allowance for losses	28, 438, 617	28, 880, 412	441, 795
Net real estate	34, 508, 946	37, 200, 667	2, 691, 721
Mortgage notes acquired under terms of insurance	2, 904, 310	6, 414, 411	3, 510, 101
Less allowance for losses	543, 482	1, 011, 210	467, 728
Net mortgage notes acquired under terms of insurance	2, 360, 828	5, 403, 201	3, 042, 373
Net acquired security	36, 869, 774	42, 603, 868	5, 734, 094
Other assets—held for account of mortgagors	13, 490	40, 934	27, 444
Total assets	70, 789, 797	84, 792, 841	14, 003, 044
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	58, 768	157, 379	98, 611
Accrued liabilities: Interest on debentures	1. 117, 450	1, 345, 569	228, 119

STATEMENT 54.—*Comparative statement of financial condition, National Defense Housing Insurance Fund, as of June 30, 1961 and June 30, 1962*—Continued

	June 30, 1961	June 30, 1962	Increase or decrease (−)
LIABILITIES—continued			
Trust and deposit liabilities:			
Fee deposits held for future disposition	----------	----------	----------
Excess proceeds of sale	$226, 746	$284, 490	$57, 744
Deposits held for mortgagors, lessees, and purchasers	629, 917	954, 613	324, 696
Total trust and deposit liabilities	856, 663	1, 239, 103	382, 440
Deferred and undistributed credits:			
Unearned insurance premiums	949, 003	754, 838	−194, 165
Other	161, 915	355, 723	193, 808
Total deferred and undistributed credits	1, 110, 918	1, 110, 561	−357
Bonds, debentures, and notes payable:			
Debentures payable	81, 382, 300	96, 381, 450	14, 999, 150
Other liabilities:			
Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	34, 480	43, 856	9, 376
Total liabilities	84, 560, 579	100, 277, 918	15, 717, 339
RESERVE			
Insurance reserve (deficit −)	−13, 770, 782	−15, 485, 077	−1, 714, 295
Total liabilities and reserve	70, 789, 797	84, 792, 841	14, 003, 044
Certificates of claim relating to properties on hand	2, 050, 166	2, 104, 444	54, 278

Income and Expenses

During fiscal year 1962 the income to the fund amounted to $2,630,150, while expenses and losses amounted to $4,066,695 leaving a net loss of $1,436,545 before provision for valuation allowances. An increase of $1,058,084 in the valuation allowances resulted in a net loss of $2,494,629 for the year.

The cumulative income of the National Defense Housing Insurance Fund from September 1, 1951, to June 30, 1962, amounted to $27,273,906 while cumulative expenses amounted to $22,817,521, leaving cumulative net income of $4,456,385 before adjustment of valuation allowances. Valuation allowances of $30,716,462 were established, leaving a cumulative net loss of $26,260,077.

Investments

Section 905(a) of Title IX contains a provision similar to that under Title II with respect to investment of moneys not needed for current operations by the purchase of U.S. Government securities or the retirement of debentures.

During fiscal year 1962, $1,275,400 of debentures were redeemed in payment of mortgage insurance premiums.

STATEMENT 55.—*Income and expenses, National Defense Housing Insurance Fund, through June 30, 1961 and June 30, 1962*

	Sept. 1, 1951 to June 30, 1961	July 1, 1961 to June 30, 1962	Sept. 1, 1951 to June 30, 1962
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$1, 065, 790	$19, 417	$1, 085, 207
Interest on mortgage notes and contracts for deed	----------	53, 083	53, 083
Interest—Other	1, 491, 784	−406, 140	1, 085, 644
Dividends on rental housing stock	413	50	463
	2, 557, 987	−333, 590	2, 224, 397
Insurance premiums and fees:			
Premiums	18, 494, 241	1, 877, 365	20, 371, 606
Fees	2, 722, 931	----------	2, 722, 931
	21, 217, 172	1, 877, 365	23, 094, 537
Other income:			
Profit on sale of investments	63, 859	----------	63, 859
Income retained on settled properties	802, 234	1, 086, 471	1, 888, 705
Miscellaneous income	2, 504	−96	2, 408
	868, 597	1, 086, 375	1, 954, 972
Total income	24, 643, 756	2, 630, 150	27, 273, 906
Expenses:			
Administrative expenses:			
Operating costs (including adjustments for prior years)	8, 563, 265	794, 254	9. 352, 209
Other expenses:			
Depreciation on furniture and equipment	41, 291	753	42, 020
Miscellaneous expenses	29, 729	14, 769	44, 498
	71, 020	15, 522	86. 518
Losses and charge-offs:			
Loss on acquired security	10, 122, 639	3, 257, 078	13, 379, 71
Loss (or profit+) on equipment	−764	−159	−92
	10, 121, 875	3, 256, 919	13, 378, 794
Total expenses	18, 756, 160	4, 066, 695	22, 817, 521
Net income before adjustment of valuation allowances	5, 887, 596	−1, 436, 545	4, 456, 385
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−676, 279	−148, 561	−824, 840
Allowance for loss on real estate	−28, 438, 617	−441, 795	−28, 880, 412
Allowance for loss on mortgage notes acquired under terms of insurance	−543, 482	−467, 728	−1, 011, 210
Net adjustment of valuation allowances	−29, 658, 378	−1, 058, 084	−30, 716, 462
Net income (or loss −)	−23, 770, 782	−2, 494, 629	−26, 260, 077

ANALYSIS OF INSURANCE RESERVE

Distribution of net income:			
Insurance reserve:			
Balance at beginning of period	----------	−$13, 770, 782	----------
Adjustments during the period	----------	+5, 334	----------
Net income (or loss−) for period	−$23, 770, 782	−2, 494, 629	−$26, 260, 077
	−23, 770, 782	−16, 260, 077	−26, 260, 077
Capital contributions from other FHA insurance funds	10, 000, 000	775, 000	10, 775, 000
Balance at end of period	−13, 770, 782	−15, 485, 077	−15, 485, 077

During the fiscal year 1962, net redemptions of $40,000, 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, 1962, at $490,000, yielding 2.59 percent.

Investments of the National Defense Housing Insurance Fund, June 30, 1962

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1966	2	$90,000	$90,000	$90,000
1966–71	2½	193,563	200,000	196,541
1967–72	2½	193,062	200,000	195,930
Average annual yield 2.59 percent	----------	476,625	490,000	482,471

Properties Acquired Under Terms of Insurance

During fiscal year 1962, 3 additional properties or assigned notes (135 units) insured under Section 908 were acquired by the FHA Commissioner. Titles to 1,412 home properties (1,906 units) and 341 mortgage notes assigned (387 units) insured under Section 903 were acquired under the terms of insurance during fiscal year 1962, and 1,202 (1,408 units) properties and 2 mortgage notes assigned (2 units) were sold. Through June 30, 1962, a cumulative total of 14 mortgage notes (675 units) and 21 properties (1,750 units) insured under Section 908, and 12,158 home properties (14,508 units) and 341 mortgage notes assigned (387 units) insured under Section 903 had been acquired under the terms of insurance. Six thousand one hundred and fifty-two home properties (7,363 units) and 2 mortgage notes assigned (2 units) insured under Section 903 and 11 Section 908 multifamily properties (667 units) had been sold at June 30, 1962, which left charges of $12,432,454 for Section 903 ($2,021 per case) and $947,263 for Section 908 ($1,420 per unit) against the fund. Certificates of claim issued in connection with the 6,154 Section 903 properties sold through June 30, 1962 totaled $2,014,724, of which $348,376 was paid or to be paid and $1,666,348 canceled. Certificates of claim issued in connection with the Section 908 properties sold totaled $159,493, of which $99,983 was to be paid and $59,510 had been or was to be canceled. At June 30, 1962, there remained on hand 6,006 properties (7,145 units) and 339 mortgage notes assigned (385 units) insured under Section 903, 14 mortgage notes (675 units) and 10 multifamily properties (1,083 units) insured under Section 908.

STATEMENT 56.—*Statement of profit and loss on sale of acquired properties and assigned notes liquidated, National Defense Housing Insurance Fund, through June 30, 1962*

Items	Sec. 903, 6,154 properties and notes (7,365 units)	Sec. 908, 11 properties (667 units)	Total NDHI Fund, 6,165 properties and notes (8,032 units)
Proceeds of sales:			
Sales price [1]	$47,174,021	$3,982,775	$51,156,796
Less commission and other selling expenses	1,838,902	6,699	1,845,601
Net proceeds of sales	45,335,119	3,976,076	49,311,195
Income:			
Rental and other income (net)	6,462,553	941,363	7,403,916
Mortgage note income	4,073,692	408,598	4,482,290
Recovery prior to acquisition of defaulted notes	133,325	----------	133,325
Total income	10,669,570	1,349,961	12,019,531
Total proceeds of sold properties	56,004,689	5,326,037	61,330,726
Expenses:			
Debentures and cash adjustments	55,328,043	4,945,891	60,273,934
Asset value acquired after default of purchase money mortgages	−2,068,434	----------	−2,068,434
Other assets acquired	−733	----------	−733
Purchase of land held under lease	170,761	----------	170,761
Interest on debentures	6,278,664	896,510	7,175,174
Taxes and insurance	2,589,187	119,942	2,709,129
Additions and improvements	44,503	1,885	46,388
Maintenance and operating expense	5,440,106	167,854	5,607,960
Service charge	277,211	15,349	292,560
Miscellaneous	5,901	9,711	15,612
Total expenses	68,065,209	6,157,142	74,222,351
Net profit (or loss−) before distribution of liquidation profits	−12,060,520	−831,105	−12,891,625
Less distribution of liquidation profits:			
Certificates of claim	348,376	99,984	448,360
Increment on certificates of claim	23,558	16,174	39,732
Loss (−) to National Defense Housing Insurance Fund	−12,432,454	−947,263	−13,379,717

[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	647	-------	$2,143,479	----------	$2,143,479
Properties sold for cash and notes (or contracts for deed)	5,518	4,878	2,579,246	$46,434,071	49,013,317
Total	6,165	4,878	4,722,725	46,434,071	51,156,796

Statements 58 and 59 show the turnover of acquired security under Sections 903 and 908 by calendar year of acquisition.

STATEMENT 57.—*National Defense Housing Insurance Fund, statement of properties and assigned mortgage notes on hand as of June 30, 1962*

	Sec. 903 homes		Sec. 908 multifamily		Total NDHI Fund, 6,016 properties, 353 mortgage notes, 9,288 units
	6,006 properties,[1] 7,145 units	339 mortgage notes, 385 units	10 properties, 1,083 units	14 mortgage notes, 675 units	
Expenses:					
Acquisition costs	$51,196,321	[2] $2,639,940	$7,227,236	[2] $4,385,624	$65,449,121
Interest on debentures	4,914,400	----------	1,356,724	554,937	6,826,061
Taxes and insurance	2,950,420	----------	342,050	----------	3,292,470
Additions and improvements	36,177	----------	10,324	----------	46,501
Maintenance and operating	3,293,006	----------	818,123	----------	4,111,129
Service charge	----------	----------	----------	15,321	15,321
Miscellaneous	21,922	----------	36,944	4,735	63,601
Accrued expenses payable	134,281	----------	17,443	----------	151,704
Total expenses	62,546,507	2,639,940	9,808,844	4,960,617	79,955,908
Income and recoveries:					
Rent and other (net)	4,765,041	----------	1,509,231	775,622	7,049,894
Collections on mortgage notes	----------	----------	----------	410,523	410,523
Total income	4,765,041	----------	1,509,231	1,186,145	7,460,417
Net acquired security on hand	57,781,466	2,639,940	8,299,613	3,774,472	72,495,491

[1] Includes 246 properties (258 units) repossessed and carried at the asset value at time of repossession.

	Sec. 903	*Sec. 908*
[2] Outstanding balance of notes receivable at date of acquisition	$2,639,940	$4,385,624
Less:		
Collection to principal	---------	410,523
Unpaid principal balance	2,639,940	3,975,101

STATEMENT 58.—*Turnover of properties acquired and mortgage notes assigned under Sec. 903 of Title IX contracts of insurance by years, and cumulative through Dec. 31, 1962*

Properties acquired		Properties sold, by calendar years										Properties and notes on hand Dec. 31, 1962
Year	Number	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	
1953	3	-------	-------	3	-------	-------	-------	-------	-------	-------	-------	-------
1954	690	-------	2	113	149	166	15	15	−8	−1	19	220
1955	2,535	-------	-------	358	657	249	138	16	21	416	64	614
1956	2,800	-------	-------	-------	167	539	628	276	163	117	47	858
1957	1,273	-------	-------	-------	-------	69	196	142	80	65	98	623
1958	640	-------	-------	-------	-------	-------	32	68	98	56	63	323
1959	1,413	-------	-------	-------	-------	-------	-------	77	152	126	216	842
1960	997	-------	-------	-------	-------	-------	-------	-------	57	154	179	607
1961	1,025	-------	-------	-------	-------	-------	-------	-------	-------	84	205	736
1962	1,454	-------	-------	-------	-------	-------	-------	-------	-------	-------	52	1,409
Total	12,830	-------	2	474	973	1,023	1,009	594	563	1,017	943	6,232

NOTE.—On the 6,598 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 26.86 months. The number of properties sold has been reduced by 356 properties repossessed because of default on mortgage notes, of which 78 had been resold by Dec. 31, 1962.

STATEMENT 59.—*Turnover of properties acquired and mortgage notes assigned under Sec. 908 of Title IX contracts of insurance by years, and cumulative through Dec. 31, 1962*

Year	Properties and notes acquired	Properties sold, calendar years						Properties and notes on hand Dec. 31, 1962
		1957	1958	1959	1960	1961	1962	
1954	2	1	------	------	------	------	------	1
1955	10	------	------	------	1	------	------	9
1956	7	------	------	------	------	------	2	5
1957	7	------	------	3	1	2	------	1
1958	4	------	------	3	------	------	------	1
1959	------	------	------	------	------	------	------	------
1960	2	------	------	------	------	------	------	2
1961	3	------	------	------	------	------	------	3
Total	35	1	------	6	2	2	2	22

NOTE.—On the 13 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 33.33 months.

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 60.—*Comparative statement of financial condition, Administrative Expense Account (salaries and expenses), as of June 30, 1961 and June 30, 1962*

	June 30, 1961	June 30, 1962	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$5,976,548	$7,653,301	$1,676,843
Accounts and notes receivable: Accounts receivable—Other	187,513	255,186	67,673
Land, structures, and equipment:			
Furniture and equipment	3,892,317	[1] 4,743,313	850,996
Less allowance for depreciation	2,128,643	2,095,641	−33,002
Net furniture and equipment	1,763,674	2,647,672	883,998
Total assets	7,927,735	10,556,249	2,628,514
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	4,404,299	[2] 5,817,488	1,413,189
Inter-fund	1,763,675	2,647,673	883,998
Total accounts payable	6,167,974	8,465,161	2,297,187
Trust and deposit liabilities:			
Due general fund of the U.S. Treasury	602	443	−159
Employees' payroll deductions for taxes, etc	1,754,718	2,057,126	302,408
Total trust and deposit liabilities	1,755,320	2,057,569	302,249
Deferred and undistributed credits: Other	4,441	33,519	29,078
Total liabilities	7,927,735	10,556,249	2,628,514

[1] Excludes unfilled orders in the amount of $414,120.
[2] Excludes unfilled orders in the amount of $6,819,566.

PUBLICATIONS

The following are the principal new or revised FHA publications issued in 1962. Unless otherwise indicated, they can be obtained without charge from the Federal Housing Administration, Washington, D.C., 20411.

A Comparison of FHA Home Improvement Programs. (A fact sheet of general information to assist in selecting the appropriate type of FHA-insured loan for home improvement and rehabilitation; discusses FHA-insured loan programs under Title I, under Section 203(b), and under Section 203(k) of the National Housing Act.) (FHA 770.)

Dealers' and Contractors' Guide for Property Improvement Loans. (FHA 30.) Revised June 1962. 10¢.*

Estimating Ability to Pay for a Home. (A guide to FHA mortgage credit analysis.) (FHA 201.) Revised May 1962.

FHA and the Home-Buying Serviceman. (FHA 895.) Revised April 1962. 10¢.*

FHA Experimental Housing Program. (A fact sheet of general information about the program authorized by Section 233 of the National Housing Act.) (FHA 246.)

FHA Financing for Home Purchases and Home Improvements. (A guide to financing costs and home-buying ability.) (FHA 428.) 5¢ each; $3.75 per 100 copies.*

FHA Forbearance Provisions. (A fact sheet explaining the steps a lender can take, with FHA approval, to avert foreclosure of an insured mortgage when a home owner is temporarily unable to meet his mortgage payments because of circumstances beyond his control.) (FHA 467.) Revised October 1962.

FHA Home Mortgage Insurance. (A fact sheet of general information for the home buyer.) (FHA 208.) Revised May 1962. 5¢.*

FHA Home Owner's Guide. (FHA 100.) Revised July 1962. 15¢.*

FHA Low Cost Housing for Small Towns and Outlying Areas. (A fact sheet of general information about the mortgage insurance program authorized by Section 203(i) of the National Housing Act.) (FHA 492.) Revised December 1962.

FHA Mortgage Insurance for Rental and Cooperative Housing for Persons of Low and Moderate Income. (A fact sheet of general information about the below-market interest rate program authorized by Section 221(d)(3) of the National Housing Act.) (FHA 221.) Revised October 1962.

FHA Mortgage Insurance on Condominiums. (A fact sheet of general information about the program authorized by Section 234 of the National Housing Act to provide for FHA insurance on individually owned units in multifamily structures.) (FHA 491.) Revised November 1962.

FHA Mortgage Insurance on Housing for the Elderly. (A fact sheet of general information about the rental housing program authorized by Section 231 of the National Housing Act.) (FHA 247.) Revised November 1962.

FHA Mortgage Insurance on Low-Cost Homes. (A fact sheet of general information about the program authorized by Section 221(d)(2) of the National Housing Act.) (FHA 219.) Revised November 1962.

FHA's New Home Improvement Programs. (A booklet of general information about the home improvement and rehabilitation programs authorized by Section 203(k) and Section 220(h) of the National Housing Act.) (FHA 206.) Revised December 1962. 15¢.*

How To Do Business With the FHA . . . A Message to Builders. (FHA 232.) Revised November 1962.

Minimum Property Standards for Mobile Home Courts. (FHA 2424.) Revised August 1962. 30¢.*

Minimum Property Standards for Nursing Homes. (FHA 334.) Revised July 1962. 30¢.*

Nursing Home Mortgage Insurance. (FHA 696.) Revised February 1962. 15¢.*

Technical Studies by the Federal Housing Administration. (Of interest to industry, Government agencies, educational institutions, and various research organizations in the housing field, this list is designed to help avoid duplication of effort and to stimulate technical studies by others; lists studies under FHA contract or consideration, as well as those of potential interest to the agency, and includes the source and cost—if any—of completed studies and reports.) (FHA 470.) Revised June 1962.

*Available at price shown from Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402.

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