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Eighteenth Annual Report

of the

FEDERAL HOUSING ADMINISTRATION

Walter L. Greene

Commissioner

For the year ending

December 31, 1951

EIGHTEENTH ANNUAL REPORT

OF THE

FEDERAL HOUSING ADMINISTRATION

Year ending December 31, 1951

This report is identical with Part III of the Fifth Annual Report of the Housing and Home Finance Agency, of which the Federal Housing Administration is a constituent agency

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LETTER OF TRANSMITTAL

To the Congress of the United States:

In accordance with Section 5 of the National Housing Act as amended, I transmit herewith the Eighteenth Annual Report of the Federal Housing Administration. This report covers the calendar year 1951.

Respectfully,

WALTER L. GREENE,
Commissioner.

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Functions of the Federal Housing Administration

Under authority provided in the National Housing Act of June 27, 1934, as amended, the Federal Housing Administration operates insurance programs designed to encourage improvement in housing standards and conditions and to guide the creation of a sound mortgage market. The FHA makes no loans and does not plan or build housing. As provided by the President's Reorganization Plan No. 3 of 1947, the FHA is a constituent unit of the Housing and Home Finance Agency.

Property Improvement Loan Insurance

Section 2 of Title I of the Act authorizes the FHA to insure qualified lending institutions against loss on loans made to finance the alteration, repair, improvement, or conversion of existing structures, and the building of small new nonresidential structures.

Home Mortgage Insurance

Section 203 of Title II authorizes the insurance of mortgages on new and existing one- to four-family dwellings. The principal activity of the FHA over its 17½ years of operation has been carried on under this section.

Section 8 of Title I (added to the Act in 1950) authorizes the insurance of mortgages on new single-family dwellings for families of low and moderate income, particularly in suburban and outlying areas.

Section 611 of Title VI (added in 1948) authorizes the insurance of mortgages, including construction advances, on projects of 25 or more new single-family dwellings. The purpose of this section is to encourage the application of site fabrication and other cost-reduction techniques to large-scale homebuilding operations.

Cooperative Housing

Section 213, added to Title II in 1950, authorizes the insurance of mortgages on cooperative housing projects. Mortgages on projects of 12 or more units are insured. This section also authorizes the FHA to furnish technical advice and assistance in the organization of the cooperatives and in the planning, development, construction, and operation of their housing projects.

Rental Housing

Section 207 of Title II authorizes the insurance of mortgages, including construction advances, on rental housing projects. Mortgages on projects of 12 or more units are insured.

Title VII (added in 1948) authorizes the insurance of a minimum amortization charge and an annual return on outstanding investments in debt-free rental projects.

Title VIII (added in 1949) authorizes the insurance of mortgages on rental housing built on or near military reservations for the use of civilian or military personnel of the Army, Navy, or Air Force, on certification by the Secretary of Defense, and rental housing for employees of Atomic Energy installations, on certification by the Atomic Energy Commission.

Housing for Critical Defense Areas

Title IX, added to the Act in September 1951, provides for the insurance of mortgages on housing programed for critical defense areas by the Administrator of the Housing and Home Finance Agency. Preference of opportunity to rent or purchase must be given to defense workers. Section 903 of Title IX authorizes the insurance of mortgages on one- and two-family dwellings. Under Section 908, mortgages on rental projects of 12 or more units are insured. No commitment of mortgage insurance on new construction may be made under this title after June 30, 1953.

War and Veterans' Emergency Housing

Sections 603 and 608 of Title VI were enacted in 1941 and 1942, respectively, to aid the production of war housing through mortgage insurance provisions somewhat more liberal than those under Sections 203 and 207. Sections 603 and 608 became inactive after the war ended, but were revived in 1946 as part of the Veterans' Emergency Housing Program. The authority to issue commitments of mortgage insurance on new construction under Section 603 expired April 30, 1948, and new-construction commitments under Section 608 are limited to those for which applications were received on or before March 1, 1950.

Publicly Owned Housing

Section 610 of Title VI (added in 1947) authorizes the insurance under Sections 603 and 608 of mortgages on specified types of permanent housing sold by the Government.

Prefabricated Housing

Section 609 of Title VI (added in 1947) authorizes the insurance of short-term loans to finance the manufacture of housing, and the insurance of lending institutions against loss on notes given in part payment by purchasers of manufactured housing financed with insured loans.

Section 1

GENERAL REVIEW

Significant developments in 1951 for the FHA included the passage of the Defense Housing and Community Facilities and Services Act of 1951; a decrease in the over-all volume of insurance written and applications received during the year; and assumption by the FHA of responsibilities delegated by the Housing and Home Finance Administrator relating to controlled materials, disaster relief assistance, and programed housing for defense areas. Factors influencing the lessened volume of insurance included credit restrictions, the controlled materials plan, some tightness of mortgage money, and the decline of activity under Section 608, Title VI of the National Housing Act. Despite the decrease in aggregate volume, there were increases under the military housing, cooperative housing, and Section 8 low-cost homes provisions of the Act.

The growing national defense effort was a major influence on all housing activity in 1951, including the operations of the FHA. The defense effort made necessary a reduction in the over-all volume of construction, an increase in the construction of homes in critical defense areas, and curtailment of the use in home building of certain critical materials.

Other factors affecting home building and home financing during the year were the relative economic stability that prevailed during most of the year; high levels of employment, incomes, and savings, which made for a continued demand for housing; an adequate supply of labor and most materials; and high building costs. The chief problem in home financing was the scarcity of mortgage money that grew out of the withdrawal in March of Federal Reserve support of Treasury bonds at par. As a result of this action, lending institutions with large amounts of outstanding commitments to purchase mortgages found it necessary to use their incoming funds to take care of such commitments. This condition improved toward the end of the year, and many investors came back into the mortgage market.

The outlook at the end of the year was for a better supply of mortgage funds in 1952, with incentives provided in the Defense Housing and Community Facilities and Services Act to direct home building into the critical areas of demand, which include military housing, homes for defense workers and victims of floods and other major disasters, and homes at lower prices and rentals to meet the still urgent requirements of the mass market.

Nearly 18 years of experience under a variety of conditions have prepared the FHA to be of service to the public and to the building industry in the present unsettled times.

Legislative Changes

Public Law 107, Eighty-second Congress, approved August 3, 1951, amended Section 8, Title I of the National Housing Act to provide housing relief in disaster areas by authorizing the insurance of mortgages in amounts up to $7,000 (or $8,000 in high-cost areas) and up to 100 percent of appraised value on owner-occupied single-family dwellings, when the mortgagor establishes that his home, which he occupied as owner or tenant, was destroyed, or damaged so as to require rebuilding, as a result of fire, flood, or other major disaster.

The Defense Housing and Community Facilities and Services Act of 1951 (Public Law 139, 82d Cong., approved Sept. 1, 1951) added to the National Housing Act a new Title IX, which provides for the insurance of mortgages on programed housing in critical defense areas. The provisions of this title are discussed under "National Defense Housing Insurance."

The Defense Housing Act also amended existing titles of the National Housing Act, as follows:

Title II

The term of debentures which the Commissioner is authorized to issue in connection with mortgages insured under Sections 207 and 213 was changed to 20 years from the date of the debenture.

The eligibility provisions of Section 207 were amended so that projects with at least 4 rooms per family unit instead of 4½ rooms per family unit may receive the benefit of the $8,100 mortgage limitation. These provisions also were clarified with respect to the ratio of loan to value applicable to commercial facilities included in the project.

Section 214 was amended to authorize the Commissioner to increase by as much as one-half, instead of one-third as previously authorized, the dollar limitations on mortgage amounts with respect to property in Alaska.

Section 216 was added to Title II, authorizing the Commissioner under certain conditions to waive the requirement that the mortgagor be the owner-occupant if the mortgagor is prevented from occupying the property by reason of being called to military service.

Section 217 also was added to Title II, authorizing the President to increase the amount of insurance authorization under various titles

of the National Housing Act, provided that the aggregate amount of such increases does not exceed $1,500,000,000.[1]

Title III

Section 301 of Title III of the National Housing Act was amended to permit the Federal National Mortgage Association to issue $200 million in commitments up to December 30, 1951, to buy insured mortgages prior to the insurance thereof under certain conditions in critical defense housing areas or major disaster areas or if the mortgages are to be insured under Title VIII.

Title VII

Section 702 of this title was amended by the addition of a new subsection which clarifies the requirements that the insured investor must meet with respect to title and absence of outstanding obligations.

Section 707 was amended to permit the assigning or pledging by the investor of the benefits of the insurance contract, subject to rules and regulations of the Commissioner.

Section 713 was amended to clarify the definition of "minimum annual return" contained in subsection (n). The definition of "excess earnings" contained in subsection (o) of this section was also amended to permit the amount of taxes paid by the investor to be taken into consideration in such calculation.

Title VIII

This title, providing for the insurance of mortgages on military housing, was amended by extending to July 1, 1953, the Commissioner's authority to issue commitments of insurance on new construction; by giving the Commissioner discretionary authority to increase the $8,100 per unit limitation by $900 in high-cost areas; and by including authority to insure mortgages on housing for the Atomic Energy Commission as well as for military establishments.

Public Law 214, Eighty-second Congress, approved October 26, 1951, redefines the term "veteran" as used in Section 213 of the National Housing Act to include any person serving in the armed forces on and after June 27, 1950.

[1] On Oct. 16, 1951, the President prescribed aggregate amounts under various titles of the National Housing Act as follows:

Title II: Aggregate principal amount of insured mortgages outstanding at any one time, $9.4 billion;

Title VIII: Aggregate principal amount of all mortgages insured, $700 million;

Title IX: Aggregate principal amount of all mortgages insured, $400 million.

On Mar. 19, 1952, the President authorized a further increase of $400 million in the Title II authorization.

National Defense Housing Insurance

Title IX, "National Defense Housing Insurance," was added to the National Housing Act by the Defense Housing and Community Facilities and Services Act of 1951, which the President signed on September 1. Section 902 of Title IX establishes a National Defense Housing Insurance Fund of $10,000,000, to be transferred from the Title VI War Housing Insurance Fund, for carrying out the provisions of Title IX, and provides that no money from the new fund shall be used for administrative expenses of the FHA without specific authorization by Congress. The necessary authorization was given in a supplemental appropriations act (Public Law 254, 82d Cong.) approved November 1, and on November 5 the FHA issued to its field offices administrative rules and regulations for mortgage insurance under Title IX.

The insurance authorized by this title is limited to mortgages on housing programed by the Administrator of the Housing and Home Finance Agency for areas designated by the President as critical defense areas. The new title is intended to supplement rather than to supplant existing systems of FHA mortgage insurance, and the filing of applications under Sections 203, 207, or other sections of the Act, in the production of programed housing is encouraged when eligibility requirements under those sections can be met.

Title IX provides in Section 903 for the insurance of mortgages on one- and two-family dwellings, and in Section 908 for the insurance of mortgages on rental projects. Provision must be made by the mortgagor to give preference of opportunity to rent or purchase to persons engaged in national defense activities. The transaction is required to be an acceptable risk in view of the needs of national defense. Credit restrictions are suspended for Title IX housing. The aggregate amount of mortgages that may be insured is subject to authorization by the President, who on October 16 approved an initial authorization of $400,000,000.

Title IX may be described as being between Title II and Title VI. Title IX mortgages are based on a percentage of value, instead of on a percentage of cost as in Title VI, and it is necessary under Title IX to see continued marketability of the properties involved.

The Commissioner's authority to insure under Section 903 is similar to that contained in Section 203 of Title II, with the following exceptions:

(1) It applies only to one- and two-family dwellings.

(2) The mortgage amount may not exceed 90 percent of appraised value, and may not exceed the following amounts:

For a one-family dwelling, $8,100 if the dwelling has fewer than three bedrooms, $9,150 if it has three bedrooms, $10,200 if it has four or more bedrooms.

For a two-family structure with fewer than three bedrooms per unit, $15,000, which may be increased by not more than $1,080 for each additional bedroom in excess of two per unit, with a top limit of $19,300 for a structure with four or more bedrooms per unit.

(3) The maximum mortgage maturity is 30 years without requirement of owner occupancy.

Minimum property requirements are the same as those under Section 203, except that if the mortgage amount does not exceed $4,750 the property may be constructed under the standards applicable to Section 8 of Title I.

Under Section 908 the mortgage amount may not exceed any of the following limitations:

(*a*) $5,000,000;

(*b*) 90 percent of the estimated value of the project;

(*c*) the estimated cost of the physical improvements on the property;

(*d*) $8,100 per family unit, or $7,200 if the number of rooms in the project is less than four per family unit.

The insurance under Section 908 is similar to that under Section 207 of Title II. It applies to complete new housing accommodations designed principally for residental use, consisting of not less than 12 rentable dwelling units on one site. The mortgagor must be a corporation, and is subject to supervision by the FHA as provided in the FHA administrative rules. The interest rate on the mortgage may not exceed 4 percent. Amortization provisions are the same as under Section 207.

The mortgagor under Section 908 is required, after completion of the project, to certify to the actual cost of the on-site physical improvements and to reduce the mortgage by an amount equal to the excess, if any, over such actual cost.

By the end of the year applications had been received for insurance on 7,347 units of housing under Section 903, and on 25 projects under Section 908 involving a total of 3,135 units.

Title IX mortgages are eligible for purchase by the Federal National Mortgage Association, which has set aside funds for their over-the-counter purchase.

In order to make sure of the availability in critical defense areas of adequate community facilities and services, the Defense Housing Act authorizes the Housing and Home Finance Administrator to make loans, grants, or other payments to public and nonprofit agencies for the provision or for the operation and maintenance of community facilities, or for the provision of community services, in those areas.

The Act also authorizes the Federal Government to provide, operate, and maintain community facilities and services if the local government is unable to do so with its own funds or with loans and grants provided by the Act.

Programing Defense Housing

The Defense Housing and Community Facilities and Services Act of 1951 provides for the designation of critical defense housing areas by the President and for programing the construction of new housing units for sale or for rent in those areas. Such housing may be financed without regard to credit controls. Authority to designate critical areas has been delegated to the Director of Defense Mobilization. An advisory committee on Defense Areas appointed by the Defense Production Administrator is responsible for assembling the facts and advising on the designation of such areas. The Administrator of the Housing and Home Finance Agency establishes defense housing programs, determining the number of units to be built for sale or for rent, as well as maximum shelter rents and sales prices.

The regional representative of the HHFA and members of his staff consult with the local FHA director in the area concerned as to the number, types, and locations of units required. As a special aid in developing defense housing programs, FHA market analysts from time to time during the year conducted local housing market studies for the guidance of the HHFA Administrator.

The FHA field offices in the respective areas act for the HHFA Administrator in allocating the units to be constructed.

Disaster Housing

In July 1951 the Administrator of the Housing and Home Finance Agency, whom the President had named Federal Emergency Flood Relief Coordinator, announced a program of assistance to homeless flood victims in Kansas. A survey of housing needs in the flood area, made by the FHA State Director as regional representative of the HHFA, indicated that 2,400 units of low- and moderate-cost permanent housing were urgently needed for sale to flood victims. Special incentives were offered to builders to provide this number of programed units, and the State office of the FHA acted as agent for the HHFA in accepting and approving applications from builders in accordance with the quota established for each locality concerned.

On August 7, 1951, pursuant to Public Law 107, Eighty-second Congress, approved August 3, 1951, the FHA amended its administrative rules to provide for the insurance, under Section 8 of the National

Housing Act, of mortgages in amounts up to $7,000 (or up to $8,000 in high-cost areas) and up to 100 percent of appraised value on owner-occupied single-family dwellings when the mortgagor establishes that his home, which he occupied as owner or tenant, was destroyed by a major disaster or damaged so as to require rebuilding. Such a mortgage may have a maximum term of 30 years.

Controlled Materials Plan

Pursuant to a delegation of authority from the Administrator of the National Production Authority, the Housing and Home Finance Agency administers the Controlled Materials Plan as it affects residential construction. The HHFA, in turn, has delegated to the Federal Housing Administration responsibility for the administration of controls on private multi-unit residential construction. The FHA receives applications from builders, and issues authorized construction schedules and related allotments of controlled materials for privately constructed multi-unit residential structures. This activity began in August 1951 and continued through the year.

Housing Available to Minority Groups

Analysis of the 1950 Census Reports indicates that the nonwhite housing market has expanded as a result of such factors as increases in the nonwhite population and family formation; wider earning opportunities, better pay, and greater employment security for nonwhites; migration of nonwhite workers from agricultural to industrial centers; greater availability of mortgage credit to nonwhite purchasers; and the relatively greater scarcity and lower quality of housing available to nonwhite families. Census data also indicate that at present the housing demand of the nonwhite population lies for the most part in the lower sales and rental ranges.

Although statistics are not available on the proportion of FHA-financed housing occupied by Negroes and other racial minorities, it is evident that the volume is considerable, and that the FHA program has influenced the changed attitude of private investors toward this market in recent years.

FHA activities in 1951 in the direction of encouraging the provision of needed housing available to minority groups included the following:

1. Increased effort, through FHA research facilities and by cooperation with key local agencies, to obtain reliable information about the nature and extent of the housing market to be found among minority groups. Such information includes extent of need; probable effective demand in terms of the number of units that the market will readily absorb; appropriateness and acceptability of proposed loca-

tions to specific minority groups; type, layout, and room compositions of suitable housing; and financial capacity of families that will occupy the properties.

2. Dissemination of information about FHA operations and procedures to real estate, building, and mortgage lending organizations among minority groups, particularly through the use of the Negro press and other Negro publications, and information to the building industry in general concerning the housing market demands of minorities.

3. Instructions to field offices to obtain full subscription of the number of units programed to meet the needs of minority-group workers in critical defense areas.

4. Cooperation with other housing agencies in efforts to find homes for over-income families displaced from public housing projects and families that must be moved from slum clearance areas.

These activities have been aided to a considerable degree by the efforts of the Minority-Group Housing Adviser appointed in 1950 to act as adviser and consultant to the Commissioner and his staff in Washington and to FHA State and district directors on minority-group housing problems, and by the work of the five racial relations advisers who have served in the field since 1947 under the direction of the Zone Commissioners and in cooperation with FHA State and district directors.

Aggregate Volume of Insurance

Insurance written under all FHA programs in 1951 totaled $3.2 billion, the fourth largest volume for any 1 year, and brought the aggregate volume from the beginning of operations in 1934 to nearly $26 billion. (See Table 1 and Chart I.) The 1951 volume was $1.1 billion less than the total for the record year 1950, and was exceeded also by the 1948 and 1949 amounts.

The programs under which the greatest volume of insurance has been written to date are:

Section of Act	Type of loan	Amount of insurance (billions)	Percent of total
203	Home mortgages	$12.8	49.5
2	Property improvement loans	5.4	20.6
603	Home mortgages	3.6	14.0
608	Rental project mortgages	3.4	13.1
803	Military housing	.3	1.3
207	Rental project mortgages	.2	.8

Home mortgages have accounted for 80.8 percent of all mortgages insured, and project mortgages for 19.2 percent. For the year 1951, these proportions were 77.0 percent and 23.0 percent, respectively.

TABLE 1.—*Mortgages and Loans Insured by FHA, 1934–51*

[Dollar amounts in thousands]

Year	Total all titles	Title I				Title II					
		Sec. 2 property improvement loans		Sec. 8 home mortgages		Sec. 203 home mortgages		Sec. 207 [1] rental and cooperative project mortgages		Sec. 213 cooperative housing mortgages	
	Amount	Number	Net proceeds	Number	Amount	Number	Amount	Units	Amount	Units	Amount
1934–39	$2,943,537	2,346,276	$859,247			465,730	$1,069,862	20,777	$114,420		
1940–44	5,075,814	2,481,293	832,670			615,812	2,765,525	11,213	40,195		
1945	664,985	501,401	170,824			46,572	219,300	891	3,800		
1946	755,778	799,284	320,593			66,858	347,357	694	2,510		
1947	1,788,264	1,247,590	533,604			76,813	445,667		[2] 32		
1948	3,340,865	1,359,776	621,612			133,280	880,353				
1949	3,826,283	1,249,538	607,024			257,622	1,854,564	813	7,313		
1950	4,343,378	1,448,651	700,225	209	$964	338,125	2,466,055	2,514	18,065	285	$2,691
1951	3,219,836	1,437,737	706,963	6,179	28,836	245,454	1,893,598	4,890	33,201	8,308	75,385
Total	25,958,741	12,871,546	5,352,761	6,388	29,800	2,246,266	12,842,281	[3] 50,792	[3] 219,551	8,593	78,075

Year	Title VI												Title VIII	
	Sec. 603 home mortgages		Sec. 608 rental project mortgages		Sec. 603–610 home mortgages		Sec. 608–610 rental and cooperative project mortgages		Sec. 609 manufactured housing loans		Sec. 611 site-fabricated housing mortgages		Sec. 803 military housing project mortgages	
	Number	Amount	Units	Amount	Number	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1941–44	286,463	$1,289,172	34,538	$148,251										
1945	50,244	255,044	3,167	16,011										
1946	14,034	74,053	1,538	10,665										
1947	64,570	449,028	46,604	359,912	4	$21								
1948	163,444	1,224,926	77,818	605,863	920	3,390	1,366	$2,849	524	$1,872				
1949	43,550	336,321	129,072	996,589	1,249	5,677	1,435	3,608	626	1,466	275	$1,650	1,540	$12,071
1950	2,094	16,005	135,092	1,008,129	604	2,880	1,104	1,868	324	569	473	2,877	15,129	123,052
1951	40	258	34,663	266,132	549	3,909	10	35	195	560	972	5,872	25,683	205,653
Total	[4] 624,567	[4] 3,614,842	[5] 462,492	[5] 3,411,552	3,326	15,877	3,915	8,360	1,669	4,467	1,720	10,399	42,352	340,775

[1] Includes rental and release clause projects insured under Sec. 210.
[2] Increase in amount of a mortgage insured prior to 1947.
[3] Includes 46,164 units provided in new and rehabilitation projects securing mortgages totaling $202,872,306.
[4] Reflects amendments shown in final audits.
[5] Includes 460,467 units provided in new and rehabilitation projects securing insured mortgages totaling $3,401,640,069.

YEARLY VOLUME OF FHA INSURANCE WRITTEN
1934 - 1951

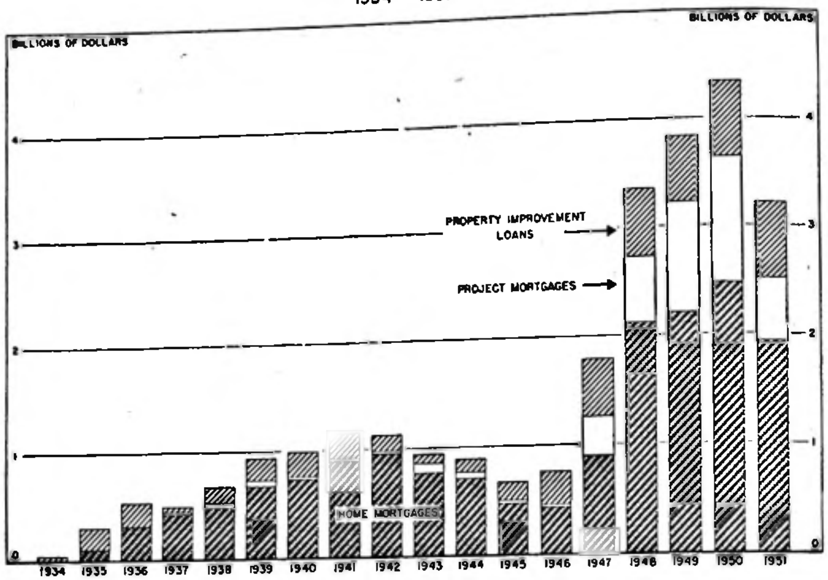

CHART I

Property improvement loans represented 22 percent of all FHA insurance written in 1951.

The status as of December 31, 1951, of the aggregate insurance under the various titles of the National Housing Act is shown in Table 2. Of the $26 billion of insurance written since 1934, $14.5 billion was outstanding at the end of 1951, $9.5 billion having been terminated and an estimated $2 billion of the remaining face amount having been amortized.

Table 3 and Chart II show, for each year since 1935, the number of new dwelling units started under FHA inspection and the total number of privately financed nonfarm dwelling units started in each of the same years as reported by the Bureau of Labor Statistics.

Dwelling units started under FHA inspection in 1951 averaged about 22,000 per month. The total of 263,500 units for the year was some 46 percent under the record high of 1950, and was the lowest volume for any year since 1947. Starts of one- to four-family dwellings in 1951 accounted for 188,000 units, mostly under Section 203, while project starts covered 75,000 units.

The total of 1,020,100 privately financed units started in 1951 was the largest number for any year except 1950. FHA units started last year were less than 26 percent of the total. This was the smallest proportion since 1946. Of the total units started from 1935 to 1951, 31.1 percent were FHA-inspected.

As of December 31, 1951, the FHA had acquired through foreclosure 29,917 units of housing, representing eight-tenths of 1 percent of the 3,612,312 units covered by mortgage insurance since the beginning of operations. Of the acquired units, 20,454 had been sold and 9,463 remained on hand at the end of 1951.

Losses realized on the total amount of mortgage insurance written from 1934 through 1951, including mortgages on war housing, amounted to two-hundredths of 1 percent.

TABLE 2.—*Status of Insurance Written, as of Dec. 31, 1951*

[Dollar amounts in thousands]

Status of insurance written	Total all titles	Title I				Title II	
		Sec. 2 property improvement loans [1]		Sec. 8 home mortgages		Sec. 203 home mortgages	
	Amount	Number	Net proceeds	Number	Amount	Number	Amount
Total insured	$25,958,741	12,871,546	$5,352,761	6,388	$29,800	2,246,266	$12,842,281
Less: Terminated	9,513,390	9,649,986	3,532,232	2	9	966,351	4,444,279
Total in force	16,445,351	3,221,560	1,820,529	6,386	29,791	1,279,915	8,398,002
Less: Estimated amount amortized	1,976,831	----------	710,203	----------	293	----------	897,985
Net balance outstanding	14,468,520	3,221,560	1,110,326	6,386	29,499	1,279,915	7,500,017

Status of insurance written	Title II				Title VI	
	Sec. 207 rental and cooperative project mortgages [2]		Sec. 213 cooperative housing mortgages		Sec. 603 home mortgages [3]	
	Units	Amount	Units	Amount	Number	Amount
Total insured	50,792	$219,551	8,593	$78,075	627,893	$3,660,719
Less: Terminated	37,779	142,982	268	2,173	260,237	1,257,380
Total in force	13,013	76,560	8,325	75,903	367,656	2,403,339
Less: Estimated amount amortized	----------	5,751	----------	15	----------	283,095
Net balance outstanding	13,013	70,819	8,325	75,888	367,656	2,120,243

Status of insurance written	Title VI						Title VIII	
	Sec. 608 rental project mortgages [3]		Sec. 609 manufactured housing loans [4]		Sec. 611 site-fabricated housing mortgages		Sec. 803 military housing project mortgages	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
Total insured	466,407	$3,419,911	1,669	$4,467	1,720	$10,399	42,352	$340,775
Less: Terminated	24,048	126,798	1,551	4,133	573	3,405	----------	----------
Total in force	442,359	3,293,114	118	334	1,147	6,994	42,352	340,775
Less: Estimated amount amortized	----------	78,787	----------	----------	----------	384	----------	318
Net balance outstanding	442,359	3,214,327	118	334	1,147	6,610	42,352	340,458

[1] Other than net proceeds, all items are estimated.
[2] Includes rental and release clause projects insured under Sec. 210.
[3] Includes public housing disposition mortgages insured pursuant to Sec. 610.
[4] Includes discounted purchasers' loans.

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TABLE 3.—*New Dwelling Units Started under FHA Inspection and Total Number of Privately Financed Nonfarm Dwelling Units Started, 1935–51*

Year	1- to 4-family homes					Rental and cooperative projects				Total FHA units	Total U.S. nonfarm units [3]	Percent FHA to total
	Class 3 and Sec. 8 [1]	Sec. 203	Sec. 603	Sec. 611	Sec. 903	Sec. 207 [2]	Sec. 213	Sec. 608	Sec. 803			
1935	------	13,226	------	------	------	738	------	------	------	13,964	215,700	6.5
1936	------	48,752	------	------	------	624	------	------	------	49,376	304,200	16.2
1937	------	56,980	------	------	------	3,023	------	------	------	60,003	332,400	18.1
1938	5,845	100,966	------	------	------	11,930	------	------	------	118,741	399,300	29.7
1939	10,783	133,874	------	------	------	13,462	------	------	------	158,119	458,400	34.5
1940	10,194	166,451	------	------	------	3,440	------	------	------	180,091	529,600	34.0
1941	9,145	180,156	27,790	------	------	3,296	------	------	------	220,387	619,500	35.6
1942	4,010	41,578	114,616	------	------	1,163	------	4,295	------	165,662	301,200	55.0
1943	307	338	125,474	------	------	41	------	19,994	------	146,154	183,700	79.6
1944	------	208	83,396	------	------	------	------	9,655	------	93,259	138,700	67.3
1945	------	17,049	21,848	------	------	200	------	2,062	------	41,159	208,100	19.8
1946	------	44,244	22,878	------	------	41	------	1,870	------	69,033	662,500	10.4
1947	(1)	20,884	157,168	------	------	------	------	50,766	------	228,818	845,600	27.1
1948	(1)	82,979	130,464	------	------	------	------	77,610	------	291,053	913,500	31.9
1949	(1)	241,559	7,806	100	------	813	------	109,995	268	360,541	988,800	36.5
1950	2,440	324,937	117	372	------	2,277	14[illegible]	143,331	12,315	485,930	1,352,200	35.9
1951	9,357	177,435	------	1,328	132	4,651	7,668	30,826	23,126	263,523	1,020,100	25.8
Total	52,081	1,651,616	691,557	1,800	132	45,705	7,809	450,404	35,709	2,945,813	9,473,500	31.1

[1] 1938–43 figures are Class 3 data; 1947–50 Class 3 figures for reactivated program are not available; beginning with 1950, figures record Sec. 8 activity only.

[2] Includes rental and release clause projects insured under Sec. 210.

[3] Total number of privately financed nonfarm dwelling units started as reported by the Bureau of Labor Statistics.

NEW DWELLING UNITS STARTED UNDER FHA INSPECTION AND TOTAL NUMBER OF NONFARM DWELLING UNITS STARTED *

1935 - 1951

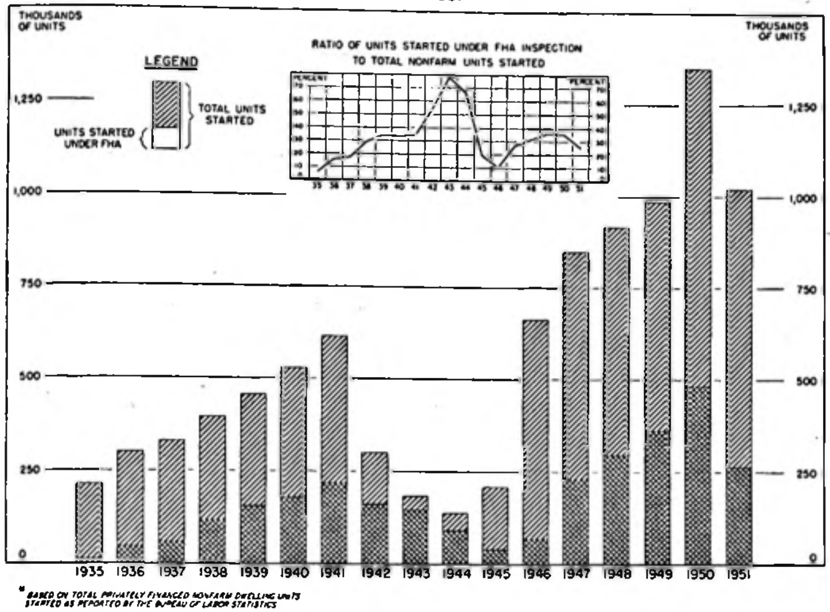

CHART II

Mortgage Insurance

The $2.5 billion of mortgage insurance in 1951 was about 69 percent of the amount insured in 1950, and the 335,630 units covered by the insurance were 66 percent of the 1950 number. The decline in volume is attributable to a number of factors, including (1) the effect of credit restrictions, (2) the scarcity of mortgage money, (3) the controlled materials plan, and (4) the expiration of the Section 603 and 608 programs, which together accounted in 1950 for over a billion dollars and in 1951 for only $266.4 million of insurance volume.

About 77 percent of the total amount of mortgage insurance represented home mortgages, and 23 percent project mortgages. Increases in volume of insurance written took place under the Sections 8 and 611 home mortgage programs and under the Sections 207 (rental), 213 (cooperative), and 803 (military) project programs. There was a decline of 23 percent, however, in the amount of home mortgage insurance under Section 203 and 74 percent in Section 608 project mortgage insurance, which more than offset the increases under the other sections mentioned.

The average mortgage per unit in 1951 was slightly under $7,500, compared with a 1950 average of a little over $7,200. Of the total number of units in both homes and projects, 70 percent were new construction.

Efforts were directed during the year toward the objective of substantial uniformity in the minimum property requirements of all insuring offices.

A large volume of special methods of dwelling construction continued to be presented to the FHA for consideration. Of these, some 100 were investigated and reported on, and some 50 technical conclusions and recommendations were made.

Approximately 75 new materials proposed for use in properties to be financed under the insured mortgage plan were examined by FHA architects and engineers and reported upon. More than 100 submissions were received during 1951 requiring review and analysis of special methods, equipment, heating codes, and manuals, by FHA mechanical engineers.

The Defense Housing and Community Facilities and Services Act of 1951 provides, among other things, for revisions in the restrictions on housing credit affecting FHA home mortgage insurance programs. In accordance with these revisions, the Federal Reserve Board amended its Regulation X for one- to four-family homes, with the concurrence of the Housing and Home Finance Administrator, and on September 4 the FHA amended its administrative rules to incorporate the financing terms under Regulation X applicable to FHA home mortgage insurance programs. The principal effect of the amendments was to relax the controls on the financing of lower-priced homes.

Home Mortgages

Insurance in 1951 under the various home mortgage provisions of the National Housing Act, including Sections 8, 203, 213, 603, 603–610, and 611, totaled nearly $2 billion—a decline of about half a billion dollars from the 1950 total. The number of units involved in 1951 insurance was about 262,000, compared with 350,000 in 1950.

Section 8 of Title I, however, which provides for the insurance of mortgages up to $4,750 on low-cost housing, showed much greater activity in 1951 than in 1950. This section became part of the Act as of April 20, 1950. By the end of that year 209 mortgages had been insured under its provisions. In 1951, 6,179 Section 8 mortgages were insured in the total amount of $28.8 million. Mortgages under Section 8 have been insured on properties in 39 of the 48 States, and commitments have been issued on properties in 47 States.

The administrative rules and regulations for Section 8 were amended as of August 7 to provide for the insurance of mortgages in amounts

up to $7,000 and up to 100 percent of estimated value, with a maximum term of 30 years, on homes for victims of flood or other major disasters.

Mortgage insurance under Section 203 in 1951 totaled $1.9 billion on 253,407 units, compared with $2.5 billion on 346,567 units in 1950. The greater part of the decrease was in mortgages on new construction. Applications on new-construction mortgages averaged 32,655 a month in 1950, and only 15,357 in 1951. New units started under Section 203 in 1950 averaged over 27,000 a month, while in 1951 the average had dropped to less than 15,000.

Mortgages totaling $3.9 million on 1,185 units in one- to seven-unit properties were insured in 1951 on publicly owned housing under Section 603 pursuant to the provisions of Section 610.

Under Section 611, mortgage insurance totaling $5.9 million was written on 13 site-fabrication mortgages including 972 dwellings. This volume more than doubled both the amount and the number of units insured in 1950.

Cooperative Housing

Section 213 of the National Housing Act, in effect since April 20, 1950, provides for FHA insurance on mortgages in amounts up to $5,000,000, on two types of cooperative housing projects.

The first is a "management type" project, in which the mortgagor is a nonprofit ownership cooperative housing corporation or trust and permanent occupancy of the dwellings is restricted to members. The mortgage on a project of this type may not exceed $8,100 per family unit or $1,800 per room (whichever is greater), and, under 1951 credit restrictions, might not exceed 83 percent of replacement cost. Increases up to 5 percent may be made in these limitations, depending on the number of veterans who are members. The mortgage may have a maturity up to 40 years, and the interest rate may not exceed 4 percent.

The second type of project, the "sales type," is one in which the mortgagor is a nonprofit corporation or trust organized for the purpose of building homes for the members, and provision is made that when the project is completed the properties included in it may be released from the blanket mortgage to the individual members, who will assume individual mortgages for the unpaid balances on the respective properties. In this type of project the mortgage may not exceed 90 percent of replacement cost (or as limited by credit controls) and may not exceed $8,100 per family unit or $1,800 per room. Provision is made for mortgage amounts up to 5 percent higher, with correspondingly lower down payments, depending on the percentage of veteran membership. The maximum interest rate is 4 percent. The maximum maturity under credit control regulations effective in

1951 was 25 years if the acquisition cost averaged $12,000 or less per family unit, and 20 years if the acquisition cost was higher.

To conform with Federal Reserve Board credit controls applied to conventional financing, it was determined in 1951 that a Section 213 cooperative organization would be required to submit, before the mortgage was closed, a certification by each member to the effect that he had fully paid in cash for his stock or investment without the creation of any obligation and exclusive of borrowed funds.

Another development during the year was that homes built in compliance with requirements applicable to Section 8 of Title I were declared eligible for mortgage insurance in "sales type" projects under Section 213, if the mortgage amount did not exceed $4,750 per dwelling unit and if the mortgage term did not exceed the maximum term available under Section 8.

During the year applications for insurance under this section totaled $248 million, representing 26,618 units in 234 projects.

From April 1950 to the end of 1951, applications totaling more than $595 million were received, representing 62,515 units in 537 projects. Of these applications, some $243 million, covering nearly 25,000 units in 261 projects, had been rejected or withdrawn. As of December 31, 1951, there were outstanding statements of eligibility amounting to nearly $60 million and including 6,651 units in 64 projects; and commitments representing more than $36 million and including 3,933 dwelling units in 24 projects. Mortgages insured totaled $75.6 million and covered 8,280 units in 41 projects. Of these, some $2 million of insurance on 268 units in 9 projects had been terminated by prepayment in full.

As of the same date, 10 Section 213 projects had been completed and 29 others were under construction.

Projects financed under this section may consist of detached, semi-detached, or row-house construction, and "management type" projects also include multifamily apartment structures. The projects so far undertaken include such varied developments as a complete subdivision of several thousand units on the outskirts of a large city, small-town projects of as little as 12 units, and a group of elevator structures in the heart of a metropolitan area.

Rental Housing

The FHA insured rental project mortgages in 1951 under the provisions of Sections 207, 608, 608–610, and 803. The common objective of these sections is the provision of good housing at reasonable rents, providing adequate returns for the owners and restricting risks to those acceptable to the FHA, as insurer, in the light of the specific purposes for which the various sections were enacted.

Under Section 207, the long-range rental housing program of the FHA, mortgages on 66 projects representing 4,890 units of housing were insured during the year in the total amount of $33.2 million.

Changes made during the year, affecting operations under this section, included the following:

1. Effective January 12, the FHA amended its administrative rules to bring its mortgage limitations into line with national policy as expressed in the provisions of Regulation X of the Federal Reserve Board revised as of the same date with the concurrence of the Housing and Home Finance Administrator.

2. A new method of amortization, described as an accelerating curtail declining annuity plan, was put into effect on May 1, in order to facilitate the establishment in Section 207 projects of initial rents lower than would be required under the level principal payment plan previously used. Under the new formula, the payment to principal increases monthly, while the aggregate payment to principal and interest decreases monthly. The maximum term of the loan is 39 years 3 months.

3. Pursuant to provisions of the Defense Housing Act of September 1, 1951, the administrative rules were amended to permit in the calculations of maximum insurable mortgage an allowance of 83 percent of the estimated value of any part of the property or project attributable to nondwelling use, and to limit the permissible mortgage to $7,200 per family unit if the number of rooms in the project is less than 4 per unit (instead of less than 4½ as previously specified).

Section 608, first enacted in 1942, was instrumental in providing rental housing during the war and postwar housing emergencies. Insurance totaling $266.1 million was written under this section in 1951 on 307 projects representing nearly 35,000 housing units. Of these, 3 projects with a total of 864 units were refinanced housing, and the remainder was new construction on which the mortgages were insured pursuant to applications received on or before March 1, 1950, the expiration date for new-construction applications under Section 608. In August 1951, a policy was adopted to terminate this program as promptly as possible in view of changing conditions. In November 1951, all field offices having Section 608 commitments outstanding were notified that commitments over 6 months old, issued under this section, could not be further extended except on specific authorization from FHA Washington headquarters.

Under Section 608–610, which provides for the insurance of mortgages on specific types of permanent rental housing sold by the Government, a mortgage on one 10-unit project was insured in 1951 for $35,000.

Activity under Title VIII, Military Housing Insurance, accelerated considerably during the year. Insurance written totaled $205.7 million on 72 projects with 25,683 units, bringing the aggregate amount insured under this title since its enactment in August 1949 to $340.8 million, representing 42,352 units in 128 projects.

FHA administrative rules under Title VIII were revised as of September 4, 1951, in accordance with amendments contained in the Defense Housing Act of September 1, which have been described in this report under Legislative Changes.

Public Law 155, Eighty-second Congress, approved September 28, 1951, authorizes the appropriation of funds for essential expenditures by the military authorities for acquisition of land, installation of outside utilities, and site preparation for Title VIII housing projects.

Prefabricated Housing

Two loans to manufacturers, totaling $175,000, to finance the production of 66 units of housing, were insured in 1951 under the provisions of Section 609 of the National Housing Act. From the enactment of this section in 1947, to the end of 1951, 10 loans to manufacturers, involving 1,174 units, have been insured in the total amount of $3.1 million. As of December 31, 1951, six loans had been repaid, two were outstanding, and debentures had been issued on the remaining two under the terms of the insurance contracts.

Section 609 also authorizes the FHA to insure lenders against loss on notes taken from purchasers in part payment for houses the production of which was financed under this section. Purchasers' notes insured in 1951 totaled 129 and amounted to $384,876, bringing the total insured since 1947 to 495 notes in the amount of $1.3 million. Of these, 52 notes totaling $159,041 were still in force at the end of 1951, 379 notes totaling $1.0 million had been paid in full, and 64 notes totaling $181,600 had been defaulted and assigned to FHA.

Property Improvement Loans

In 1951 FHA Title I insurance covered over 1.4 million loans made by private lending institutions to owners of homes, farms, and other properties to finance needed repairs or improvements. The greater number of the loans were for structural alterations, heating and plumbing installations, insulating, and measures to preserve roofs and outside walls of buildings. Other maintenance work such as interior decorating, weatherstripping, and landscaping was also financed.

Scope of Property Improvement Program

Under authority contained in Section 2 of Title I of the National Housing Act, the Federal Housing Administration insures qualified lending institutions against loss on the following classes of loans:

Type of loan	Type of improvement	Maximum maturity [1]	Maximum amount [2]	Maximum financing charge
Class 1 (a)	Repair, alteration, or improvement of an existing structure	3 years, 32 days	$2,500	$5 discount per $100 per year
Class 1 (b)	Alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for 2 or more families	7 years, 32 days	10,000	$5 discount per $100 per year if $2,500 or less; $4 discount per $100 if in excess of $2,500
Class 2 (a)	Construction of a new structure to be used exclusively for other than residential or agricultural purposes	3 years, 32 days	3,000	$5 discount per $100 per year
Class 2 (b)	Construction of a new structure to be used in whole or in part for agricultural purposes, exclusive of residential purposes	7 years, 32 days; if secured by first lien, 15 years, 32 days	3,000	$5 discount per $100 per year; $3.50 discount per $100 if maturity is in excess of 7 years, 32 days

[1] Subject to Regulation W of the Board of Governors, Federal Reserve System.
[2] With respect to a loan applied for in 1951, the borrower was required to make a cash down payment of at least 10 percent of the cost of the improvement. This requirement was rescinded on Mar. 24, 1952.

Application for a Title I insured loan is made to a lending institution direct or through a contractor or dealer. The lending institution is responsible for approving the applicant's credit and for using prudent judgment in making the loan. Lending institutions sustaining losses are reimbursed for eligible claims in accordance with the following insurance plan.

Each lending institution has until January 1 or July 1 following the completion of 30 months after the issuance of a contract of insurance to accumulate its insurance reserve equal to 10 percent of the aggregate net amount of loans submitted for insurance, less the amount of claims paid to the institution. At the beginning of this and each subsequent semiannual period, on January 1 and July 1, the reserve for each lending institution is adjusted by carrying forward four-fifths of its unused reserve outstanding on each such date according to the records of the FHA Commissioner. The payment of any eligible claim to an insured institution is predicated upon and limited to the balance of the institution's unused reserve.

The Housing Act of 1950 set the FHA Commissioner's maximum liability, with respect to property improvement loan balances outstanding at any one time, at $1,250,000,000. The estimated amount of loans outstanding as of December 31, 1951, was $1,110,326,370.

FHA regulations were amended as of January 9, 1951, to provide for waiving the 10 percent down payment requirement in disaster areas so designated by the Federal Reserve Bank of the district, in order to aid property owners in those areas to restore or replace properties damaged or destroyed. The waiver is effective for 6 months following the month in which the disaster occurred.

The FHA has charged an insurance premium on all property improvement loans made since July 1, 1939. It has been estimated conservatively that the Title I property improvement loan insurance program since that time could be entirely liquidated without a deficit. Total actual and anticipated income derived from premiums plus recoveries would more than offset the cost of operations plus the amount of claims paid. It appears, therefore, that this program is being operated without cost to the taxpayer.

Insurance Operations

During 1951, Title I insurance covered 1,437,737 property improvement loans, 1 percent fewer than in 1950. Total net proceeds of these loans amounted to $707 million, which is 1 percent greater than the 1950 total. Since 1934, when Title I property improvement loans were first made, 12,871,546 loans with net proceeds of over $5.3 billion have been insured.

At the close of 1951, there were about 9,300 financial sources for Title I property improvement loans. These included 6,500 main offices, together with 2,800 branches. Of the 6,500 lending institutions insured, 4,500 (excluding branches) made Title I loans in 1951—an increase of 100 active institutions over the number active in 1950.

Claims and Recoveries

The dollar amount of claims paid by the FHA on defaulted loans in 1951 was 33 percent less than in 1950. A total of 35,600 claims were paid during the year, amounting to $12.2 million. This brought the year-end volume of cumulative claims to 2.29 percent of the total net proceeds of all insured loans, as compared with 2.38 percent at the end of 1950.

Although $122.6 million has been paid to insured lending institutions under their contracts of insurance, this does not mean that the FHA has sustained a loss in that amount. Recoveries, actual and anticipated, amount to $62.1 million, leaving unrecoverable paid claims of $60.5 million. The estimated unrecoverable amount is only 1.13 percent of the net proceeds of all insured loans.

After a claim on a defaulted note is paid, the FHA makes every effort to effect collection of the obligation. This is done by correspondence, by personal contact with the debtor through the staff of the FHA field office, and by reference of the case to the Department of Justice for legal action when such a course is deemed advisable. If all efforts fail, the case is held in suspense as uncollectible, although periodic attempts at collection on such accounts result in some recoveries.

The heavy volume of claims during the years 1948–50, which was occasioned by the extremely heavy volume of insured loans in the past 5 years, has created a large work load in the liquidation operation. In fact, the dollar amount of claims in process of collection has about tripled since 1947. This condition has necessitated special attention to the liquidation phase, resulting in improved operating efficiency.

Total cash recoveries in 1951 amounted to $6.7 million (excluding $475,018 of interest). This recovery is the largest for any year in FHA history.

Detailed statistics for Title I property improvement loans may be found in Section II of this report.

Financial Position

From the establishment of the Federal Housing Administration in 1934 through June 30, 1951, gross income from fees, insurance premiums, and income on investments totaled $539,238,014, while operating expenses for the same period amounted to $252,655,479. Expenses of administration during the first three fiscal years, 1935 through 1937, were met from funds advanced through the Reconstruction Finance Corporation by the United States Treasury. During the following three fiscal years, 1938 through 1940, partial payments of operating expenses were met from income. Since July 1, 1940, FHA operating expenses have been paid in total by allocation from its insurance funds.

Gross income during the fiscal year 1951 under all insurance operations of the FHA totaled $98,004,922. Expenses of administering the agency during the fiscal year 1951 amounted to $31,203,973, leaving an excess of gross income over operating expenses of $66,800,949 to be added to the various insurance funds.

At June 30, 1951, the Federal Housing Administration had capital and statutory reserves of $275,267,843. Of this amount, the Government had contributed $67,497,433 and the remaining $207,770,410 had been built up from income. The Government's contribution consisted of $23,000,000 paid-in surplus ($10,000,000 allocation to the Mutual Mortgage Insurance Fund, $5,000,000 to the War Housing Insurance Fund, $1,000,000 to the Housing Investment Insurance Fund, $5,000,000 to the Military Housing Insurance Fund, $1,000,000 allocation from the Mutual Mortgage Insurance Fund to establish the Housing Insurance Fund, and $1,000,000 from the Title I Insurance Fund to establish the Title I Housing Insurance Fund) and $44,497,433 in the form of appropriations for operating expenses and Title I claims in periods prior to the time that such expenditures could be met from FHA income.

The capital and statutory reserves of each fund as of June 30, 1951, are given below:

Title I Insurance Fund	$18,124,916
Title I Housing Insurance Fund	969,089
Mutual Mortgage Insurance Fund	151,757,627
Housing Insurance Fund	5,198,320
War Housing Insurance Fund	90,847,238
Housing Investment Insurance Fund	970,192
Military Housing Insurance Fund	7,400,461
	275,267,843

Participation payments from group accounts in the amount of $7,874,917 for 41,781 families financing their homes under the mutual mortgage insurance program of the Federal Housing Administration were made during the fiscal year 1951. The first participation payments were made as of January 1, 1944, and during the 7½ years following that date total payments of $31,172,836 have been made on 293,253 insured loans. The participation shares are paid in connection with home mortgages insured by the Mutual Mortgage Insurance Fund under the provisions of Section 203 of the National Housing Act. To be eligible for a participation payment, a mortgage must be in a group account which has developed a credit balance exceeding all actual and estimated charges, and the loan must have matured or been prepaid in full.

Detailed discussion of FHA accounts and financial operations appears in Section III of this report.

Property Management

When the borrower in an insured mortgage transaction defaults, and all efforts to avert foreclosure fail, the mortgagee may transfer title, or, under some sections of the Act, assign the mortgage, to the FHA Commissioner, and receive debentures in accordance with the insurance contract; or the mortgagee may elect to keep the property. The insurance contract is terminated in either event.

When the mortgagee elects to assign the mortgage, the FHA, having become the actual mortgagee, continues its efforts to correct the default, and, failing to do so, must acquire title by foreclosure or by acceptance of a deed that may be tendered in lieu of foreclosure.

The management and eventual sale of properties acquired by the Commissioner are handled by the property management staff under general policies and procedures established by the Commissioner. No sale of a project or a group of homes may be concluded without the specific concurrence of the Commissioner.

It is the policy of the FHA not to sell acquired home properties in bulk, but instead to try to return them, at fair prices in the going market but without speculative markup, to the home-ownership use for which they were originally produced. The agency appoints qualified local real estate brokers to sell the properties through established retail outlets.

The FHA rehabilitates acquired rental project properties, when necessary, to enable them to compete in the rental market, and operates them until the income is stabilized. Although a qualified local real estate broker is appointed as managing agent for such a property, the marketing of the property is handled independently of a broker, as a direct transaction between the Government and the purchaser. The sale is publicized in advance through newspaper advertisements stating minimum prices and terms.

The FHA entered 1951 with an on-hand inventory of 1,581 one- to four-family homes and 2,412 rental project units. During the year, 1,216 home properties were acquired and 1,279 sold, bringing the year-end inventory down to 1,518; while acquisition of 3,085 rental project units and sale of 4 projects totaling 418 units resulted in a rental project inventory of 5,079 units at the end of the year.

Organization and Personnel

For maximum efficiency of service, the FHA operates on a decentralized basis. Control and supervision of field operations have been effected by dividing the country into five zones, each under the direction of a Zone Commissioner who divides his time between the Washington headquarters office and the field offices under his jurisdiction. Through the Zone Commissioners' offices, the Audit Division, and the Underwriting Division, in Washington, supervision of the field offices is continually carried on.

At the end of 1951 the field organization included 137 offices—72 insuring offices, which receive and completely process applications for mortgage insurance; 21 service offices, which receive applications for mortgage insurance and process them for submission to insuring offices for review, issuance of commitments, and endorsements for insurance; and 44 valuation stations, where technical personnel prepare architectural and valuation reports for the insuring offices in their respective areas.

Charts III and IV show the organization of the Washington headquarters and field offices.

There were 6,378 FHA employees at the beginning of 1951, and 5,230 at the end of the year. The number during the year averaged about 5,880, of whom 4,370—about 74 percent—served in the field offices. The remaining 26 percent were divided among the insuring, realty, fiscal, and liquidation operations carried on centrally in Washington, and the administrative services and other management staff

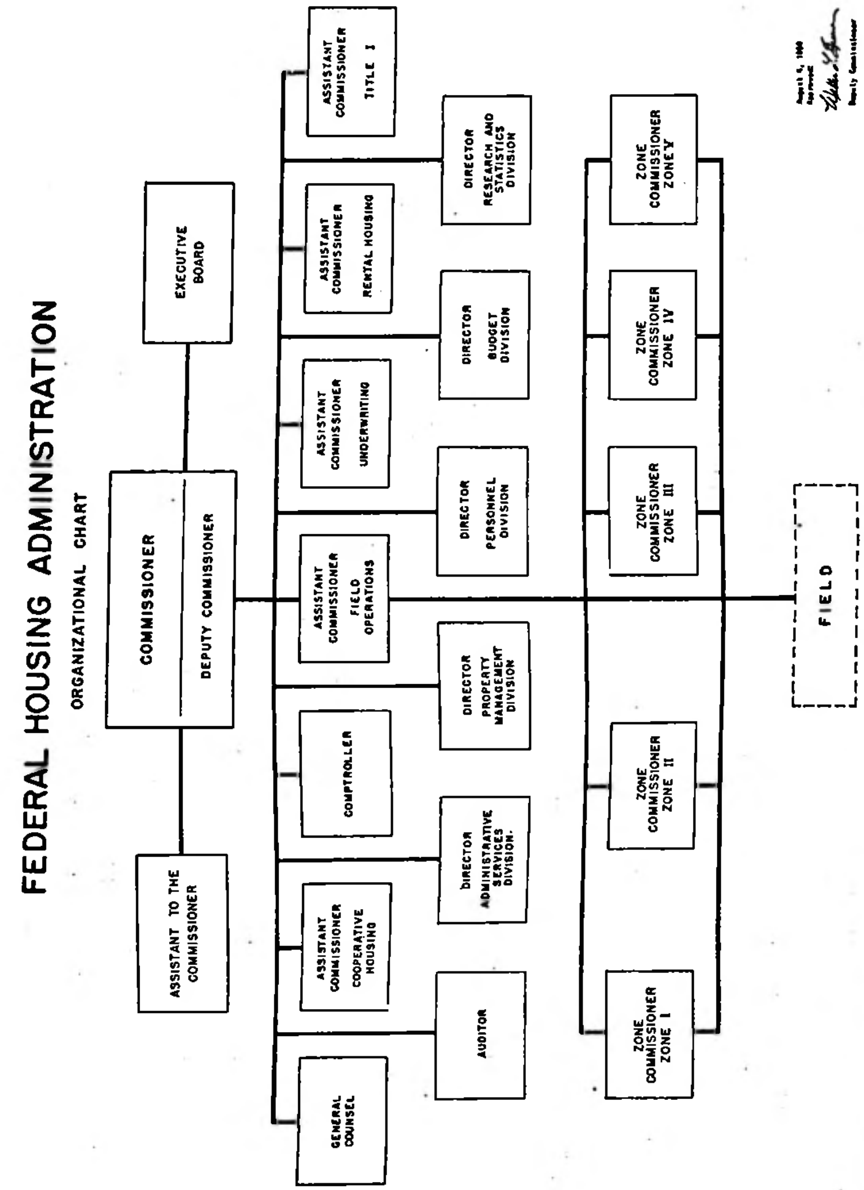

CHART III

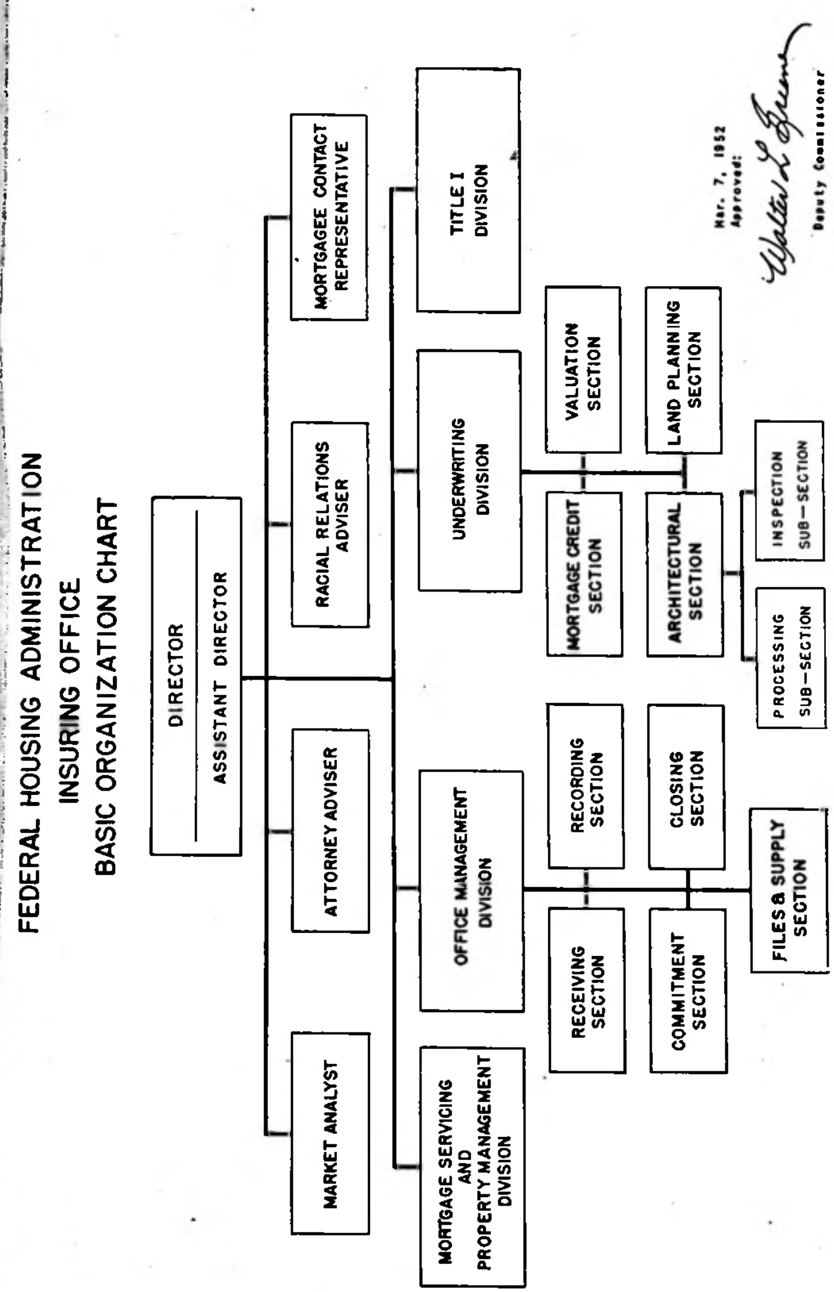

CHART IV

functions required in the Washington headquarters office to support, direct, and control the operating program.

A decline in volume of insurance applications in the latter part of 1950 led the FHA to place a drastic limitation at the beginning of 1951 on the filling of vacant positions. This resulted in a reduction of more than 400 employees by the end of July. In that month, because of a severely reduced budget for the fiscal year 1952, it was necessary to reduce the staffs in most of the field offices.

The FHA devotes great care to the recruitment, selection, training, and supervision of its personnel. Employees are constantly reminded that the good reputation of the agency is founded on the quality of its personnel. Unauthorized outside activities, special favors to former employees or other individuals or groups, acceptance of favors from persons or firms doing business with the FHA, and other conduct tending to discredit the agency are subject to prompt disciplinary action.

Management Improvement Program

The management improvement program of the FHA, undertaken pursuant to Executive Order 10072 of July 29, 1949, and Title X of the Classification Act of 1949 (Public Law 429, 81st Cong.), is organized on a Nation-wide basis, with management improvement committees, comprising the principal officials of the divisions and offices, functioning in each Washington division and field insuring office. Their efforts are coordinated at Washington headquarters under the general supervision of the Deputy Commissioner. Under the FHA program, emphasis is placed on the responsibility of operating divisions and offices for intensive management improvement activities. A small professional staff provides technical assistance in the prosecution of the management improvement program.

Work measurement is used extensively in FHA with operations that lend themselves to its application. Production ratios have improved as the management improvement program has progressed.

Typical improvements include the following:

The procedure for examining and paying Title I claims has been simplified so as to reduce processing time and save $42,000 in annual expense.

Revision of the procedure for preparing Title I collection cases for transmittal to the field has resulted in greater efficiency as well as personnel savings of about $10,000 a year.

A records management program, to systematize the handling and disposition of records, has resulted in the disposal of 11,000 cubic feet of file material and recovery of file cabinets and other storage equipment valued at about $60,000.

Departmental and field organization and functional statements have been reviewed and revised to clarify responsibilities and organization in the interest of more efficient operations.

A survey of space utilization in the District of Columbia has resulted in the elimination of leased space having an annual rental of $37,000.

Publications

The following are the principal new or revised FHA publications issued in 1951. Unless otherwise indicated, they can be obtained, without charge, from the Federal Housing Administration, Washington 25, D. C.

Administrative Rules and Regulations for Military Housing Insurance under Title VIII of the National Housing Act.—FHA Form No. 3300, revised September 4, 1951.

Administrative Rules and Regulations under Section 8 of the National Housing Act.—FHA Form No. 2000, reprinted September 1951, to include all amendments through September 4, 1951.

Administrative Rules and Regulations under Section 903 of Title IX of the National Housing Act.—FHA Form No. 3350, issued November 5, 1951.

Administrative Rules and Regulations under Section 908 of Title IX of the National Housing Act.—FHA Form No. 3375, issued November 5, 1951.

Analysis of Residential Properties Near Airports.—Issued July 1951.

Annual Report.—Seventeenth annual report of the Federal Housing Administration; year ending December 31, 1950. Government Printing Office, Washington 25, D. C. 45 cents.

Dealer Guide for FHA Title I Loans.—Form FH–30A, revised April 1951. Government Printing Office, Washington 25, D. C. 5 cents.

Federal Housing Administration Digest of Insurable Loans.—Revised November 1951.

How to Test Financial Soundness of Rental Housing Properties.—FHA Form No. 2484, issued April 26, 1951.

Insured Mortgage Portfolio (issued quarterly).—Vol. 15, Nos. 3 and 4; Vol. 16, Nos. 1 and 2. Government Printing Office, Washington 25, D. C. Single copy 15 cents, annual subscription 50 cents.

National Housing Act As Amended.—FHA–107, revised December 1951, including all amendments to October 30, 1951. Government Printing Office, Washington 25, D. C. $1.

Section 213 Cooperative Housing Insurance.—Administrative rules and regulations under Section 213 of Title II of the National Housing Act.—FHA Form No. 2076, reprinted April 6, 1951, to include all amendments through April 6, 1951.

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Section 2

STATISTICS OF INSURING OPERATIONS

This section of the report contains a detailed statistical analysis of the 1951 insuring operations of the Federal Housing Administration under the provisions of Titles I, II, VI, VII, VIII, and IX of the National Housing Act, as amended. The year's activity may be divided into these three principal categories: (1) Home mortgage insurance under Titles I, II, and VI; (2) rental and cooperative project mortgage insurance under Titles II, VI, and VIII; and (3) property improvement loan insurance under Title I. In addition, a limited amount of activity was reported for the prefabricated house production and interim credit program of Section 609. No insurance was written during the year under the yield insurance provisions of Title VII, nor under the new Title IX which was enacted September 1, 1951, in order to assist in providing adequate housing in areas designated by the President as critical defense housing areas. This legislation provided that there should be no expenditures for administrative purposes under Title IX except pursuant to specific authorization by the Congress. The necessary authorization was made in a supplemental appropriation approved November 1, 1951, and the administrative regulations governing the acceptance and processing of applications for mortgage insurance under this title were issued shortly thereafter. A small volume of applications were received and commitments issued during November and December, but no mortgages were insured until January 1952.

The statistics covering each of the principal types of programs identified in the preceding paragraph are analyzed in the following pages, first with respect to the volume of insuring operations and, second, in regard to the characteristics of the individual insured cases. The relative importance of each of these three types of FHA programs, as indicated by the dollar volume of insurance written during 1951 and cumulative from the beginning of operations in 1934 through 1951, is shown in the following table:

Type of insurance	Year 1951		1934–51	
	Billions of dollars	Percent	Billions of dollars	Percent
Home mortgages	$1.9	60	$10.5	64
Rental and cooperative project mortgages	.6	18	4.1	16
Property improvement loans	.7	22	5.4	20
Total	3.2	100	26.0	100

As the table shows, the Federal Housing Administration insured some $3.2 billion of loans and mortgages during 1951. Of this amount, 60 percent was written on home mortgages, 22 percent on property improvement loans, and the remaining 18 percent on rental and cooperative project mortgages. On a cumulative basis, these percentages are slightly different, largely because the insurance of mortgages on large-scale projects became of major importance only during the last few years. In comparison with 1950, the 1951 volume of home mortgages insured decreased by 24 percent and rental and cooperative project mortgage insurance decreased by 50 percent, while the amount of property improvement loans insured remained substantially unchanged. The total for all three programs decreased by slightly more than 25 percent—from $4.3 billion in 1950 to the $3.2 billion reported for 1951. Contributing to this decrease were the credit curbs and controlled materials programs which were operative in 1951, together with the general scarcity of mortgage money which prevailed during much of the year. The full effect of these various factors is not reflected in the 1951 insurance volume, since a large part of the mortgages insured during the year relate to applications and commitments of the preceding year. The volume of mortgage insurance applications declined in 1951 by 48 percent from the 1950 peak.

Home Mortgage Insurance Under Titles I, II, and VI

In 1951 the Federal Housing Administration insured home mortgages under five sections of the National Housing Act: Section 8 of Title I, Sections 203 and 213 of Title II, and Sections 603 and 611 of Title VI. Properties securing mortgages insured under Section 203 or under the basic provisions of Section 603 may contain as many as four living units, while those securing mortgages insured under Section 8 or reinsured under Section 213 or 611 after release from a blanket mortgage are limited to a single living unit. In addition, home mortgages financing the sale of certain publicly financed housing involving one- to seven-family dwellings may be insured under Section 603 pursuant to the provisions of Section 610 of Title VI.

Volume of Business

Insurance written in 1951 under these home mortgage programs covered a total mortgage amount of $1,934,000,000, all of which was advanced by private lending institutions located throughout the country and its territories. These amounts were used to finance the construction or purchase of 262,000 individual dwelling units, including 162,700 newly constructed units involving mortgage amounts aggregating $1,221,000,000 and 99,600 existing units securing mortgages totaling $713,000,000 (Table 4).

TABLE 4.—*Home Mortgages Insured by FHA, 1935–51*

[Dollar amounts in thousands]

Year	Grand total [1] new and existing construction		New construction									
			Total		Sec. 8		Sec. 203		Sec. 603		Sec. 611	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	496,987	$1,969,802	218,763	$974,076			218,763	$974,676				
1940–44	959,015	4,054,607	715,678	3,055,457			399,467	1,792,224	316,211	$1,263,233		
1945	103,418	474,344	54,829	257,243			1,585	7,600	53,244	249,643		
1946	85,771	422,009	22,523	120,149			11,143	62,969	11,380	57,180		
1947	150,114	894,716	71,384	476,927			10,643	69,701	60,741	407,226		
1948	318,335	2,108,670	203,978	1,424,614			29,348	215,413	174,030	1,209,201		
1949	316,497	2,108,212	182,366	1,305,716			134,283	968,490	47,808	335,507	275	$1,050
1950	[3] 350,451	[3] 2,488,780	[3] 224,192	[3] 1,633,091	200	$964	221,381	1,613,725	2,129	15,525	473	2,877
1951	262,224	1,934,372	162,606	1,221,475	6,133	28,622	155,416	1,187,402	23	184	966	5,832
Total	3,042,812	10,545,664	1,856,379	10,469,348	6,342	29,586	1,182,029	6,892,210	[2] 666,294	[2] 3,537,193	1,714	10,359

Year	Existing or refinanced construction													
	Total		Sec. 8		Sec. 203		Sec. 213		Sec. 603		Sec. 603–610		Sec. 611	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	278,224	$995,187			278,224	$995,187								
1940–44	243,337	999,240			236,737	973,301			6,600	$25,939				
1945	48,580	217,101			47,284	211,700			1,305	5,401				
1946	63,248	301,861			58,952	284,388			4,296	17,473				
1947	78,730	417,789			70,603	375,966			8,119	41,802	8	$21		
1948	114,357	684,056			110,297	664,940			2,989	15,725	1,071	3,390		
1949	134,131	892,496			132,058	886,065			165	754	1,908	5,677		
1950	126,259	855,690			125,186	852,330			136	481	937	2,880		
1951	99,558	712,898	46	$215	97,991	706,196	313	$2,464	17	74	1,185	3,909	6	$40
Total	1,186,433	6,076,318	46	215	1,157,332	5,950,073	313	2,464	23,627	107,649	5,109	15,877	6	40

[1] For yearly volume of total home mortgages insured, by sections, see Table 1.

[2] These totals exclude 46,115 loans aggregating $126,610,534 insured under Class 3 of Title I, since under that program individual mortgages were not insured.

[3] Reflects amendments shown in final audits.

As in each year since 1948, the great majority of home mortgages insured in 1951 were processed under the long-range program of Section 203.

With respect to the mortgages insured during the year which were secured by new construction, Section 203 accounted for $1,187,000,000, or about 97 percent of the total amount of such mortgages. Making up the remainder were $28,622,000 in single-family home mortgages insured under the provisions of Section 8; $5,832,000 insured under Section 611 and secured by single-family site-fabricated dwellings; and $184,000 covered by commitments for the insurance of one- to four-family home mortgages which were issued under the Section 603 Veterans' Emergency Housing Program prior to April 30, 1948. These were the last new-construction commitments outstanding under that program.

Of the existing-construction or refinanced home mortgages insured in 1951, Section 203 processing accounted for $706,196,000, or over 99 percent of the total. Included in the remainder were $3,909,000 in existing-construction mortgages insured under Section 603 pursuant to Section 610; $2,464,000 under Section 213 secured by single-family homes originally constructed as part of a cooperative project with financing under a Section 213 blanket mortgage and now released from that blanket mortgage and reinsured with an individual mortgagor; $40,000 under Section 611 secured by single-family dwellings originally constructed as part of a site-fabricated development with financing under a Section 611 blanket mortgage and now released from that blanket mortgage and reinsured with an individual mortgagor; $215,000 in existing-construction mortgages insured under Section 8; and $74,000 involved in the refinancing of previously insured mortgages under Section 603. The existing-construction mortgages insured under Sections 8, 213, and 611 are the first such mortgages reported under these sections of the Act.

As Table 4 shows, the 1951 volume of new-home mortgage insurance was lower than that for any other year since 1947. The total amount of $1,221,000,000 was nearly $412,000,000, or about 25 percent, below the record established in 1950. With regard to the number of new units securing mortgages insured during the year, the 1951 total of 163,000 represented a decrease of more than 27 percent from the 224,000 insured in 1950. The average mortgage per unit amounted to $7,509 for new-home mortgages insured in 1951, compared with $7,284 for the preceding year.

The existing-construction or refinanced home mortgage total of $712,898,000 insured in 1951 was about 17 percent below the comparable figure for 1950, while the number of living units in the properties securing these mortgages declined by about 21 percent. The average mortgage amount for these transactions was $7,160 or nearly $400 higher than in 1950.

Status of processing.—Of the 350,000 applications for home mortgage insurance which were processed under Section 203 during 1951, about 274,000, or nearly 80 percent, resulted in the issuance of commitments by the FHA field offices. During the year about 440,000 Section 203 cases were closed through rejection of applications, expiration of commitments, or insurance of mortgages. Table 5 indicates that some 7 percent of these closed cases represented rejected applications, 37 percent were expired commitments, and 56 percent were endorsed for insurance The proportions of new-home cases closed through rejection and through insurance were markedly lower than the comparable proportions for transactions involving existing structures. In comparison with 1950, the 1951 experience was marked by a lower proportion of net rejects for both new and existing properties. New-home cases closed during the year included considerably larger proportions of expired commitments and smaller proportions of insured cases than were reported for 1950, while the reverse was true for existing-home transactions.

TABLE 5.—*Disposition of 1- to 4-family Home Mortgage Cases Closed, Sec. 203, in Selected Years, 1940–51*

Year	Disposition of cases closed (percentage distribution) [1]				
	Total cases closed	Rejections [2]	Conditional commitments expired [2]	Firm commitments expired [2]	Insured
	Total construction				
1940	100.0	18.8	8.2	4.2	68.8
1949	100.0	13.4	15.7	6.3	64.6
1950	100.0	10.4	16.0	10.9	62.7
1951	100.0	7.1	17.2	19.5	56.2
	New construction				
1940	100.0	15.3	10.1	3.3	71.3
1949	100.0	12.5	14.2	8.9	64.4
1950	100.0	9.5	13.8	13.4	63.3
1951	100.0	5.5	17.7	25.6	51.2
	Existing construction				
1940	100.0	27.9	3.2	6.3	62.6
1949	100.0	14.2	17.2	3.7	64.9
1950	100.0	12.1	19.9	6.5	61.5
1951	100.0	10.6	15.9	6.6	66.9

[1] Excludes applications under examination and commitments outstanding at end of year.
[2] Excludes cases reopened.

State Distribution

Totals for the year.—The distribution of the home mortgages insured by FHA during 1951 by State location of the properties securing these mortgages is shown in Tables 6 and 7. Table 6 shows the total number and amount of the mortgages insured under all of the home mortgage insurance programs, with separate data for new- and existing-construction mortgages, while Table 7 shows the number of new and existing dwelling units covered by mortgages insured during the year under each of the individual home mortgage programs. An indication of the relative volume for each State or for particular areas of the country may be easily obtained from Chart V.

TABLE 6.—*State Distribution of FHA-insured Home Mortgages, 1951*

[Dollar amounts in thousands]

State	Total			New construction			Existing construction		
	Number	Amount	Units	Number	Amount	Units	Number	Amount	Units
Alabama	2,710	$20,093	2,777	1,690	$12,718	1,734	1,020	$7,375	1,043
Arizona	5,926	40,119	6,104	4,911	33,518	4,974	1,015	6,601	1,130
Arkansas	2,361	16,276	2,459	1,256	9,247	1,320	1,105	7,028	1,139
California	36,206	286,502	37,734	23,750	187,404	24,633	12,456	99,098	13,101
Colorado	3,805	31,520	3,959	2,910	24,401	3,039	895	7,118	920
Connecticut	2,979	25,126	3,230	1,317	11,490	1,317	1,662	13,636	1,922
Delaware	273	2,097	274	185	1,443	185	88	654	89
District of Columbia	170	1,716	225	100	984	106	70	732	119
Florida	8,156	60,445	8,273	6,807	50,122	6,884	1,349	10,323	1,389
Georgia	3,616	26,889	3,710	2,480	18,178	2,561	1,136	8,711	1,149
Idaho	1,946	15,506	2,084	963	8,316	1,033	983	7,189	1,051
Illinois	8,261	68,256	8,499	4,419	36,130	4,423	3,842	32,126	4,076
Indiana	7,591	55,216	7,731	4,859	35,225	4,874	2,732	19,991	2,857
Iowa	2,523	19,462	2,564	1,145	8,984	1,157	1,378	10,479	1,407
Kansas	4,935	38,592	5,120	3,458	28,045	3,598	1,477	10,548	1,522
Kentucky	2,447	17,527	2,513	1,345	9,373	1,398	1,102	8,153	1,115
Louisiana	4,246	32,851	4,488	2,589	20,113	2,743	1,657	12,738	1,745
Maine	794	5,295	862	271	2,025	271	523	3,270	591
Maryland	2,999	22,347	3,036	2,048	14,991	2,048	951	7,356	988
Massachusetts	1,236	8,762	1,471	390	2,848	393	846	5,914	1,078
Michigan	16,418	125,641	16,945	9,704	74,866	9,730	6,714	50,775	7,215
Minnesota	1,999	17,139	2,032	1,143	9,738	1,153	856	7,401	879
Mississippi	1,554	9,871	1,574	1,155	7,427	1,166	399	2,445	408
Missouri	7,223	57,857	7,444	3,589	20,872	3,627	3,634	27,085	3,817
Montana	950	7,302	996	273	2,357	289	677	4,945	707
Nebraska	2,873	21,651	2,947	1,577	12,250	1,617	1,296	9,401	1,330
Nevada	992	9,140	1,200	781	7,366	974	211	1,774	226
New Hampshire	232	1,578	255	91	618	91	141	960	164
New Jersey	6,297	47,168	6,502	3,527	26,979	3,531	2,770	20,190	2,971
New Mexico	1,965	14,781	2,065	1,601	12,195	1,691	364	2,586	374
New York	15,967	125,177	17,049	12,354	96,794	12,408	3,613	28,383	4,641
North Carolina	3,174	22,478	3,331	2,530	17,795	2,674	644	4,684	657
North Dakota	337	2,811	342	165	1,456	166	172	1,355	176
Ohio	12,984	103,063	13,345	7,456	57,687	7,497	5,528	45,376	5,848
Oklahoma	5,117	38,030	5,162	2,900	22,420	2,911	2,217	15,610	2,251
Oregon	6,256	46,486	6,380	2,708	20,532	2,770	3,548	25,953	3,610
Pennsylvania	15,194	109,207	15,352	11,433	82,537	11,448	3,761	26,669	3,904
Rhode Island	305	2,491	318	176	1,462	178	129	1,029	140
South Carolina	2,264	14,183	2,423	1,167	8,146	1,287	1,097	6,037	1,136
South Dakota	1,145	8,287	1,197	584	4,659	610	561	3,628	587
Tennessee	4,844	33,744	4,918	3,615	25,134	3,662	1,229	8,611	1,256
Texas	14,533	102,082	14,925	10,341	72,907	10,650	4,192	29,175	4,275
Utah	3,072	25,742	3,211	2,092	17,874	2,169	980	7,869	1,042
Vermont	246	1,721	277	97	726	97	148	995	180
Virginia	4,657	34,583	4,696	2,014	14,663	2,024	2,643	19,920	2,672
Washington	11,763	88,936	12,255	3,505	27,775	3,603	8,258	61,161	8,652
West Virginia	1,167	8,943	1,219	461	3,784	483	706	5,160	730
Wisconsin	2,057	17,285	2,100	1,323	10,859	1,336	734	6,426	764
Wyoming	831	6,234	894	410	3,263	426	421	2,971	468
Alaska	201	2,724	238	85	1,313	117	116	1,411	121
Hawaii	1,575	15,664	1,634	934	9,137	953	641	6,527	681
Puerto Rico	1,733	15,441	1,987	1,206	10,815	1,316	527	4,626	671
Canal Zone	------	------	------	------	------	------	------	------	------
Virgin Islands	2	18	2	2	18	2	------	------	------
Total [1]	253,106	1,932,053	262,337	157,892	1,210,978	161,347	95,214	721,076	100,990

[1] Cases tabulated in 1951.

TABLE 7.—*State Distribution of FHA-insured Home Mortgage Units, 1951*

State	New construction: Total units	New construction: Sec. 8 Units	New construction: Sec. 203 Units	New construction: Sec. 603 Units	New construction: Sec. 611 Units	Existing construction: Total units	Existing construction: Sec. 8 Units	Existing construction: Sec. 203 Units	Existing construction: Sec. 213 Units	Existing construction: Sec. 603 Units	Existing construction: Sec. 603-610 Units	Existing construction: Sec. 611 Units
Alabama	1,734	70	1,664	-	-	1,043	-	902	-	-	141	-
Arizona	4,974	420	4,394	-	160	1,130	1	1,129	-	-	-	-
Arkansas	1,320	27	1,293	-	-	1,139	1	1,138	-	-	-	-
California	24,633	116	23,775	1	741	13,101	-	13,095	-	-	-	6
Colorado	3,039	-	3,039	-	-	920	-	920	-	-	-	-
Connecticut	1,317	-	1,317	-	-	1,922	-	1,019	-	3	-	-
Delaware	185	-	185	-	-	80	-	89	-	-	-	-
District of Columbia	100	-	106	-	-	119	-	119	-	-	-	-
Florida	6,884	848	6,036	-	-	1,389	11	1,377	-	1	-	-
Georgia	2,561	73	2,488	-	-	1,149	2	1,146	-	1	-	-
Idaho	1,033	11	1,022	-	-	1,051	-	1,051	-	-	-	-
Illinois	4,423	-	4,404	19	-	4,076	-	4,076	-	-	-	-
Indiana	4,874	10	4,864	-	-	2,857	1	2,856	-	-	-	-
Iowa	1,157	10	1,147	-	-	1,407	-	1,404	-	3	-	-
Kansas	3,598	-	3,598	-	-	1,522	-	1,522	-	-	-	-
Kentucky	1,398	1	1,397	-	-	1,115	-	1,115	-	-	-	-
Louisiana	2,743	75	2,668	-	-	1,745	-	1,745	-	-	-	-
Maine	271	-	271	-	-	591	-	590	-	-	1	-
Maryland	2,048	-	2,048	-	-	988	-	988	-	-	-	-
Massachusetts	393	9	384	-	-	1,078	-	1,078	-	-	-	-
Michigan	9,730	989	8,741	-	-	7,215	6	7,209	-	-	-	-
Minnesota	1,153	4	1,148	1	-	879	-	879	-	-	-	-
Mississippi	1,166	11	1,155	-	-	408	-	408	-	-	-	-
Missouri	3,627	17	3,610	-	-	3,817	2	3,815	-	-	-	-
Montana	289	3	286	-	-	707	-	707	-	-	-	-
Nebraska	1,617	91	1,526	-	-	1,330	1	1,329	-	-	-	-
Nevada	974	1	973	-	-	226	-	226	-	-	-	-
New Hampshire	91	2	89	-	-	164	-	164	-	-	-	-
New Jersey	3,531	148	3,383	-	-	2,971	1	2,970	-	-	-	-
New Mexico	1,691	1	1,690	-	-	374	-	374	-	-	-	-
New York	12,408	643	11,697	3	65	4,641	4	3,745	-	9	883	-
North Carolina	2,674	6	2,668	-	-	657	-	657	-	-	-	-
North Dakota	166	2	164	-	-	176	-	176	-	-	-	-
Ohio	7,497	47	7,449	1	-	5,848	-	5,808	-	-	40	-
Oklahoma	2,911	93	2,817	1	-	2,251	-	2,038	213	-	-	-
Oregon	2,770	88	2,682	-	-	3,610	-	3,610	-	-	-	-
Pennsylvania	11,448	184	11,264	-	-	3,904	-	3,904	-	-	-	-
Rhode Island	178	4	173	1	-	140	-	140	-	-	-	-
South Carolina	1,287	8	1,279	-	-	1,136	-	1,136	-	-	-	-
South Dakota	610	28	582	-	-	587	-	587	-	-	-	-
Tennessee	3,662	489	3,173	-	-	1,256	7	1,149	100	-	-	-
Texas	10,650	1,238	9,412	-	-	4,275	16	4,259	-	-	-	-
Utah	2,169	44	2,125	-	-	1,042	-	1,042	-	-	-	-
Vermont	97	-	97	-	-	180	-	180	-	-	-	-
Virginia	2,024	23	2,001	-	-	2,672	-	2,672	-	-	-	-
Washington	3,603	134	3,469	-	-	8,652	3	8,530	-	-	119	-
West Virginia	483	16	467	-	-	736	-	736	-	-	-	-
Wisconsin	1,336	-	1,336	-	-	764	-	763	-	-	1	-
Wyoming	426	3	423	-	-	468	-	468	-	-	-	-
Alaska	117	-	117	-	-	121	-	121	-	-	-	-
Hawaii	953	1	952	-	-	681	-	681	-	-	-	-
Puerto Rico	1,316	-	1,316	-	-	671	-	671	-	-	-	-
Canal Zone	-	-	-	-	-	-	-	-	-	-	-	-
Virgin Islands	2	-	2	-	-	-	-	-	-	-	-	-
United States total [1]	161,347	5,988	154,366	27	966	100,990	56	99,413	313	17	1,185	6

[1] Cases tabulated in 1951.

As in 1950, California, with 36,200 cases, reported the largest volume of FHA-insured home mortgages reported for any individual State, accounting for over 14 percent of the national total. It was followed by Michigan with 16,400 mortgages, New York with 16,000, Pennsylvania with 15,200, Texas with 14,500, Ohio with 13,000, and Washington with 11,800. These seven States accounted for 123,100 cases, or about 50 percent of the total for the entire country.

NUMBER OF HOME MORTGAGES INSURED UNDER ALL SECTIONS
1951

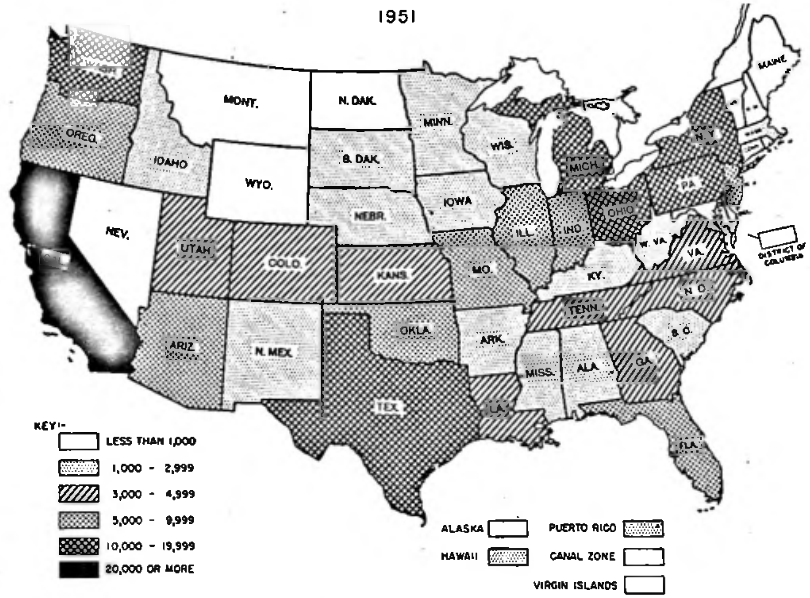

CHART V

Cumulative totals.—Since the beginning of home-mortgage insuring operations in 1935 the Federal Housing Administration has insured nearly 3,000,000 mortgages secured by one- to four-family dwellings. The State distribution of these mortgages by the location of the properties involved is shown in Table 8. California is the leading State, with 478,000 mortgages representing 17 percent of the national total. Other leading States are Michigan with 194,000 mortgages, Texas with 178,000, Pennsylvania with 154,000, and New York with 146,000—these five States accounting for 40 percent of all home mortgages insured through December 31, 1951.

Terminations and Foreclosures

More than 1,227,000 of the 2,883,000 home mortgages insured by the Federal Housing Administration through December 31, 1951, had been terminated by the year end. This left some 1,655,000 of these mortgages with original face amounts of $10,841,000,000 (about 65 percent of the total amount of insurance written) still in force. These outstanding mortgages had been amortized by periodic payments until the remaining outstanding balance at the end of 1951 was estimated at about $9,656,000,000, or somewhat more than half of the original aggregate amount of all insured home mortgages.

TABLE 8.—*State Distribution of FHA-insured Home Mortgages, 1935–51*

[Dollar amounts in thousands]

State	Total		Sec. 203		Sec. 603		Other Sections [1]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Alabama	34, 010	$187, 098	24, 127	$135, 208	9, 644	$50, 589	239	$1, 302
Arizona	30, 097	172, 069	22, 377	125, 831	7, 132	43, 215	588	3, 023
Arkansas	29, 213	151, 106	23, 808	124, 953	4, 869	24, 493	536	1, 660
California	478, 071	2, 743, 435	350, 970	1, 994, 083	126, 005	742, 786	1, 096	6, 566
Colorado	32, 342	187, 512	27, 273	158, 084	5, 069	29, 429		
Connecticut	29, 400	184, 984	21, 905	147, 718	7, 485	37, 211	10	54
Delaware	5, 970	34, 133	3, 339	19, 511	2, 631	14, 622		
District of Columbia	6, 457	46, 295	3, 677	25, 605	2, 780	20, 691		
Florida	85, 463	507, 883	57, 707	338, 704	26, 895	165, 132	861	4, 048
Georgia	46, 181	249, 496	32, 756	178, 471	13, 307	70, 525	118	500
Idaho	15, 023	84, 195	14, 484	81, 037	527	3, 104	12	54
Illinois	134, 520	831, 520	112, 550	702, 862	21, 970	128, 658		
Indiana	95, 906	515, 448	80, 072	421, 712	15, 801	93, 633	33	103
Iowa	25, 205	136, 711	22, 644	123, 094	2, 549	13, 563	12	54
Kansas	48, 614	272, 473	38, 246	214, 554	10, 329	57, 646	39	273
Kentucky	27, 496	159, 104	22, 757	131, 219	4, 737	27, 874	2	11
Louisiana	48, 705	306, 140	36, 224	229, 997	12, 381	75, 633	100	510
Maine	8, 457	39, 917	7, 166	33, 306	1, 240	6, 470	51	142
Maryland	45, 293	264, 842	30, 884	176, 426	14, 409	88, 416		
Massachusetts	16, 651	96, 182	13, 566	78, 864	3, 076	17, 275	9	43
Michigan	193, 929	1, 123, 048	151, 597	870, 119	41, 334	248, 254	998	4, 675
Minnesota	28, 052	162, 323	23, 238	130, 336	4, 810	31, 968	4	18
Mississippi	21, 240	105, 250	17, 058	82, 260	4, 168	22, 926	14	64
Missouri	72, 981	425, 779	65, 846	386, 999	7, 080	38, 418	55	362
Montana	9, 201	47, 997	8, 863	45, 126	334	2, 849	4	23
Nebraska	26, 138	142, 058	20, 178	110, 102	5, 868	31, 520	92	436
Nevada	6, 780	44, 932	4, 854	34, 751	1, 025	10, 177	1	4
New Hampshire	3, 996	19, 518	3, 666	17, 391	328	2, 118	2	9
New Jersey	118, 088	680, 233	100, 927	571, 187	16, 614	106, 249	547	2, 796
New Mexico	15, 726	96, 624	13, 101	80, 033	2, 624	10, 587	1	5
New York	146, 260	926, 510	121, 304	763, 475	23, 056	151, 750	1, 900	11, 286
North Carolina	34, 365	197, 803	25, 529	143, 834	8, 829	53, 933	7	36
North Dakota	2, 422	13, 623	2, 258	12, 478	162	1, 135	2	9
Ohio	134, 354	799, 164	109, 523	651, 956	24, 769	146, 752	62	455
Oklahoma	73, 289	412, 319	55, 242	308, 210	17, 706	101, 697	341	2, 412
Oregon	38, 014	222, 127	31, 079	181, 330	6, 845	40, 369	90	428
Pennsylvania	153, 504	832, 036	121, 859	637, 971	31, 443	193, 118	202	947
Rhode Island	5, 910	31, 903	4, 642	25, 160	1, 264	6, 735	4	18
South Carolina	25, 249	122, 825	18, 863	88, 657	6, 378	34, 137	8	31
South Dakota	8, 665	43, 904	8, 117	40, 334	520	3, 439	28	132
Tennessee	55, 260	303, 709	38, 620	204, 320	15, 977	96, 140	663	3, 249
Texas	177, 774	967, 007	124, 299	678, 165	52, 028	281, 087	1, 447	6, 916
Utah	27, 905	159, 080	19, 939	115, 931	7, 920	42, 924	46	226
Vermont	3, 695	16, 908	3, 409	15, 599	283	1, 372	3	27
Virginia	62, 756	363, 297	43, 808	259, 828	18, 806	102, 931	142	538
Washington	115, 440	648, 016	95, 171	540, 319	19, 076	103, 235	1, 193	4, 462
West Virginia	20, 070	107, 886	18, 729	101, 587	1, 325	6, 224	16	75
Wisconsin	25, 550	155, 814	21, 106	130, 239	4, 425	25, 510	19	66
Wyoming	9, 511	45, 769	8, 383	39, 172	1, 125	6, 582	3	14
Alaska	917	7, 501	916	7, 494	1	7		
Hawaii	6, 575	51, 605	6, 030	47, 924	544	3, 077	1	4
Puerto Rico	12, 500	75, 380	8, 338	56, 234	4, 162	19, 146		
Canal Zone								
Virgin Islands	7	63	5	51	2	13		
Total [2]	2, 879, 197	16,522,713	2, 243, 029	12,819,806	624, 567	3, 644, 842	11, 601	58, 065

[1] Includes Secs. 8, 213, 603–610, and 611.
[2] Cases tabulated through Dec. 31, 1951.

The insurance of a mortgage loan by the Federal Housing Administration may be terminated in any one of several ways: The mortgage may be paid in full either at or prior to maturity; a new FHA-insured mortgage may be placed on the property, superseding the old mortgage; or the mortgage may be foreclosed by the mortgagee in the event of default by the borrower on his contract. In case of foreclosure, the mortgagee has the option of retaining the property and foregoing the rights to insurance benefits, or of transferring title to

the FHA Commissioner in exchange for debentures and a certificate of claim.

The distribution of the 1,227,000 home mortgage insurance contracts terminated by the end of 1951 is shown in Table 9 for each of the types of termination mentioned in the preceding paragraph. The table shows that the great preponderance of these terminations has resulted from prepayments in full—these cases accounting for over 82 percent of all terminated cases. The second largest category includes those cases involving prepayment with a new FHA-insured mortgage placed on the property. Foreclosures have numbered 17,217, or about 1.4 percent of all terminations (less than 0.6 percent of the total number insured). Of the properties involved in these foreclosed cases, 13,849 were transferred to the FHA in exchange for debentures and a certificate of claim; 3,368 were held by the mortgagees for disposition by sale or rent.

TABLE 9.—*Disposition of FHA-insured Home Mortgages, 1935–51*

[Dollar amounts in thousands]

Disposition	Total		Sec. 8		Sec. 203	
	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	2, 882, 580	$16, 545, 664	6, 388	$29, 800	2, 246, 266	$12, 842, 281
Mortgages terminated:						
Prepayments in full	1, 014, 894	4, 714, 350	2	9	818, 221	3, 758, 548
Prepayments by supersession	187, 360	877, 641			133, 714	631, 033
Matured loans	7, 123	18, 296			7, 123	18, 296
Titles acquired by mortgagee:						
Properties transferred to FHA	13, 849	74, 668			4, 740	23, 654
Properties retained by mortgagee	3, 368	17, 661			2, 119	10, 836
Other terminations	569	2, 458			434	1, 912
Total terminations	1, 227, 163	5, 705, 074	2	0	966, 351	4, 444, 279
Mortgages in force	1, 655, 417	10, 840, 591	6, 386	29, 791	1, 279, 915	8, 398, 002

Disposition	Sec. 213		Sec. 603		Sec. 603–610		Sec. 611	
	Number	Amount	Number	Amount	Number	Amount	Units	Amount
Mortgages insured	313	$2, 464	624, 567	$3, 644, 842	3, 320	$15, 877	1, 720	$10, 399
Mortgages terminated:								
Prepayments in full			195, 994	951, 093	104	395	573	3, 405
Prepayments by supersession			53, 631	246, 547	15	61		
Matured loans								
Titles acquired by mortgagee:								
Properties transferred to FHA			9, 101	50, 990	8	24		
Properties retained by mortgagee			1, 240	6, 825				
Other terminations			135	546				
Total terminations			260, 110	1, 256, 901	127	480	573	3, 405
Mortgages in force	313	2, 464	364, 457	2, 387, 941	3, 199	15, 398	1, 147	6, 994

TABLE 10.—*Terminations of FHA-insured Home Mortgages: Total terminations, titles acquired by mortgagees, and foreclosures in process, in selected years, 1935–51*

Year	Terminations[1]: Number for the year	Terminations[1]: Cumulative through end of year: Number	Terminations[1]: Cumulative through end of year: Percent of total insured	Titles acquired by mortgagees[2]: Annual increase	Titles acquired by mortgagees[2]: Cumulative through end of year: Number	Titles acquired by mortgagees[2]: Cumulative through end of year: Percent of total insured	Foreclosures in process as of end of year: Number	Foreclosures in process as of end of year: Percent of insured mortgages in force
Total[3]								
1935	95	95	0.41	2	2	0.01	(4)	(4)
1937	5,065	6,522	3.22	218	250	.12	(4)	(4)
1939	12,865	28,258	6.07	1,149	2,095	.45	808	0.18
1941	30,033	81,120	9.70	1,122	4,669	.56	750	.10
1943	78,859	198,131	16.23	074	6,216	.51	320	.03
1945	117,858	427,791	29.20	2,163	11,170	.76	929	.09
1946	177,908	605,699	39.19	838	12,008	.78	109	.01
1947	169,496	775,195	45.95	177	12,185	.72	141	.02
1948	121,306	896,501	45.17	323	12,508	.63	263	.02
1949	88,461	984,962	43.06	1,183	13,691	.60	1,281	.10
1950	131,933	1,116,895	42.50	2,610	16,301	.62	1,167	.08
1951	110,268	[5] 1,227,163	42.58	1,523	17,824	.62	809	.05
Sec. 203								
1935	95	95	0.41	2	2	0.01	(4)	(4)
1937	5,065	6,522	3.22	218	250	.12	(4)	(4)
1939	12,865	28,258	6.07	1,149	2,095	.45	808	0.18
1941	30,033	81,120	9.74	1,122	4,669	.56	750	.10
1943	75,609	104,069	18.75	133	5,374	.52	104	.03
1945	104,879	402,643	35.68	30	5,433	.48	102	.01
1946	123,734	526,277	44.04	41	5,474	.40	59	.01
1947	107,466	633,743	49.83	15	5,489	.43	62	.01
1948	86,293	720,036	51.25	39	5,528	.39	93	.01
1949	63,665	783,701	47.13	119	5,647	.34	302	.03
1950	97,144	860,845	44.02	677	6,324	.32	502	.04
1951	85,506	[5] 966,351	43.02	760	7,084	.32	515	.04
Sec. 603[6]								
1941	----	----	----	----	----	----	----	----
1943	3,250	4,062	2.18	841	842	0.45	156	0.09
1945	12,979	25,248	7.60	2,133	5,737	1.70	827	.27
1946	54,174	79,422	22.64	707	6,534	1.80	50	.02
1947	62,030	141,452	34.06	162	6,696	1.61	79	.03
1948	35,013	176,465	30.44	284	6,980	1.21	170	.04
1949	24,796	201,261	32.23	1,064	8,044	1.29	979	.23
1950	34,689	235,950	37.62	1,933	9,977	1.59	665	.17
1951	24,287	[5] 260,237	41.45	763	10,740	1.71	383	.10

[1] Includes terminations of mortgage insurance after acquisition of titles by mortgagees.
[2] Includes titles transferred to FHA, those retained by the mortgagees with termination of mortgage insurance, and titles to 225 foreclosed properties under Sec. 203 and 382 foreclosed properties under Sec. 603 which are subject to redemption or held by mortgagees pending final disposition.
[3] Includes Secs. 8 and 611.
[4] Less than 0.005 percent.
[5] Of the cumulative number of terminated mortgages FHA refinanced 133,714 Sec. 203 cases and 53,646 Sec. 603 cases. A refinanced mortgage involves the same property as covered by the original FHA insurance contract.
[6] Includes Sec. 603–610 cases.

Included in the terminations shown in Table 9 are some 110,000 which were reported in 1951. Of these, 84,388 were prepayments in full; 22,048 were supersessions; 1,955 were cases in which the mortgage debt was paid in full at maturity; and 1,866 were foreclosures.

Yearly trend.—Comparative figures showing the number of terminated cases, the number of titles acquired by mortgagees, and the number of foreclosures in process at the year end are given in Table 10 for selected years since 1935. The table shows that not only did the total number of terminations decrease by over 16 percent from 132,000 in 1950 to 110,000 in 1951, but that—with the exception of 1949—the 1951 volume of terminations is the lowest reported for any year since 1943. This decrease in the number of terminated cases was about equally divided between the two major home mortgage insurance programs—the long-term Section 203 program and the war and postwar emergency programs under Section 603.

The number of titles acquired by mortgagees during the year also declined markedly—from 2,610 in 1950 to 1,523 in 1951. This decrease reflects the 60 percent drop in the number of titles acquired under Section 603 (the number acquired under Sec. 203 increasing slightly over the 1950 level).

A similar comparison may be made of the number of foreclosures in process at the end of the year. The total for all sections declined from 1,167 at the end of 1950 to 899 as of December 31, 1951—or from 0.08 percent to 0.05 percent of the number of insured mortgages in force. The number of Section 203 insured mortgages in process of foreclosure remained virtually unchanged over the year, but those reported under Section 603 declined from 665 to 383, or 0.10 percent of the mortgages in force.

State distribution.—The relationships between the number of mortgages insured under Section 203, the number of these contracts which have been terminated, the number of foreclosures, and the number of insured mortgages still in force at the end of 1951 are shown in Table 11 for each State and Territory. Comparable data based on operations under Section 603 are shown in Table 12.

Of the 2,243,000[1] mortgages insured under Section 203, some 966,000 or about 43 percent had been reported as terminated. The majority of States reported termination ratios of from 35 to 50 percent, only 10 having terminations in excess of 50 percent, while 12 reported less than 35 percent. The acquisition of title by mortgagees has been reported for slightly less than one-third of 1 percent of the insured mortgages, the proportion exceeding 1 percent in only four States.

Comparatively, about 42 percent of those home mortgages insured under Section 603 had been terminated by the end of 1951, with terminations of 50 percent or more in 18 States or Territories. About 1.7 percent of the insured mortgages have been foreclosed under Section 603. Terminations by foreclosure exceeded 4 percent in 12 States, while 10 States or Territories have reported none.

[1] Excludes 3,237 cases not yet tabulated as of Dec. 31, 1951.

TABLE 11.—*State Distribution of Terminations of FHA-insured Home Mortgages, Sec. 203, 1935–51*

State	Total mortgages insured	Terminations				Insured mortgages in force, Dec. 1951
		Number		As percent of mortgages insured		
		Total	Titles acquired	Total	Titles acquired	
Alabama	24,127	8,676	133	35.96	0.55	15,451
Arizona	22,377	6,187	35	27.65	.16	16,190
Arkansas	23,808	7,022	210	29.49	.88	16,786
California	350,970	177,141	506	50.47	.14	173,829
Colorado	27,273	11,311	41	41.47	.15	15,962
Connecticut	21,905	8,081	40	36.89	.18	13,824
Delaware	3,339	1,411	33	42.26	.99	1,928
District of Columbia	3,677	2,095	3	56.98	.08	1,582
Florida	57,707	18,842	223	32.65	.39	38,865
Georgia	32,756	13,039	153	39.81	.47	19,717
Idaho	14,484	5,456	26	37.67	.18	9,028
Illinois	112,550	62,967	223	55.95	.20	49,583
Indiana	80,072	34,612	160	43.23	.20	45,460
Iowa	22,644	10,761	31	47.52	.14	11,883
Kansas	38,246	15,255	387	39.89	1.01	22,991
Kentucky	22,757	8,816	93	38.74	.41	13,941
Louisiana	36,224	10,384	145	28.67	.40	25,840
Maine	7,166	3,082	64	43.01	.89	4,084
Maryland	30,884	15,019	110	48.63	.36	15,865
Massachusetts	13,566	6,671	203	49.17	1.50	6,895
Michigan	151,597	67,561	655	44.57	.43	84,036
Minnesota	23,238	12,573	91	54.11	.39	10,665
Mississippi	17,058	6,072	79	35.60	.46	10,986
Missouri	65,846	27,746	213	42.14	.32	38,100
Montana	8,863	4,110	10	46.37	.11	4,753
Nebraska	20,178	8,951	46	44.36	.23	11,227
Nevada	4,854	1,575	----------	32.45	----------	3,279
New Hampshire	3,666	2,031	121	55.40	3.30	1,635
New Jersey	100,927	47,741	617	47.30	.61	53,186
New Mexico	13,101	3,135	5	23.93	.04	9,966
New York	121,304	41,509	747	34.22	.62	79,795
North Carolina	25,529	9,598	70	37.60	.27	15,931
North Dakota	2,258	1,114	8	49.34	.35	1,144
Ohio	109,523	55,602	182	50.77	.17	53,921
Oklahoma	55,242	19,115	190	34.60	.34	36,127
Oregon	31,079	10,514	60	33.83	.19	20,565
Pennsylvania	121,859	58,495	249	48.00	.20	63,364
Rhode Island	4,642	2,629	26	56.64	.56	2,013
South Carolina	18,863	5,574	71	29.55	.38	13,289
South Dakota	8,117	3,621	21	44.61	.26	4,496
Tennessee	38,620	15,128	138	39.17	.36	23,492
Texas	124,299	41,787	209	33.62	.17	82,512
Utah	19,939	8,611	38	43.19	.19	11,328
Vermont	3,409	1,964	39	57.61	1.14	1,445
Virginia	43,808	15,531	108	35.45	.25	28,277
Washington	95,171	40,015	168	42.05	.18	55,156
West Virginia	18,729	8,107	28	43.29	.15	10,622
Wisconsin	21,106	10,976	54	52.00	.26	10,130
Wyoming	8,383	4,485	16	53.50	.19	3,898
Alaska	916	383	3	41.81	.33	533
Hawaii	6,030	2,115	2	35.07	.03	3,915
Puerto Rico	8,338	1,155	1	13.85	.01	7,183
Canal Zone	----------	----------	----------	----------	----------	----------
Virgin Islands	5	----------	----------	----------	----------	5
United States total	[1]2,243,029	966,351	[2]7,084	43.08	.32	1,276,678

[1] Cases tabulated through Dec. 31, 1951.
[2] Includes titles transferred to FHA and those retained by the mortgagees with terminations of mortgage insurance, and titles to 225 foreclosed mortgages which are subject to redemption or held by mortgagees pending final disposition.

TABLE 12.—*State Distribution of Terminations of FHA-insured Home Mortgages, Sec. 603, 1941–51*

State	Total mortgages insured	Terminations				Insured mortgages in force, Dec. 31, 1951
		Number		As a percent of mortgages insured		
		Total	Titles acquired	Total	Titles acquired	
Alabama	9,644	4,614	453	47.84	4.70	5,030
Arizona	7,132	1,165	464	16.33	6.51	5,967
Arkansas	4,869	2,118	47	43.50	0.97	2,751
California	126,005	54,320	108	43.11	0.16	71,685
Colorado	5,069	1,923	3	37.94	0.06	3,146
Connecticut	7,485	4,788	1,599	63.97	21.36	2,697
Delaware	2,631	1,873	3	71.19	0.11	758
District of Columbia	2,780	1,081	4	38.88	0.14	1,699
Florida	26,895	5,283	267	19.64	0.99	21,612
Georgia	13,307	5,851	623	43.97	4.68	7,456
Idaho	527	217	----------	41.18	----------	310
Illinois	21,970	12,391	12	56.40	0.05	9,579
Indiana	15,801	6,344	70	40.15	0.44	9,457
Iowa	2,549	1,313	147	51.51	5.77	1,236
Kansas	10,329	5,045	108	48.84	1.05	5,284
Kentucky	4,737	1,942	2	41.00	0.04	2,795
Louisiana	12,381	5,820	510	47.01	4.12	6,561
Maine	1,240	748	30	60.32	2.42	492
Maryland	14,409	7,620	936	52.88	6.50	6,789
Massachusetts	3,076	1,750	49	56.89	1.59	1,326
Michigan	41,334	16,726	877	40.47	2.12	24,608
Minnesota	4,810	1,938	24	40.29	0.50	2,872
Mississippi	4,168	946	5	22.70	0.12	3,222
Missouri	7,080	3,655	190	51.62	2.68	3,425
Montana	334	154	----------	46.11	----------	180
Nebraska	5,868	3,390	132	57.77	2.25	2,478
Nevada	1,925	948	----------	49.25	----------	977
New Hampshire	328	133	29	40.55	8.84	195
New Jersey	16,614	7,140	253	42.98	1.52	9,474
New Mexico	2,624	658	----------	25.08	----------	1,966
New York	23,056	5,961	450	25.85	1.95	17,095
North Carolina	8,829	2,337	166	26.47	1.88	6,492
North Dakota	162	51	----------	31.48	----------	111
Ohio	24,769	13,082	118	52.82	0.48	11,687
Oklahoma	17,706	6,511	305	36.77	1.72	11,195
Oregon	6,845	2,676	17	39.09	0.25	4,169
Pennsylvania	31,443	14,221	49	45.23	0.16	17,222
Rhode Island	1,264	677	1	53.56	0.08	587
South Carolina	6,378	2,226	96	34.90	1.51	4,152
South Dakota	520	196	----------	37.69	----------	324
Tennessee	15,977	3,892	155	24.36	0.97	12,085
Texas	52,028	18,060	457	34.71	0.88	33,968
Utah	7,920	4,281	398	54.05	5.03	3,639
Vermont	283	178	13	62.90	4.59	105
Virginia	18,806	8,597	979	45.71	5.21	10,209
Washington	19,076	11,638	195	61.01	1.02	7,438
West Virginia	1,325	725	279	54.72	21.06	600
Wisconsin	4,425	2,311	6	52.23	0.14	2,114
Wyoming	1,125	335	----------	29.78	----------	790
Alaska	1	1	----------	100.00	----------	----------
Hawaii	544	187	----------	34.38	----------	357
Puerto Rico	4,162	72	13	1.73	0.31	4,090
Canal Zone	----------	----------	----------	----------	----------	----------
Virgin Islands	2	1	----------	50.00	----------	1
United States total	624,567	260,110	[1]10,732	41.65	1.72	364,457

[1] Includes titles transferred to FHA and those retained by the mortgagees with terminations of mortgage insurance, and titles to 382 foreclosed mortgages which are subject to redemption or held by mortgagees pending final disposition.

Termination Experience

From the 1935–50 termination experience of the FHA Mutual Mortgage Insurance program, the life expectancy of mortgages on one- to four-family homes is estimated to be 7.55 years (i. e., that period of time which such mortgages can, on the average, be expected to remain in force). This figure is based on the termination experience of these home mortgages observed over a 15-year period, and on a projection of this experience through five additional years to reflect the life expectancy for mortgages with maturities of 20 years. The termination experience covers all home mortgage insurance contracts written under Section 203 from 1935 through 1949 and exposed to their policy anniversaries in 1950 or prior termination dates. It is to be noted that this period of observation includes the war and postwar years, a period of unusually high prepayment rates. The accumulation of additional termination experience in the future may well disclose longer life expectancies both because of the longer mortgage terms in current contracts and because of the small probability that the prepayment experience of the past decade is likely to be repeated.

For a 20-year mortgage with an interest rate of 4¼ percent and a life expectancy of 7.55 years, the mortgage interest for this period is approximately 52 percent of the total mortgage interest which would obtain if the mortgage had not been terminated prior to its maturity.

From this termination experience observed over the 15-year period, mortgage survivorship is also estimated. In Actuarial Schedule 1, the survivorship table shows the number of mortgages surviving from an initial group of 100,000 one- to four-family home mortgages at the beginning of each policy year for 15 policy years. The figures in this table are interpreted in the following manner.

From an initial group of 100,000 home mortgages, 2,850 mortgages terminate within the first policy year after the date of their insurance. This leaves 97,150 mortgages in force at the beginning of the second policy year. Of this number surviving at the beginning of the second policy year, 5,371 mortgages terminate during the second policy year after the date of their insurance. When this number is subtracted from the 97,150 mortgages, it gives the number of mortgages surviving at the beginning of the third policy year.

The number of mortgages terminating during each policy year is derived from the annual termination rates shown in the schedule. The annual termination rate for the first policy year is 0.0285040. When this rate is applied against the 100,000 mortgages in force at the beginning of the first policy year, the product is 2,850 mortgages

ACTUARIAL SCHEDULE 1.—*Survivorship table of a group of 1- to 4-family home mortgages based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1949 and exposed to policy anniversaries in 1950 or prior termination dates*

Policy year	Mortgage survivors at the beginning of policy year	Annual termination rates	Mortgage terminations during the policy year	Policy year	Mortgage survivors at the beginning of policy year	Annual termination rates	Mortgage terminations during the policy year
1st	100, 000	0. 0285040	2, 850	9th	38, 512	.1628393	6, 271
2d	97, 150	.0552852	5, 371	10th	32, 241	.1740603	5, 612
3d	91, 779	.0804727	7, 386	11th	26, 620	.1718533	4, 576
4th	84, 393	.1074291	9, 066	12th	22, 053	.1876187	4, 138
5th	75, 327	.1344691	10, 129	13th	17, 915	.1628588	2, 918
6th	65, 198	.1537240	10, 022	14th	14, 997	.1714530	2, 571
7th	55, 176	.1636703	9, 031	15th	12, 426	.3595019	4, 467
8th	46, 145	.1654034	7, 633				

terminating during the first policy year. For the second policy year, the annual termination rate is 0.0552852. When this rate is applied against the 97,150 mortgages surviving to the beginning of the second policy year, the product is 5,371 mortgages terminating during the second policy year.

These annual termination rates are based upon the termination experience by policy year for one- to four-family home mortgage insurance contracts written under Section 203 from 1935 through 1949 and observed to their policy anniversaries in 1950 or prior termination dates.

The annual termination rates in Actuarial Schedule 1 are also presented in Actuarial Schedule 2 along with their component rates.

ACTUARIAL SCHEDULE 2.—*Annual termination rates 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 1949 and exposed to policy anniversaries in 1950 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. 0206640	0. 0076171	0. 0000640	0. 0001094	0. 0000495	0. 0285040
2d	.0420321	.0121377	.0002687	.0008018	.0000449	.0552852
3d	.0639206	.0149662	.0003416	.0011522	.0000921	.0804727
4th	.0901844	.0158775	.0003552	.0008572	.0001548	.1074291
5th	.1184583	.0147199	.0001022	.0004940	.0006047	.1344691
6th	.1389111	.0141338	.0001503	.0002644	.0002644	.1537240
7th	.1408188	.0134175	.0001004	.0001021	.0002315	.1636703
8th	.1521806	.0126269	.0000848	.0000276	.0004835	.1654034
9th	.1500614	.0121849	.0000623	.0000148	.0005159	.1628393
10th	.1573770	.0110799	.0000329	---------	.0055705	.1740603
11th	.1520691	.0094164	.0000244	---------	.0103434	.1718533
12th	.1718613	.0083082	.0000330	---------	.0074162	.1876187
13th	.1458381	.0057405	---------	---------	.0112802	.1628588
14th	.1631155	.0056296	.0000713	---------	.0026366	.1714530
15th	.2647537	.0054142	---------	---------	.0893340	.3595019

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These component rates for the different types of termination by policy year are interpreted in the same way as the total annual termination rates in the measurement of survivorship and termination during a policy year. For example, if 100,000 home mortgages are in force at the beginning of the seventh policy year, according to Schedule 2 a total number of 16,367 mortgages can be expected to terminate during the seventh policy year. Of this total number of terminations, there can be expected to be 14,982 prepayments in full, 1,342 prepayments by supersession, 20 foreclosures, of which 10 are retained by the mortgagee and 10 transferred to FHA, and 23 other terminations which are principally maturities.

Financial Institution Activity

Only those institutions approved by the Federal Housing Administration may originate or hold FHA-insured loans or mortgages. This approval is automatically extended to certain Federal, State, or municipal government agencies. Other institutions may obtain this approval upon application to the FHA Commissioner and compliance with the regulations established for such approval.

Originations and holdings.—Originations of home mortgages during 1951 and the relative holdings of these mortgages at the end of the year are shown in Table 13 for each of the principal types of lending institutions.

Nearly 30 percent of the home mortgages insured by the FHA in 1951 were originated by a group of 534 mortgage companies. These institutions ordinarily originate mortgages for sale to other institutions—generally banks or insurance companies, which commonly arrange servicing contracts with the mortgage company concerned.

The second largest originators of FHA-insured home mortgages during the year were 1,138 national banks, which accounted for nearly one-fifth of the total. They were closely followed in order by groups of 365 insurance companies and 1,289 State banks which originated, respectively, 17.0 percent and 16.2 percent of the year's volume.

In comparison with 1950, the 1951 originations reflected slightly higher participation by national and State banks and mortgage companies. Insurance company originations declined from 20.8 percent of the total in 1950 to 17.0 percent in 1951, while the other types of institutions shown in the table had slightly smaller proportions of the 1951 business than they originated in the preceding year.

Insured mortgage contracts with original face amounts exceeding $10,646,000,000 were in force at the end of 1951. Of this amount, some

TABLE 13.—*Type of Institution Originating and Holding FHA-insured Home Mortgages, 1951*

[Dollar amounts in thousands]

Type of institution	Number of institutions		Mortgages originated [1] in 1951			Mortgages held [2] Dec. 31, 1951		
	Originating	Holding	Number	Amount	Percentage distribution [3]	Number	Amount	Percentage distribution [3]
Total [4]								
National bank	-------	-------	45,675	$357,344	18.5	297,080	$1,852,070	17.4
State bank	-------	-------	30,410	311,666	16.2	197,995	1,227,834	11.5
Mortgage company	-------	-------	77,747	573,714	29.7	37,244	265,606	2.5
Insurance company	-------	-------	41,805	328,869	17.0	688,044	4,577,346	43.0
Savings and loan association	-------	-------	23,212	173,932	9.0	131,833	844,827	8.0
Savings bank	-------	-------	16,098	126,394	6.6	217,351	1,502,842	14.1
Federal agency	-------	-------	1	16	(7)	28,866	180,926	1.7
All other [5]	-------	-------	7,887	57,523	3.0	31,502	195,144	1.8
Total	-------	-------	251,844	1,929,457	100.0	1,629,915	10,646,596	100.0
Sec. 8								
National bank	36	35	995	4,588	16.2	734	3,367	13.7
State bank	39	37	663	3,126	11.1	535	2,520	10.2
Mortgage company	74	65	2,747	12,889	45.6	1,683	7,931	32.3
Insurance company	21	35	335	1,576	5.6	584	2,731	11.1
Savings and loan association	60	54	596	2,746	9.7	556	2,560	10.4
Savings bank	5	19	314	1,468	5.2	617	2,871	11.7
Federal agency	-------	1	-------	-------	-------	278	1,270	5.2
All other [5]	8	9	394	1,855	6.6	281	1,323	5.4
Total	243	255	6,044	28,247	100.0	5,268	24,574	100.0
Sec. 203								
National bank	1,138	2,772	44,644	352,584	18.6	242,577	1,507,722	18.4
State bank	1,289	3,475	38,727	303,490	16.1	162,730	1,007,518	12.3
Mortgage company	534	588	74,762	558,527	29.5	29,656	216,712	2.6
Insurance company	365	553	41,438	327,041	17.3	516,468	3,453,131	42.0
Savings and loan association	816	1,631	22,609	171,151	9.1	106,003	689,254	8.4
Savings bank	181	324	15,511	122,044	6.5	161,677	1,110,622	13.5
Federal agency	1	2	1	16	(7)	11,948	70,822	.9
All other [5]	43	157	7,492	55,662	2.9	25,027	156,012	1.9
Total	4,367	9,502	245,184	1,891,123	100.0	1,256,080	8,211,795	100.0
Sec. 603 [6]								
National bank	4	913	34	158	3.8	53,767	340,967	14.2
State bank	5	1,189	22	231	5.5	34,721	211,893	8.8
Mortgage company	4	178	228	1,249	29.6	5,898	39,905	1.0
Insurance company	6	265	32	252	6.0	170,989	1,121,464	40.7
Savings and loan association	-------	660	7	35	.8	24,374	153,013	6.4
Savings bank	4	176	273	2,282	54.2	55,057	389,348	16.2
Federal agency	-------	2	-------	-------	-------	16,640	108,834	4.5
All other [5]	1	46	1	6	.1	6,104	37,808	1.6
Total	24	3,429	597	4,214	100.0	367,640	2,403,234	100.0

[1] Cases tabulated in 1951.
[2] Less than face amount in force, due to lag in tabulation.
[3] Based on amount of mortgage.
[4] Includes 10 mortgages insured under Sec. 611 for $5,872,405.
[5] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[6] Includes mortgages insured under Sec. 603 pursuant to Sec. 610; 553 mortgages for $3,923,250 originated and 3,186 mortgages for $15,314,300 held in portfolio.
[7] Less than 0.05 percent.

43 percent was held by a group of 553 insurance companies. National, savings, and State banks, in that order, were the next largest holders of insured home mortgages—each of these groups accounting for from 12 to 17 percent of the total outstanding.

Chart VI shows the distributions by type of institution of the mortgages originated, purchased, and sold in 1951, together with the face amount of mortgages held at the year end by each of the different types of mortgagees.

Transfers.—Secondary-market transfers reported in 1951 covered the sale and purchase by FHA-approved mortgagees of some 183,000 insured home mortgages with original face amounts approximating $1,313,000,000. This represented decreases of 9.4 percent in the number and 7.6 percent in the amount of these transferred mortgages, in comparison with the 1950 volume. As Table 14 shows, the great majority of these transfers involved Section 203 insured mortgages—with 1,554 institutions purchasing mortgages aggregating $1,213,500,000 from some 1,800 selling institutions.

TYPE OF INSTITUTION ORIGINATING, TRANSFERRING OR HOLDING HOME MORTGAGES
(BASED ON DOLLAR AMOUNT)

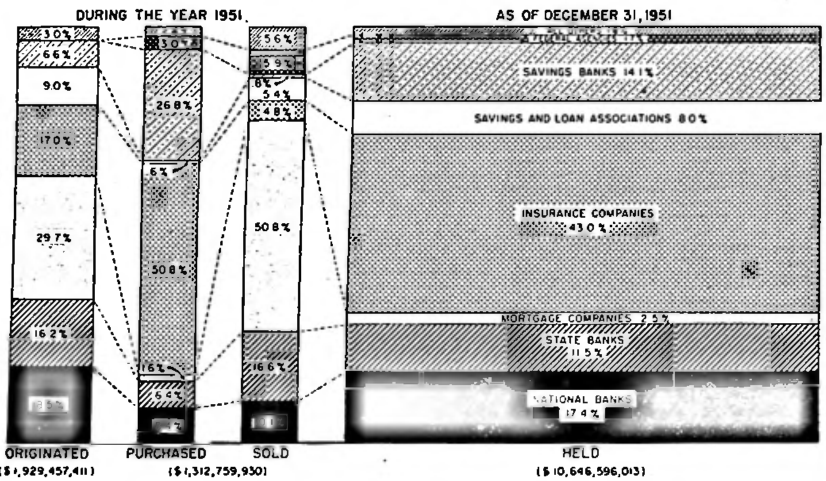

CHART VI

Of the insured home mortgages transferred during 1951, insurance companies accounted for half of the purchases and mortgage companies for half of the sales. The second largest purchasing institutions were the savings banks—which accounted for 26.8 percent of the total—while State and national banks accounted, respectively, for 16.6 percent and 10.1 percent of the total sales.

TABLE 14.—*Type of Institution Purchasing and Selling FHA-insured Home Mortgages, 1951*

[Dollar amounts in thousands]

Type of institution	Number of institutions		Mortgages purchased			Mortgages sold		
	Purchasing	Selling	Number	Amount	Percentage distribution [1]	Number	Amount	Percentage distribution [1]
				Total [2]				
National bank	-------	-------	15, 912	$110, 021	8. 4	18, 451	$132, 182	10. 1
State bank	-------	-------	12, 278	84, 435	6. 4	29, 835	218, 185	16. 6
Mortgage company	-------	-------	3, 158	21, 340	1. 6	92, 950	666, 338	50. 8
Insurance company	-------	-------	00, 898	666, 449	50. 8	8, 746	63, 267	4. 8
Savings and loan association	-------	-------	1, 145	7, 806	. 6	9, 670	70, 977	5. 4
Savings bank	-------	-------	48, 995	351, 462	26. 8	1, 036	11, 127	. 8
Federal agency	-------	-------	6, 051	40, 145	3. 0	10, 032	77, 168	5. 9
All other [3]	-------	-------	4, 425	31, 102	2. 4	10, 642	73, 516	5. 6
Total	-------	-------	182, 862	1, 312, 760	100. 0	182, 862	1, 312, 760	100. 0
				Sec. 8				
National bank	6	5	25	117	3. 0	71	336	8. 6
State bank	3	3	12	55	1. 4	36	170	4. 4
Mortgage company	1	43	1	5	. 1	634	2, 910	74. 7
Insurance company	15	3	275	1, 281	32. 9	9	42	1. 1
Savings and loan association	2	3	7	33	. 9	10	47	1. 2
Savings bank	14	-------	241	1, 112	28. 5	-------	-------	-------
Federal agency	1	-------	277	1, 266	32. 5	-------	-------	-------
All other [3]	4	6	6	29	. 7	84	392	10. 0
Total	46	63	844	3, 897	100. 0	844	3, 897	100. 0
				Sec. 203				
National bank	417	336	14, 937	103, 821	8. 6	17, 281	124, 777	10. 3
State bank	506	459	11, 261	78, 130	6. 4	28, 006	206, 072	17. 0
Mortgage company	102	507	2, 793	19, 021	1. 6	91, 626	659, 245	54. 3
Insurance company	220	242	86, 974	639, 811	52. 7	8, 282	61, 311	5. 0
Savings and loan association	108	179	1, 054	7, 316	. 6	8, 294	60, 847	5. 0
Savings bank	156	38	42, 282	302, 084	24. 9	1, 397	9, 408	. 8
Federal agency	3	2	5, 654	38, 123	3. 1	4, 237	26, 460	2. 2
All other [3]	42	34	3, 588	25, 196	2. 1	9, 420	65, 381	5. 4
Total	1, 554	1, 797	108, 543	1, 213, 502	100. 0	168, 543	1, 213, 502	100. 0
				Sec. 603 [4]				
National bank	63	71	950	6, 083	6. 4	1, 099	7, 069	7. 4
State bank	79	91	1, 005	6, 250	6. 5	1, 793	11, 942	12. 5
Mortgage company	23	67	364	2, 314	2. 4	687	4, 163	4. 4
Insurance company	72	18	3, 646	25, 337	26. 6	455	1, 914	2. 0
Savings and loan association	19	49	84	456	. 5	1, 366	10, 082	10. 6
Savings bank	61	16	6, 472	48, 266	50. 6	239	1, 719	1. 8
Federal agency	2	2	120	757	. 8	6, 695	50, 708	53. 2
All other [3]	10	9	831	5, 878	6. 2	1, 138	7, 743	8. 1
Total	320	323	13, 472	95, 341	100. 0	13, 472	95, 341	100. 0

[1] Based on amount of mortgage.
[2] Includes 3 mortgages for $20,150 insured under Sec. 611.
[3] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[4] Includes 209 mortgages for $1,262,250 insured under Sec. 603 pursuant to Sec. 610.

Mortgage Loan Characteristics

More than 1,020,000 new privately financed dwelling units were placed under construction in the United States during 1951. Their construction and subsequent purchase generally required financing assistance from one or more of the privately owned financial institutions of the country. Included in these privately financed units started during the year were 263,500 units—about 26 percent of the total—which were started under the FHA system of compliance inspections. Of these FHA-inspected units, 188,000 were in one- to four-family structures and the remainder were in large-scale rental and cooperative projects.

About 242,500 new dwelling units in one- to four-family structures were reported completed (received third compliance inspections) under FHA in 1951. As noted earlier in this report, some 163,000 of these new units completed, together with 100,000 existing units, secured home mortgages which were insured by the Federal Housing Administration during the year. On the following pages there appears a detailed analysis of the characteristics of these insured mortgages, the properties securing them, and the borrowers involved. A similar analysis based on the commitments issued during the year under the various rental and cooperative housing programs is presented later in this report, as is one dealing with the characteristics of the property improvement loans insured under Title I.

Nearly all of the home mortgages insured during the year were insured under the provisions of the long-term Section 203 program. Consequently, this analysis of the characteristics of the home mortgage transactions will be largely confined to cases insured under that section.[2] As Table 15 shows, over 98 percent of the new-home mortgages and over 95 percent of the existing-home mortgages insured under Section 203 in 1951 involved single-family houses. Of the dwelling units in these structures, over 96 percent of the new units and nearly 91 percent of the existing units were in single-family dwellings.

Nearly 96 percent of the new homes and some 98 percent of the existing dwellings were owner-occupied at the time of mortgage insurance. About 1.3 percent of the new-home cases involved landlord mortgagors, while builders were the initial mortgagors in about 3 percent of these cases.

The typical new house.—The typical new-home mortgage insured by the Federal Housing Administration in 1951 amounted to $7,586, an increase of $485 or about 7 percent over the median mortgage of

[2] The sample of about 55,000 new-home and 45,000 existing-home mortgages was selected from the single-family home mortgages insured under Section 203 in the first 11 months of 1951.

$7,101 reported for 1950. This increase, together with a decrease in the average mortgage term from 24.1 years for the 1950 cases to 23.4 years for mortgages insured in 1951, resulted in a rise in the typical monthly mortgage payment to $58.84 for principal, interest, the FHA mortgage insurance premium, hazard insurance premiums, taxes and special asessments, and any miscellaneous items such as ground rent. This represented an increase of $4.53 over the median monthly payment reported for the preceding year.

This typical mortgage was secured by a new single-family dwelling appraised by the FHA underwriting system at $9,007, including the house, all other physical improvements, and the market price of an equivalent site,[3] which averaged $1,092. This valuation represented an increase of $721 over the comparable 1950 figure, but involved a structure containing 5.2 rooms with a floor area of 879 square feet (exclusive of space in basement, attic, or garage) compared with the typical 1950 dwelling of 4.9 rooms and 838 square foot area. This was the first year since World War II in which the typical new dwelling securing an FHA-insured mortgage was reported as larger than in the preceding year.

[3] The following definitions have been established by the FHA Underwriting Division in connection with their procedures for the appraisal of properties and the evaluation of mortgage risk.

Property valuation is the price that typical buyers would be warranted in paying for the property (including the house, all other physical improvements, and land) for long-term use or investment, if they were well informed and acted intelligently, voluntarily, and without necessity.

Market price of site is an estimate by FHA for an equivalent site including street improvements or utilities, rough grading, terracing, and retaining walls, if any.

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

Mortgagor's effective income is the estimated amount of the mortgagor's earning capacity that is likely to prevail during approximately the first third of the mortgage term.

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

Replacement cost includes estimated cost of building and other physical improvements, land, and miscellaneous allowable costs for the typical owner.

Total requirements include the total amount of capital necessary to close the transaction less any prepayable expenses such as unaccrued taxes, insurance premiums, and similar items.

Sale price is the price stated in the sale agreement.

Taxes and assessments include real-estate taxes and any continuing non-prepayable special assessments.

Prospective monthly housing expense includes total monthly mortgage payment for first year; estimated monthly cost of maintenance; and regular operating expense items (water, gas, electricity, fuel).

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

Floor area is the area of spaces in the main building above basement or foundations, measured at the outside surfaces of exterior walls. Garage space and finished spaces in attic are excluded.

TABLE 15.—*Structures and Dwelling Units Securing FHA-insured Home Mortgages, Sec. 203, in Selected Years, 1940–51*

Year	Structures: 1-family	Structures: 2-family	Structures: 3-family	Structures: 4-family	Structures: Total	Dwelling units: 1-family	Dwelling units: 2-family	Dwelling units: 3-family	Dwelling units: 4-family	Dwelling units: Total	Average dwelling units
	Percentage distributions for new homes										
1951	98.5	1.2	0.1	0.2	100.0	96.5	2.3	0.3	0.9	100.0	1.02
1950	99.0	.9	(1)	.1	100.0	97.7	1.8	.1	.4	100.0	1.01
1949	98.9	1.1	(1)	(1)	100.0	97.7	2.2	(1)	.1	100.0	1.01
1946	98.7	1.0	.1	.2	100.0	96.9	2.1	.2	.8	100.0	1.02
1943	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
1940	99.0	.7	.1	.2	100.0	97.7	1.5	.2	.6	100.0	1.01
	Percentage distributions for existing homes										
1951	95.6	3.8	.3	.3	100.0	90.8	7.3	.8	1.1	100.0	1.05
1950	95.5	4.1	.2	.2	100.0	90.1	7.8	.7	1.4	100.0	1.06
1949	96.1	3.9	(1)	(1)	100.0	92.4	7.4	.1	.1	100.0	1.04
1946	93.6	5.8	.3	.3	100.0	87.4	10.9	.7	1.0	100.0	1.07
1943	94.6	4.6	.5	.3	100.0	88.8	8.7	1.3	1.2	100.0	1.07
1940	92.7	6.1	.7	.5	100.0	85.0	11.3	1.8	1.9	100.0	1.09

[1] Less than 0.05 percent.
[2] Data not available.

TABLE 16.—*Characteristics of Mortgages, Homes, and Mortgagors for FHA-insured Single-family Home Mortgages, Sec. 203, in Selected Years, 1940–51*

Year	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes
	Mortgage principal [1]		Duration in years [2]		Loan as a percent of FHA value [1]		1-family as a percent of 1- to 4-family	
1951	$7,586	$7,448	23.4	21.1	80.5	76.6	98.5	95.6
1950	7,101	6,801	24.1	20.2	88.0	77.8	99.0	95.5
1949	7,143	6,778	22.8	19.8	87.3	78.0	98.9	96.1
1946	5,504	4,697	21.0	18.9	[5] 84.1	[5] 78.6	98.7	93.6
1943	(4)	4,312	(4)	18.3	(4)	[5] 78.2	(4)	94.6
1940	[5] 4,358	[5] 3,687	[5] 23.0	[5] 17.5	[5] 87.0	[5] 76.8	99.0	92.7
	Property valuation [1]		Market price of site [2]		Number of rooms [1]		Percent with garages	
1951	$9,007	$9,843	$1,092	$1,222	5.2	5.6	51.4	71.1
1950	8,286	8,805	1,035	1,160	4.9	5.6	48.7	70.6
1949	8,502	8,700	1,018	1,008	4.9	5.6	49.6	70.4
1946	6,558	5,934	761	833	5.5	5.9	58.1	83.4
1943	(4)	5,535	(4)	956	(4)	[6] 6.3	(4)	85.8
1940	5,028	4,600	662	948	5.6	6.3	75.6	87.2
	Mortgagor's effective annual income [1]		Total monthly payment [1]		Payment as a percent of income [3]		Ratio of property valuation to annual income [3]	
1951	$4,225	$4,726	$58.84	$61.57	15.1	14.4	2.00	1.96
1950	3,861	4,274	54.31	56.65	15.8	14.6	2.04	1.92
1949	3,880	4,219	55.59	56.12	16.0	14.8	2.05	1.92
1946	3,313	3,101	46.18	40.83	15.3	14.3	1.81	1.71
1943	(4)	3,062	(4)	[6] 39.80	(4)	14.6	(4)	1.67
1940	2,416	2,490	[6] 35.15	[6] 34.56	17.2	15.1	1.97	1.70

[1] Data shown are medians.
[2] Data shown are averages (arithmetic means).
[3] Data based on arithmetic means.
[4] Data not available.
[5] Data based on 1- to 4-family home mortgages.
[6] Estimated.

As shown in Table 16 and Chart VII, the typical mortgagor's effective annual income also increased during the year—from $3,861 in 1950 to $4,225 for the 1951 mortgagors. Despite the marked increase in the typical valuation, this increase in income was sufficiently large that the ratio of average value to average income declined from 2.04 in 1950 to 2.00 in 1951, while the average monthly mortgage payment represented 15.1 percent of the borrower's effective income, compared with the 15.8 percent reported for 1950.

The decreases in the average duration from 24.1 to 23.4 years and in the median loan-value ratio from 88.0 percent in 1950 to 86.5 percent in 1951, as well as the resultant increase in the typical monthly mortgage payment, are all at least partially attributable to Regulation X, which was instituted on October 12, 1950, or to the earlier controls

CHARACTERISTICS OF MORTGAGES, HOMES, AND MORTGAGORS
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES
SECTION 203, FOR SELECTED YEARS 1940 - 1951

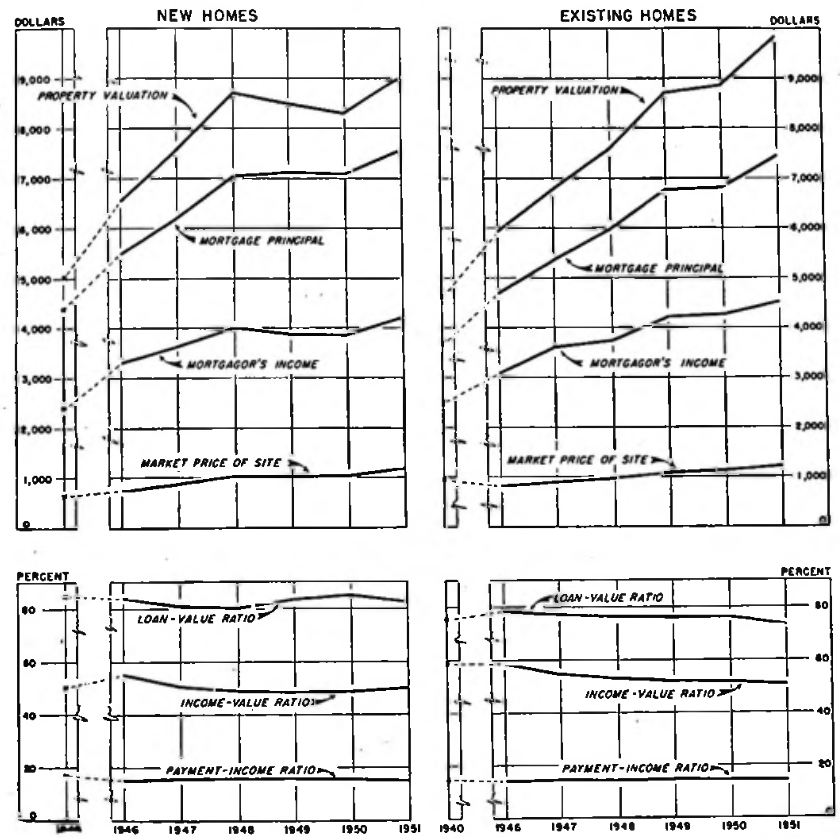

CHART VII

which—at the direction of the President—were made effective by the FHA on July 19 of that year.

The typical existing house.—Continuing the trend observed in each year since World War II, the typical existing-home mortgage insured in 1951 was the highest in the history of the Federal Housing Administration, the median of $7,448 representing an increase of $647 or almost 10 percent over the comparable figure for 1950. Both the average term and the median monthly mortgage payment for these existing-construction cases exceeded their 1950 levels, the term increasing from 20.2 to 21.1 years and the payment from $56.65 per month to $61.57.

As in each of the last several years, these existing dwellings typically contained 5.6 rooms, or about one-half room more than the property securing the typical new-home mortgage insured during the year. The median floor area was 1,011 square feet, substantially unchanged from 1950.

The median valuation of these existing structures was $9,843—almost $1,000 higher than for 1950 and over $800 above the 1951 new-home median valuation of $9,007.

The 1951 purchasers of existing homes had a typical income of $4,726, or some $500 higher than that of the new-home buyers, with the ratio of value to income averaging 1.96 compared with the ratio of 2.00 recorded for the buyers of newly constructed dwellings.

The very marked increases which have occurred during the postwar years in property valuation, mortgage amount, and mortgagor's income are shown graphically in the upper portion of Chart VII. Proper evaluation of these increases must necessarily involve consideration of such ratios as those shown in the lower part of the chart. For example, the typical loan-value ratio for new-home mortgages insured by the FHA was 86.5 percent in 1951 compared with 87.0 in 1940; likewise, the ratio of mortgage payment to income for all postwar years has been below the 1940 ratio; while the ratio of the mortgagor's income to FHA valuation has declined from an average of 55.3 percent in 1946 to 50.0 percent in 1951.

Amount of mortgage.—Over 80 percent of the new single-family home mortgages insured during 1951 under Section 203 involved mortgage amounts of less than $9,000. More than half of the total number of these mortgages were in the interval from $6,000 to $7,999, with the median mortgage amounting to $7,586.

This marked concentration of new-construction mortgages in the lower mortgage groups clearly demonstrates FHA's successful emphasis on relatively lower-cost housing. While mortgages were insured during the year under several different sets of administrative rules and regulations, all such regulations provided for higher ratios of loan to value and longer mortgage terms for transactions involving smaller mortgage amounts.

A relatively small proportion of the home mortgages insured during 1951 had presumably been processed by the FHA insuring offices under the regulations which were in effect prior to April 20, 1950. These regulations provided that in those instances in which the mortgagor was the owner-occupant of the property, a new-home mortgage of $9,500 or less might be insured on the basis of 90 percent of the first $7,000 of value and 80 percent of additional value not exceeding $11,000, with a maximum term of 25 years. If the mortgage amount was $6,000 or less, it might represent as high as 95 percent of the estimate of value, with repayments over a term as long as 30 years.

The regulations as amended April 20, 1950, under which a somewhat larger proportion of the 1951 insured cases were processed, provided that those transactions involving owner-occupant mortgagors and mortgage amounts of $9,450 or less might be insured on the basis of 95 percent of the first $7,000 of value and 70 percent of additional value not exceeding $11,000, with a maximum term of 25 years. These amendments also provided that mortgages not exceeding $6,650 might be insured on the basis of 95 percent of the estimate of value, with terms up to 30 years, with the further provision that the $6,650 maximum might be increased by (1) not to exceed $950 for each bedroom in excess of two but not in excess of four, and (2) not to exceed $950 in any geographical area in which the FHA Commissioner determined that cost levels necessitated such increased mortgage amounts.

The bulk of the new-home mortgages insured under Section 203 during the year were cases initially submitted under the FHA credit restrictions of July 19, 1950, or those of October 12, 1950, conforming with Regulation X. The July restrictions provided that, except for homes located in the territorial possessions of the United States, the basic limits of maximum insurable mortgage on a single-family home were $14,000 and 75 percent of value, instead of the $16,000 and 80 percent of value contemplated by the several regulations discussed in the preceding paragraphs. In addition, each of the more liberal limitations specified in the April 1950 regulations was reduced by 5 percent. These limitations were further modified with respect to applications for mortgage insurance received on or after October 12, 1950, to conform with the terms of Regulation X as imposed by the Federal Reserve Board. The limitations effected by Regulation X with respect to transactions involving owner-occupant mortgagors are shown below, as set forth in the original regulation and as amended September 1, 1951.

Regulation of Oct. 12, 1950		Regulation of Sept. 1, 1951	
Acquisition cost per family unit	Maximum loan per family unit	Acquisition cost per family unit	Maximum loan per family unit
$5,000 or less	90 percent of cost.	$7,000 or less	90 percent of cost.
$5,001 to $9,000	$4,500 plus 65 percent of cost over $5,000.	$7,001 to $10,000	85 percent of cost.
		$10,001 to $12,000	80 percent of cost.
$9,001 to $15,000	$7,100 plus 60 percent of cost over $9,000.	$12,001 to $15,000	$9,600 plus 40 percent of cost over $12,000.
$15,001 to $20,000	$10,700 plus 20 percent of cost over $15,000.	$15,001 to $20,000	$10,800 plus 20 percent of cost over $15,000.
$20,001 to $24,250	$11,700 plus 10 percent of cost over $20,000.	$20,001 to $24,500	$11,800 plus 10 percent of cost over $20,000.
Over $24,250	50 percent of cost.	Over $24,500	50 percent of cost.

The original Regulation X provided, further, that no credit subject to the regulation should have a maturity of more than 20 years, except that credit extended with respect to properties having acquisition costs of $7,000 or less might involve terms of up to 25 years. This $7,000 limitation was raised to $12,000 in the amendment of September 1, 1951.

It should be pointed out that only a very few, if any, of the applications for the insurance of new-home mortgages which were submitted under the September 1 amendment to Regulation X would have reached insured case status by November 30, the terminal date for the sample of insured cases selected for use in this analysis.

The distributions by mortgage amount for the new- and existing-home mortgages insured in 1951 are shown in Chart VIII, and, with comparable figures for earlier years, in Table 17.

TABLE 17.—*Amount of Mortgage Principal for FHA-insured Single-family Home Mortgages, Sec. 203, in Selected Years, 1940–51*

Mortgage principal	Percentage distributions for new homes [1]					Percentage distributions for existing homes					
	1951	1950	1949	1946	1940 [2]	1951	1950	1949	1946	1943	1940 [2]
Less than $2,000	-------	(3)	(3)	0.1	0.5	(3)	0.2	0.1	1.0	2.3	7.3
$2,000 to $2,999	0.1	(3)	0.1	1.1	10.4	0.7	1.2	1.7	7.6	14.5	24.5
$3,000 to $3,999	.3	0.4	1.1	7.1	28.6	1.8	3.0	4.0	19.2	23.8	26.6
$4,000 to $4,999	1.2	1.1	1.7	22.6	29.1	5.7	8.3	9.5	28.9	25.6	19.1
$5,000 to $5,999	6.4	9.0	11.5	31.4	20.7	11.9	16.3	16.8	21.3	15.7	9.7
$6,000 to $6,999	23.6	33.0	30.5	25.0	6.1	19.7	22.0	21.5	11.0	9.0	5.6
$7,000 to $7,999	30.6	28.4	25.6	9.5	2.4	20.4	18.6	17.6	4.7	3.3	2.5
$8,000 to $8,999	21.0	16.0	16.2	2.4	1.1	17.5	13.0	12.2	2.7	2.3	1.8
$9,000 to $9,999	11.0	8.3	8.2	.4	.4	10.6	7.2	7.0	1.2	1.0	.9
$10,000 to $10,999	3.0	1.9	2.4	.2	.4	7.3	4.5	4.1	1.1	1.3	1.1
$11,000 to $11,999	1.4	.8	1.1	.2		3.1	1.9	1.8	.2		
$12,000 to $12,999	.6	.5	.7	(3)	.3	.6	1.7	1.6	.4	1.2	.9
$13,000 to $16,000	.8	.6	.9	-------	-------	.7	2.1	2.1	.7	-------	-------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average mortgage	$7,675	$7,307	$7,315	$5,548	$4,424	$7,460	$7,102	$6,969	$4,920	$4,506	$3,977
Median mortgage	$7,586	$7,101	$7,143	$5,504	$4,358	$7,448	$6,801	$6,778	$4,697	$4,312	$3,687

[1] Data not available 1943–45. [2] 1- to 4-family distribution. [3] Less than 0.05 percent.

DISTRIBUTION OF MORTGAGE PRINCIPAL
FHA - INSURED SINGLE-FAMILY HOME MORTGAGES
SECTION 203, 1951

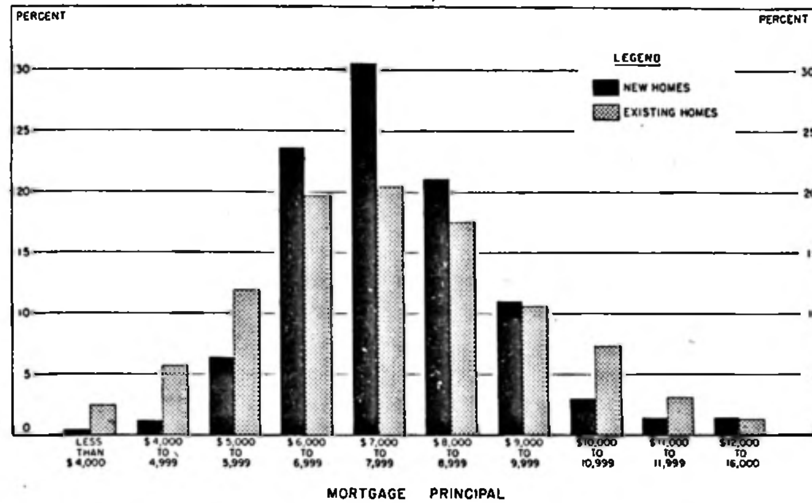

CHART VIII

The existing-home mortgages insured during the year were marked by considerably more variation with respect to mortgage amount than was reported for new-home transactions. Approximately 1 out of 5 involved an amount of from $6,000 to $6,999, with a like number in the $7,000 interval; 1 out of 6 were in the $8,000 bracket; and 1 out of 10 in both the $5,000 and $9,000 ranges. The remainder were divided above and below these intervals—about 8 percent of the total number being less than $5,000, and nearly 12 percent involving amounts of $10,000 or more. The typical existing-home mortgage amounted to $7,448—$647 above the 1950 median and only $138 below the median amount of $7,586 reported for the new-home mortgages insured in 1951.

Relationship of mortgage amount to property valuation.—The percentage distributions of the mortgages insured in 1951 and secured by single-family dwellings in the various property valuation groups are shown in Table 18. The table indicates, for example, that the financing of the construction or purchase of new homes valued by the FHA at from $9,000 to $9,999 involved mortgages ranging from less than $3,000 to the permitted maximums in the $8,000 range—this top range accounting for more than half of the mortgages secured by properties in the $9,000 value bracket. It is, however, important to note that more than one-third of these properties were financed with mortgages of $7,000 to $7,999 or, roughly, $1,000 below the permitted maximums, and that approximately 10 percent were financed with still smaller mortgages of less than $7,000. This same dispersion of mortgage amounts in

TABLE 18.—*Mortgage Principal by Property Valuation for FHA-insured Single-family Home Mortgages, Sec. 203, 1951*

FHA property valuation	Percentage distribution	Median mortgage principal	Mortgage principal: Less than $3,000	$3,000 to $3,999	$4,000 to $4,999	$5,000 to $5,999	$6,000 to $6,999	$7,000 to $7,999	$8,000 to $8,999	$9,000 to $9,999	$10,000 to $10,999	$11,000 to $11,999	$12,000 to $13,999	$14,000 to $16,000	Total
			Percentage distributions for new homes												
Less than $5,000	0.2	$4,202	3.5	25.9	70.6										100.0
$5,000 to $5,999	.8	5,204		1.2	36.6	62.2									100.0
$6,000 to $6,999	8.7	6,197	.1	.4	2.1	35.1	62.3								100.0
$7,000 to $7,999	18.2	6,611	.1	.2	.6	8.3	66.8	24.0							100.0
$8,000 to $8,999	21.9	7,356	.1	.5	1.0	3.1	18.0	76.8	0.5						100.0
$9,000 to $9,999	18.8	8,096	.1	.2	.5	1.5	6.8	35.0	55.3						100.0
$10,000 to $10,999	12.5	8,521	.1	.2	.5	1.4	3.4	13.4	59.4	21.6					100.0
$11,000 to $11,999	8.0	9,175	.1	.3	.6	1.4	3.1	7.8	26.1	60.6					100.0
$12,000 to $13,999	6.9	9,659	.1	.3	.5	1.3	1.9	4.1	11.4	46.1	31.4	2.9			100.0
$14,000 to $15,999	2.5	11,036		.2	.4	.4	1.0	2.1	4.6	9.9	29.1	38.7	12.7		100.0
$16,000 to $19,999	1.2	12,713				.6	1.0	1.9	2.0	2.6	8.5	16.2	48.4	18.8	100.0
$20,000 or more	.3	15,000				.6		.6	1.1	.6	2.3	3.4	14.4	77.0	100.0
Total	100.0	7,586	.1	.3	1.2	6.4	23.6	30.6	21.0	11.0	3.0	1.4	.9	.5	100.0
			Percentage distributions for existing homes												
Less than $5,000	1.1	$3,074	46.3	49.5	4.2										100.0
$5,000 to $5,999	2.0	4,385	2.0	21.6	69.1	7.3									100.0
$6,000 to $6,999	5.8	5,153	.7	4.1	37.2	52.4	5.6								100.0
$7,000 to $7,999	11.0	5,833	.5	1.9	9.0	46.4	39.5	2.7							100.0
$8,000 to $8,999	15.3	6,531	.2	1.0	2.7	13.1	62.2	20.8							100.0
$9,000 to $9,999	15.2	7,334	.1	.6	2.1	4.5	21.3	64.1	7.3						100.0
$10,000 to $10,999	14.4	8,115	.1	.3	1.2	2.6	7.5	32.1	53.9	2.3					100.0
$11,000 to $11,999	10.9	8,565	.1	.3	.8	1.8	4.8	13.4	50.9	27.9					100.0
$12,000 to $13,999	14.8	9,493	(1)	.1	.9	1.5	3.0	5.8	17.6	42.7	27.4	1.0			100.0
$14,000 to $15,999	6.0	10,553	.1	.2	.6	.7	2.0	3.1	6.4	12.5	44.2	28.3	1.9		100.0
$16,000 to $19,999	2.8	11,374	.1	.1	.5	1.1	1.1	2.2	4.3	5.4	10.5	42.2	18.5	5.0	100.0
$20,000 or more	.7	13,660				.6	.6	1.0	2.5	1.6	5.7	19.9	20.8	47.3	100.0
Total	100.0	7,448	.7	1.8	5.7	11.9	19.7	20.4	17.5	10.6	7.3	3.1	.8	.5	100.0

[1] Less than 0.05 percent.

classes well below that of the permitted maximums may be observed in nearly all of the value ranges shown in the table.

The distributions of the loan-value ratios for the new- and existing-home mortgages insured during 1951 are shown in Table 19, together with comparable data for selected years since 1940. The table shows that, despite the generally liberalizing changes which have been made in the provisions of Section 203 of the National Housing Act, the changes in these distributions during this 12-year period of FHA operations have been moderate. While the very marked concentrations of the new-home ratios for 1940 in the 86 to 90 percent interval and of existing-home ratios in the range from 76 to 80 percent have been replaced by more general distributions into the various ratio intervals, it may be noted that the median loan-value ratio for new-home mortgages has consistently been very close to 87 percent, while that for existing-home transactions has varied only slightly from 77 percent.

TABLE 19.—*Ratio of Loan to Value for FHA-insured Single-family Home Mortgages, Sec. 203, in Selected Years, 1940–51*

Ratio of loan to value	Percentage distributions for new homes: 1951	1950	1949	1946	1940	Percentage distributions for existing homes: 1951	1950	1949	1946	1940
50 percent or less	1.1	0.6	0.7	0.6	0.4	2.9	2.1	2.2	1.3	2.3
51 percent to 55 percent	.6	.4	.4	.8	.2	1.9	1.4	1.4	.9	1.7
56 percent to 60 percent	1.0	.5	.7	.8	.5	3.0	2.2	2.4	1.2	3.2
61 percent to 65 percent	1.7	.9	1.2	1.3	.8	5.3	3.7	3.5	2.8	4.7
66 percent to 70 percent	3.0	1.6	2.4	3.3	2.7	12.1	8.8	9.5	5.8	8.6
71 percent to 75 percent	6.7	3.2	5.3	4.8	3.6	19.6	13.5	8.7	8.8	16.2
76 percent to 80 percent	15.0	8.8	13.3	11.8	11.8	45.6	51.5	55.1	60.7	63.3
81 percent to 85 percent	17.1	10.9	12.0	14.1	13.2	4.1	4.4	4.4	3.6	
86 percent to 90 percent	35.6	57.1	53.2	62.5	66.8	4.0	9.8	11.8	14.9	
91 percent to 95 percent	18.2	16.0	10.8			1.5	2.6	1.0		
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average loan-value ratio	82.5	85.0	83.6	84.1	84.8	73.6	76.4	76.6	78.6	75.3
Median loan-value ratio	86.5	88.0	87.3	87.0	87.0	76.6	77.8	78.0	78.4	76.8

Property Characteristics

A major phase of the FHA underwriting procedure is the determination of an estimate of value for each property proposed as security in an application for mortgage insurance. Included in this estimate are the valuation of the house, all other physical improvements, and land. In the preparation of the estimate, specific attention is given to such items as the estimated replacement cost of the property, the quality of construction, the market price of an equivalent site, the number of rooms and the square-foot area of the house, and garage capacity. The following pages of this report are devoted to an analysis of some of the inter-relationships of these significant statistical characteristics of the insured mortgage transactions.

Valuation distribution.—The valuations of the new and existing single-family homes securing mortgages insured under Section 203 during 1951 are shown in Chart IX and, together with comparable data for selected earlier years, in Table 20.

DISTRIBUTION OF PROPERTY VALUATION
FHA - INSURED SINGLE-FAMILY HOME MORTGAGES
SECTION 203, 1951

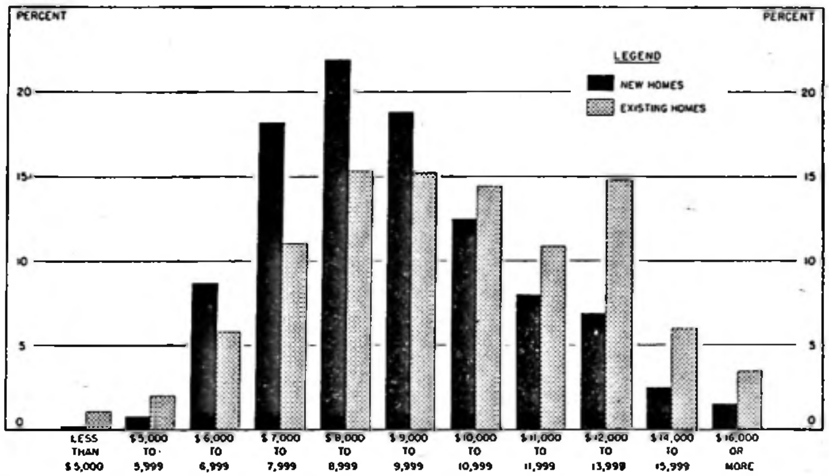

CHART IX

TABLE 20.—*Property Valuation for FHA-insured Single-family Home Mortgages, Sec. 203, in Selected Years, 1940–51*

FHA property valuation	Percentage distributions for new homes [1]					Percentage distributions for existing homes					
	1951	1950	1949	1946	1940	1951	1950	1949	1946	1943	1940
Less than $2,000					0.1					0.4	1.1
$2,000 to $2,999		([2])			3.1		0.4	0.2	1.6	4.0	9.8
$3,000 to $3,099	([2])	([2])		2.3	18.6	0.3	.8	1.5	7.3	13.9	21.8
$4,000 to $4,999	0.2	0.4	1.1	10.0	26.8	.8	1.4	2.1	16.8	20.4	22.5
$5,000 to $5,990	.8	1.6	2.7	20.2	23.6	2.0	4.2	5.2	24.6	20.4	17.3
$6,000 to $6,099	8.7	18.3	18.1	27.9	16.5	5.8	10.7	11.3	20.3	10.8	10.8
$7,000 to $7,099	18.2	20.8	18.4	22.4	5.7	11.0	15.8	15.9	12.1	10.0	6.1
$8,000 to $8,999	21.9	22.5	19.6	11.1	2.6	15.3	17.1	17.2	7.0	5.3	3.6
$9,000 to $9,999	18.8	15.9	16.3	3.4	1.2	15.2	14.5	14.2	3.4	2.5	1.9
$10,000 to $10,999	12.5	10.0	10.1	1.5	.7	14.4	11.4	10.4	2.5	1.9	1.5
$11,000 to $11,999	8.0	4.7	5.5	.5	.3	10.9	7.6	7.0	1.1	1.1	.9
$12,000 to $13,990	6.9	3.8	4.8	.5	.4	14.8	9.0	8.4	1.8	1.5	1.3
$14,000 to $15,099	2.5	1.2	1.9	.2	.2	6.0	3.7	3.4	.7	.7	.7
$16,000 to $19,099	1.1	.6	1.1	([2])	.1	2.8	2.7	2.5	.5	.8	.5
$20,000 or more	.4	.2	.4		.1	.7	.7	.7	.3	.3	.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average valuation	$9,307	$8,594	$8,753	$6,507	$5,190	$10,147	$9,298	$9,003	$6,269	$5,844	$5,179
Median valuation	$9,007	$8,286	$8,502	$6,558	$5,028	$9,843	$8,865	$8,700	$5,934	$5,535	$4,600

[1] Data not available for 1943-45.
[2] Less than 0.05 percent.

Nearly 60 percent of the new-home mortgages insured by FHA during the year involved properties valued between $7,000 and $9,999. Some 10 percent were valued at less than $7,000 and the remaining 30 percent were in the $10,000 or more category. Of the properties valued at or above $10,000, only one out of three—or 10 percent of all cases—involved valuations of as much as $12,000.

The median valuation of $9,007 for the 1951 cases was markedly higher than the $8,286 reported for the previous year. The table indicates larger proportions of these 1951 insured cases in each of the value groups above $9,000 than were recorded in 1950—the largest increases being in the intervals from $11,000 to $13,999.

The proportions of existing homes in the value groups below $9,000 all decreased somewhat during 1951, while those in the intervals above that figure generally increased rather sharply—the largest increase being in the $12,000 to $13,999 group which accounted for nearly 15 percent of the 1951 cases in comparison with 9 percent in 1950. The typical (median) 1951 existing-home property was valued at $9,843—an increase of 11 percent over 1950 as compared with the 9 percent increase for new properties.

Averages by property value groups.—The average values (arithmetic means) of selected characteristics of the single-family home-mortgage transactions insured in 1951 are shown in Table 21.

For new homes, the average FHA estimates of value ranged from $4,433 for those properties valued at less than $5,000 to $21,617 for those valued at or above $20,000. Paralleling the increases in average valuation, the average amount of mortgage varied between $4,100 in the lowest value group, where it averaged about 92 percent of value, to $14,649, or 67.8 percent of value, in the highest group.

Likewise paralleling, but exceeding, the average estimates of value were the averages for three other characteristics of these transactions—replacement cost, sale price, and total requirements. The estimates of replacement cost include the cost of building and other physical improvements, the cost of land—which averaged between $466 and $3,299, generally representing about 12 percent of the estimated value—and various other allowable costs.

The year 1951 is the first for which data on the sale price (the price stated in the sale agreement) and the total requirements (the total amount of assets necessary to close the transaction, less such prepayable expenses as accrued taxes, insurance premiums, and similar items) have been available in the standard annual report tabulations. As would be expected in 1951 market conditions, both sale price and replacement cost exceeded the long-term values established for individual properties by the underwriting procedure.

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TABLE 21.—*Average Characteristics by Property Valuation for FHA-insured Single-family Home Mortgages, Sec. 203, 1951*

FHA property valuation	Percentage distribution	Average: Property valuation	Average: Mortgage principal	Average: Market price of site	Average: Replacement cost	Average: Total requirements	Average: Sale price	Monthly average: Mortgagor's income	Monthly average: Total payment	Monthly average: Estimated taxes	Monthly average: Prospective housing expense	Monthly average: Estimated rental value	Ratio of—: Loan to total value	Ratio of—: Loan to total requirements	Ratio of—: Site to total value	Percentage of structures with garage
New homes																
Less than $5,000	0.2	$4,433	$4,078	$406	$5,041	$4,869	$4,701	$217.56	$31.48	$4.03	$43.55	$30.57	92.0	83.8	10.5	3.5
$5,000 to $5,999	.8	5,571	5,059	581	6,002	5,980	5,864	275.22	37.41	4.23	51.86	47.23	90.8	84.6	10.4	14.0
$6,000 to $6,999	8.7	6,570	5,955	724	6,789	7,072	6,931	311.68	43.54	6.01	60.48	54.03	90.6	84.2	11.0	25.9
$7,000 to $7,999	18.2	7,442	6,629	835	7,662	8,068	7,904	334.96	48.95	7.04	67.28	61.53	89.1	82.2	11.2	43.6
$8,000 to $8,999	21.9	8,368	7,180	954	8,665	9,111	8,907	358.99	54.12	8.78	73.38	68.33	85.8	78.8	11.4	54.2
$9,000 to $9,999	18.8	9,397	7,817	1,080	9,713	10,248	10,055	395.52	59.53	9.84	79.90	76.51	83.2	78.3	11.5	56.2
$10,000 to $10,999	12.5	10,385	8,376	1,207	10,718	11,473	11,285	408.88	64.28	10.91	85.12	83.13	80.7	73.0	11.6	52.2
$11,000 to $11,999	8.0	11,335	8,700	1,337	11,732	12,646	12,518	451.02	68.65	12.01	90.22	89.65	77.5	69.5	11.8	52.9
$12,000 to $13,999	6.9	12,723	9,418	1,605	13,130	14,222	14,061	493.16	74.24	12.81	96.86	100.00	74.0	66.2	12.6	67.3
$14,000 to $15,999	2.5	14,702	10,591	1,989	15,256	16,676	16,210	573.76	83.48	14.45	108.00	115.23	72.0	63.5	13.5	77.4
$16,000 to $19,999	1.2	17,302	12,291	2,576	17,762	19,501	18,713	686.30	96.89	16.51	123.38	132.24	71.0	63.0	14.9	85.4
$20,000 or more	.3	21,617	14,649	3,209	22,937	24,852	21,931	928.22	118.45	21.55	148.69	160.41	67.8	58.9	15.3	92.3
Total	100.0	9,307	7,675	1,092	9,620	10,250	9,780	391.16	58.39	9.46	78.43	75.15	82.5	74.9	11.7	51.4
Existing homes																
Less than $5,000	1.1	$4,081	$3,065	$543	$7,112	[1]$4,079	[1]$3,849	$209.08	$27.65	$3.23	$45.26	$36.85	75.1	[1]74.5	13.3	29.4
$5,000 to $5,999	2.0	5,428	4,212	657	8,036	[1]5,946	[1]5,376	315.98	36.40	4.91	55.08	48.04	77.6	[1]72.8	12.1	44.1
$6,000 to $6,999	5.8	6,420	4,977	750	8,725	[1]7,014	[1]6,605	336.96	42.03	5.90	60.77	54.84	77.5	[1]72.0	11.7	52.0
$7,000 to $7,999	11.0	7,398	5,687	845	9,415	[1]8,141	[1]7,556	356.67	47.44	6.97	66.49	62.71	76.9	[1]71.8	11.4	63.8
$8,000 to $8,999	15.3	8,373	6,416	965	10,271	[1]9,252	[1]8,657	375.70	53.03	7.99	73.25	70.22	76.6	[1]71.0	11.5	68.5
$9,000 to $9,999	15.2	9,342	7,059	1,082	11,150	[1]10,395	[1]9,738	398.09	58.36	8.99	79.08	77.08	75.6	[1]69.4	11.6	70.8
$10,000 to $10,999	14.4	10,311	7,729	1,211	12,062	[1]11,580	[1]11,126	430.15	63.47	9.81	85.15	83.93	75.0	[1]68.0	11.7	72.8
$11,000 to $11,999	10.9	11,306	8,325	1,318	12,947	[1]12,712	[1]12,509	454.12	68.57	10.87	91.07	90.63	73.6	[1]66.9	11.7	75.0
$12,000 to $13,999	14.8	12,706	9,162	1,549	14,471	[1]14,366	[1]14,187	512.09	75.56	12.03	99.40	101.49	72.1	[1]65.2	12.2	80.2
$14,000 to $15,999	6.0	14,640	10,163	1,905	16,537	[1]16,662	[1]16,432	587.72	84.17	13.74	110.04	115.44	69.4	[1]62.4	13.0	83.7
$16,000 to $19,999	2.8	17,063	11,044	2,408	19,279	[1]19,424	[1]19,052	704.07	92.81	15.89	120.99	132.36	64.7	[1]59.2	14.1	87.0
$20,000 or more	.7	22,641	13,045	3,790	26,517	[1]26,426	[1]25,279	955.10	113.57	18.79	145.34	174.21	57.6	[1]51.0	16.7	93.3
Total	100.0	10,147	7,469	1,222	12,048	[1]11,351	[1]10,777	434.80	61.89	9.61	83.55	82.69	73.6	[1]67.3	12.0	71.1

[1] Data reflect purchase transactions only, and are not comparable with data for all existing-home mortgages which include refinancing transactions on existing construction and on property improvements.

Total requirements, of course, exceed sale price in all instances to the extent of initial costs other than prepaid expenses. On the average, replacement cost represented about 103 percent of value, while selling price and total requirements represented about 105 percent and 110 percent, respectively. These differentials were of course included in the total charges which the mortgagor was called upon to meet prior to the date of insurance. This is clearly shown by a comparison of two of the ratio columns of the table—the average ratio of loan to value, which for all new-home cases was 82.5 percent, and the ratio of loan to total requirements, which averaged 74.9 percent for all value groups combined.

The existing-home sample indicates higher proportions of existing homes insured in the value groups above $10,000 in 1951 than were reported for new homes. Except for mortgages secured by dwellings originally constructed under FHA inspection, the existing-home mortgages are limited to a maximum loan-value ratio of 80 percent. This is reflected in the smaller average mortgage amounts shown in the table for each of the existing-home value intervals.

Both the market price of site and the replacement cost averaged significantly higher for the existing homes covered by particular value groups than for the corresponding new-home transactions. Reflecting the effects of age on existing structures, the differential in replacement cost between new and existing properties in the same value groups ranged from about $1,200 to nearly $3,600 for the highest value groups. Differentials in the market price of site for existing homes reflect the more central location of such properties as compared with the typical suburban location of new homes.

The center portion of Table 21 is devoted to a number of monthly averages computed for the cases falling within each of the valuation groups. The relationships of these particular characteristics—including the mortgagor's monthly income, monthly mortgage payment, taxes and special assessments, prospective housing expense, and the estimated rental value of the property—are discussed in considerable detail later in this report. It is interesting at this point, however, to note that the monthly incomes of the purchasers of existing homes averaged somewhat higher than for buyers of newly constructed dwellings. This difference amounted to $43.64 for all cases in the sample, ranging from just a few dollars for some of the valuation intervals to more than $80 per month for the small proportion of mortgagors who purchased homes valued at less than $5,000.

Reflecting the lower permissible loan-value ratios, the average monthly mortgage payments for existing homes valued at less than $12,000 are less than the corresponding new-home averages. Prospective housing expense varies only slightly for new and existing homes in corresponding value groups, although—due to the higher proportion of existing properties in the upper value groups—it averages $83.55 for all existing homes as compared with $78.43 for all new homes in the sample.

Size of house.—As indicated earlier in this analysis, the new homes securing mortgages insured under Section 203 during 1951 were somewhat larger than the comparable dwellings securing the mortgages insured in 1950. In that year, 56 percent contained four rooms or less, exclusive of bathrooms, closets, halls, etc.—the median room count being 4.9. Table 22 shows that in 1951 the proportion with four rooms or less had declined to about 44 percent, the larger proportion containing five rooms or more being reflected in the higher typical room count of 5.2. Within individual value groups, the new homes valued at less than $8,000 typically contained from 4.5 to 4.8 rooms; those valued at from $8,000 to $13,999 had median room counts of from 5.1 to 5.8; while those valued at $14,000 or more generally included 6 or more rooms.

TABLE 22.—*Rooms by Property Valuation for FHA-insured Single-family Home Mortgages, Sec. 203, 1951*

FHA property valuation	Percentage distribution	Average number of rooms	Median number of rooms	Number of rooms: 3	4	5	6	7–9	Total
	Percentage distributions for new homes								
Less than $5,000	0.2	4.1	4.5	2.3	89.9	6.7	1.1		100.0
$5,000 to $5,999	.8	4.0	4.5	3.3	89.3	7.0	.2	0.2	100.0
$6,000 to $6,999	8.7	4.2	4.6	.8	78.0	19.8	1.4	(1)	100.0
$7,000 to $7,999	18.2	4.4	4.8	.7	61.3	33.0	5.0	(1)	100.0
$8,000 to $8,999	21.9	4.7	5.1	.2	47.5	36.8	15.4	.1	100.0
$9,000 to $9,999	18.8	4.8	5.3	.1	36.6	48.3	14.8	.2	100.0
$10,000 to $10,999	12.5	4.9	5.4	.1	33.2	47.7	18.3	.7	100.0
$11,000 to $11,999	8.0	5.0	5.5	.2	25.2	48.6	25.0	1.0	100.0
$12,000 to $13,999	6.9	5.3	5.8	.1	13.9	45.6	37.7	2.7	100.0
$14,000 to $15,999	2.5	5.6	6.1	.1	6.1	38.5	47.7	7.6	100.0
$16,000 to $19,999	1.2	5.8	6.3		5.1	30.5	48.5	15.9	100.0
$20,000 or more	.3	6.0	6.5	1.1	5.7	18.9	50.9	23.4	100.0
Total	100.0	4.7	5.2	.4	43.4	39.3	16.0	.9	100.0
Median valuation				$7,588	$8,283	$9,421	$10,358	$14,240	$9,007
	Percentage distributions for existing homes								
Less than $5,000	1.1	4.6	4.7	15.3	48.3	16.8	13.9	5.7	100.0
$5,000 to $5,999	2.0	4.7	5.0	4.1	44.0	30.3	16.7	4.3	100.0
$6,000 to $6,999	5.8	4.8	5.1	2.2	44.2	31.0	16.9	5.7	100.0
$7,000 to $7,999	11.0	4.9	5.2	1.0	41.1	34.9	17.3	5.7	100.0
$8,000 to $8,999	15.3	5.0	5.4	.6	35.4	36.7	20.9	6.4	100.0
$9,000 to $9,999	15.2	5.1	5.5	.2	31.3	38.2	22.6	7.7	100.0
$10,000 to $10,999	14.4	5.2	5.6	.2	26.1	40.0	25.1	8.6	100.0
$11,000 to $11,999	10.9	5.3	5.8	.1	19.9	39.7	30.0	10.3	100.0
$12,000 to $13,999	14.8	5.6	6.0	.2	11.6	37.5	36.6	14.1	100.0
$14,000 to $15,999	6.0	5.9	6.3	.2	6.0	31.8	40.6	21.4	100.0
$16,000 to $19,999	2.8	6.1	6.5	.3	4.2	20.9	45.4	29.2	100.0
$20,000 or more	.7	6.5	6.9	.6	3.2	16.6	31.3	48.3	100.0
Total	100.0	5.2	5.6	.7	26.9	36.1	26.2	10.1	100.0
Median valuation				$6,811	$8,906	$10,033	$10,857	$11,508	$9,843

[1] Less than 0.05 percent.

DISTRIBUTION OF ROOMS BY PROPERTY VALUATION

FHA-INSURED SINGLE-FAMILY HOME MORTGAGES

SECTION 203, 1951

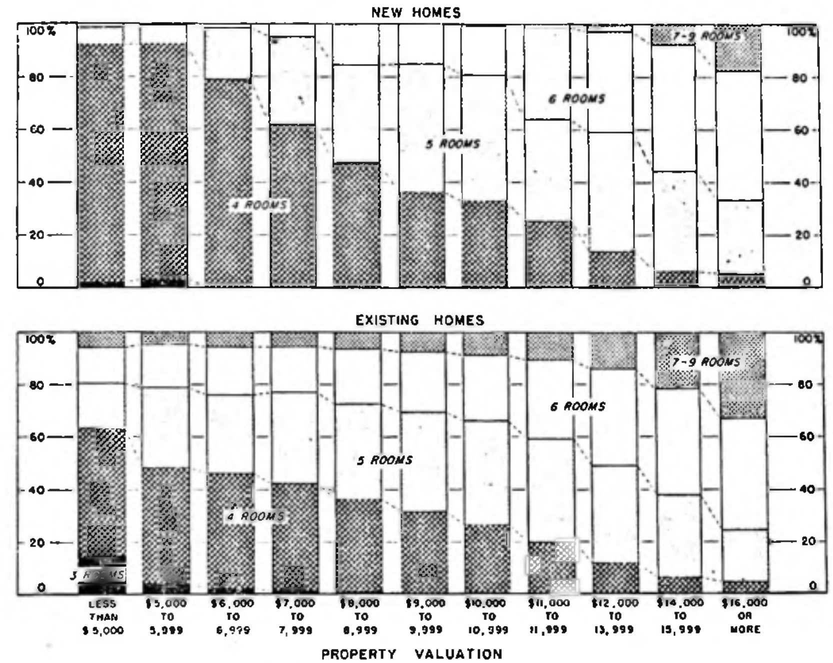

CHART X

For existing homes, the table shows median room counts for each of the value groups which are slightly larger than those for new homes. As is shown in Chart X, there is considerably more variation in the size of the existing homes in the individual valuation intervals than was observed for the newly constructed dwellings.

With respect to the floor area of these Section 203 insured properties—which is defined by the Underwriting Division as including spaces in the main building above the basement or foundation, measured to the outside surfaces of the exterior walls—it may be noted that the 1951 median of 879 square feet for new homes represented an increase of 41 square feet over 1950, while the comparable existing-home median of 1,011 square feet was only slightly larger than that for the preceding year. The wide ranges of floor areas for homes in various valuation groups are shown in Table 23 and graphically in Charts XI and XII; while the relationship between floor area and room count is shown in Table 24, which shows the distributions by number of rooms for new and existing homes of varying square-foot areas.

TABLE 23.—*Calculated Floor Area by FHA Valuation for FHA-insured Single-family Home Mortgages, Sec. 203, 1951*

FHA property valuation	Percentage distribution	Floor area (square feet) Average	Median	Calculated floor area in square feet: Less than 600	600 to 699	700 to 799	800 to 899	900 to 999	1,000 to 1,099	1,100 to 1,199	1,200 to 1,399	1,400 to 1,599	1,600 to 1,999	2,000 or more	Total
				Percentage distributions for new homes											
Less than $5,000	0.2	660	665	4.5	60.7	18.0	0.7	1.1							100.0
$5,000 to $5,999	.8	744	731	.9	28.3	61.5	7.0	1.4	0.2	0.2				0.5	100.0
$6,000 to $6,999	8.7	760	760	.9	17.8	52.4	22.3	4.1	2.3	.1				.1	100.0
$7,000 to $7,999	18.2	827	810	.4	8.4	34.0	38.1	10.3	6.2	2.2	0.4	(1)	(1)	(1)	100.0
$8,000 to $8,999	21.9	900	867	.1	2.0	27.4	20.1	15.4	11.6	11.4	1.0	(1)	(1)	.1	100.0
$9,000 to $9,999	18.8	945	916	.1	1.1	21.5	24.9	15.4	22.8	7.0	6.5	0.6	0.1	(1)	100.0
$10,000 to $10,999	12.5	977	945	.1	.3	14.7	27.2	17.1	18.1	12.1	8.0	1.9	.1	.1	100.0
$11,000 to $11,999	8.0	1,050	1,016	.1	.1	5.3	21.6	20.3	16.1	13.6	18.5	3.5	.4	.1	100.0
$12,000 to $13,999	6.9	1,162	1,135	.1	.1	1.6	8.5	15.5	18.6	16.2	25.5	9.6	.8	.1	100.0
$14,000 to $15,999	2.5	1,308	1,286	.1	.4	.4	1.6	7.2	12.1	16.0	28.2	21.1	4.2	.1	100.0
$16,000 to $19,999	1.2	1,473	1,448			.6	1.1	2.0	4.9	11.4	23.8	25.7	11.6	1.3	100.0
$20,000 or more	.3	1,756	1,671			.5			2.4	2.4	8.2	31.2	23.7	6.8	100.0
Total	100.0	942	879	.2	4.3	23.7	25.8	13.6	13.3	8.5	7.0	2.2	1.1	.3	100.0
				Percentage distributions for existing homes											
Less than $5,000	1.1	886	848	5.9	15.6	12.5	33.5	11.1	5.1	3.6	5.7	5.0	1.8	0.2	100.0
$5,000 to $5,999	2.0	899	833	4.1	14.0	26.2	17.3	11.8	8.0	6.2	7.1	3.1	1.9	.3	100.0
$6,000 to $6,999	5.8	918	845	1.7	9.5	28.9	22.0	12.0	7.6	5.7	6.3	3.2	2.6	.5	100.0
$7,000 to $7,999	11.0	939	877	.6	6.0	22.8	25.6	15.1	9.9	5.8	7.2	3.2	2.4	.5	100.0
$8,000 to $8,999	16.3	985	929	.4	4.0	17.3	23.1	18.0	13.4	8.1	8.2	4.3	2.4	.8	100.0
$9,000 to $9,999	15.2	1,028	977	.3	2.7	15.8	18.1	17.1	15.8	10.0	11.3	4.6	3.3	1.0	100.0
$10,000 to $10,999	14.4	1,081	1,031	.1	1.3	12.4	16.2	14.9	16.5	12.4	14.4	6.2	4.1	1.5	100.0
$11,000 to $11,999	10.9	1,121	1,078	.1	.5	8.4	15.5	14.8	13.8	13.8	19.4	7.0	4.8	1.9	100.0
$12,000 to $13,999	14.8	1,235	1,187	(1)	.3	3.0	9.5	12.9	13.7	12.1	23.4	13.1	8.6	3.4	100.0
$14,000 to $15,999	6.0	1,382	1,333	(1)	.1	.6	3.4	7.9	11.3	12.1	21.9	19.8	16.5	6.4	100.0
$16,000 to $19,999	2.8	1,569	1,516	.2	.1	.4	1.4	2.6	5.7	6.8	20.5	21.2	27.7	13.4	100.0
$20,000 or more	.7	2,043	1,949				.6	1.3	1.3	1.0	8.3	13.4	27.6	46.5	100.0
Total	100.0	1,093	1,011	.5	3.1	13.1	16.8	14.3	12.9	9.9	13.9	7.5	5.7	2.3	100.0

[1] Less than 0.05 percent.

RANGE OF FLOOR AREAS FOR EXISTING HOUSES OF DIFFERENT VALUES

FHA-INSURED SINGLE-FAMILY HOME MORTGAGES, SECTION 203, 1951

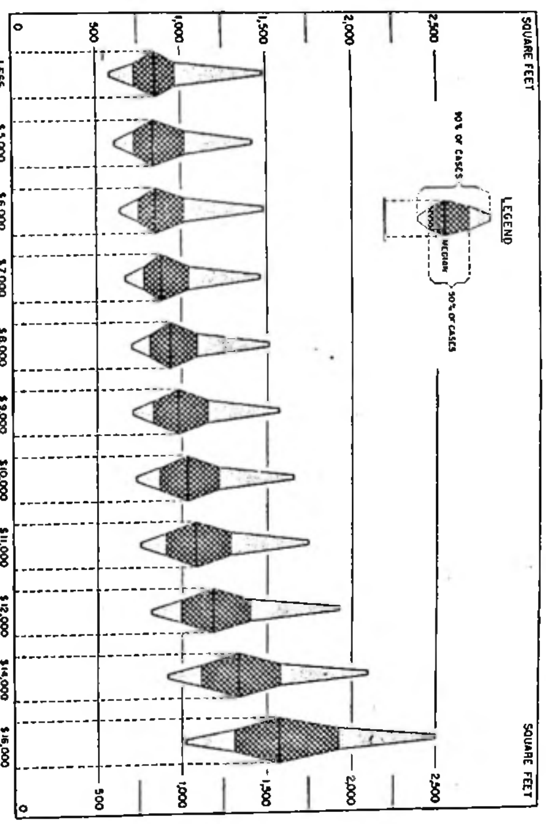

CHART XI

RANGE OF FLOOR AREAS FOR NEW HOUSES OF DIFFERENT VALUES

FHA-INSURED SINGLE-FAMILY HOME MORTGAGES, SECTION 203, 1951

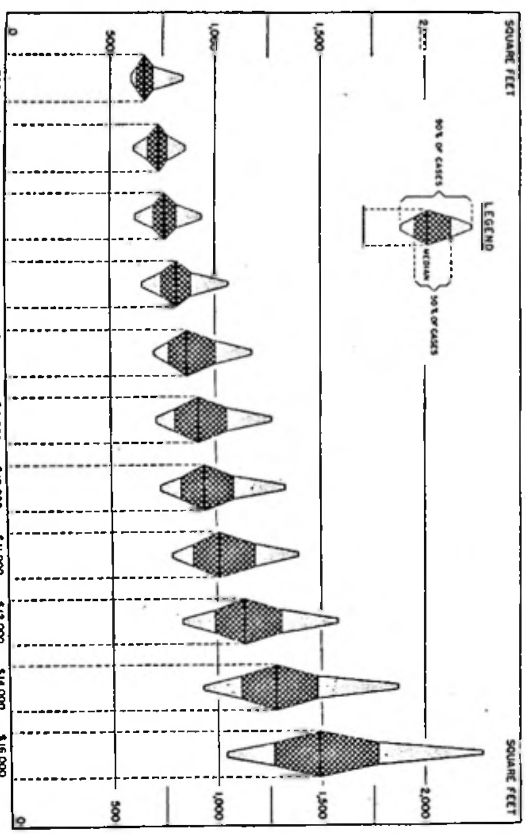

CHART XII

TABLE 24.—*Number of Rooms by Calculated Floor Area for FHA-insured Single-family Home Mortgages, Sec. 203, 1951*

Calculated floor area (square feet)	Percentage distribution	Median number of rooms	Number of rooms: 3	4	5	6	7-9	Total
	Percentage distributions for new homes							
Less than 600	0.2	3.0	58.6	18.9	17.1	5.4		100.0
600 to 699	4.3	4.5	1.5	96.0	1.5	1.0		100.0
700 to 799	23.7	4.6	.2	85.9	12.7	1.2	(1)	100.0
800 to 899	25.8	5.0	.1	51.5	45.5	2.8	0.1	100.0
900 to 999	13.6	5.3	.3	27.9	62.6	9.1	.1	100.0
1,000 to 1,099	13.4	5.6	.1	8.2	66.3	25.2	.2	100.0
1,100 to 1,199	8.5	6.1	.1	4.4	42.6	52.4	.5	100.0
1,200 to 1,299	4.1	6.1	.2	3.6	39.5	55.8	.9	100.0
1,300 to 1,399	2.8	6.2	.1	2.1	39.3	56.7	1.8	100.0
1,400 to 1,499	1.3	6.3		2.2	28.3	60.4	9.1	100.0
1,500 to 1,699	1.3	6.4	.4	7.0	23.3	54.3	15.0	100.0
1,700 to 1,999	.7	6.6		2.9	10.8	56.9	29.4	100.0
2,000 or more	.3	7.1		14.8	9.9	23.2	52.1	100.0
Total	100.0	5.2	.4	43.4	39.3	16.0	.9	100.0
	Percentage distributions for existing homes							
Less than 600	0.4	4.4	29.0	49.5	16.7	4.3	0.5	100.0
600 to 699	3.1	4.6	6.4	76.6	13.3	3.5	.2	100.0
700 to 799	13.1	4.7	.9	71.4	22.8	4.5	.4	100.0
800 to 899	16.8	5.0	.9	49.0	42.4	6.4	1.3	100.0
900 to 999	14.3	5.4	.4	26.9	57.2	13.2	2.3	100.0
1,000 to 1,099	12.9	5.6	.1	13.3	57.6	26.1	2.9	100.0
1,100 to 1,199	9.9	6.0	(1)	6.4	45.6	43.2	4.8	100.0
1,200 to 1,299	8.1	6.2	.1	3.1	32.9	56.7	7.2	100.0
1,300 to 1,399	5.9	6.4	.2	1.8	21.5	62.3	14.2	100.0
1,400 to 1,499	4.4	6.5	.1	.9	16.7	59.3	23.0	100.0
1,500 to 1,699	5.4	6.8	.1	.7	9.1	49.9	40.2	100.0
1,700 to 1,999	3.4	7.4	.2	.8	4.8	32.4	61.8	100.0
2,000 or more	2.3	7.8	.4	.5	2.2	13.0	83.9	100.0
Total	100.0	5.6	.7	26.9	36.1	26.2	10.1	100.0

[1] Less than 0.05 percent.

Mortgagor's Income and Housing Expense

Among the most important elements in any home-mortgage transaction are the income of the prospective mortgagor and the stability of that income, the relationship of that income to his prospective housing expense and to other fixed expenditures, and his motivating interest in the property which he is acquiring.

In evaluating these elements of mortgage risk, the FHA underwriting procedure attempts through analysis to estimate the mortgagor's probable earning capacity for a period approximating the first third of the mortgage term. Under certain conditions, this estimate may include the incomes of any co-makers or endorsers, as well as that of the principal mortgagor.

With respect to the evaluation of the mortgage risk involved in a particular transaction, consideration is given in the underwriting process to the credit characteristics of the mortgagor, his financial ability to close the loan transaction, and the stability and adequacy of his income in relation to his various living expenses and other obligations, including the prospective monthly housing expenses which may be expected to develop from the insured mortgage transaction. These expenses include the regular payments to mortgage principal and interest, the FHA mortgage insurance premium, hazard insurance premiums, taxes and special assessments, ground rent (if any), and anticipated maintenance and operating expenses.

Of the single-family home mortgages insured under Section 203 in 1951, nearly 96 percent of the mortgages on newly constructed dwellings and 98 percent of those secured by existing houses involved owner-occupant mortgagors. The following analysis of mortgagor's income and expense is based solely upon the cases in the sample which involved owner-occupant mortgagors, excluding the small proportion of cases in which the mortgagor at time of insurance was either the builder or a landlord.

Annual income distribution.—The distributions by income groups of the buyers of new and existing homes who financed their purchases with mortgages insured under Section 203 in 1951 are shown in Chart XIII and, together with comparable data for selected earlier years since 1940, in Table 25.

In 1951, the median income of these new-home purchasers was $4,225, or $364 above the comparable figure for 1950. This 9.4 percent increase was somewhat higher than the comparable increase in income for all nonfarm spending units, as estimated on the basis of data

DISTRIBUTION OF MORTGAGOR'S EFFECTIVE ANNUAL INCOME

FHA-INSURED SINGLE-FAMILY HOME MORTGAGES

SECTION 203, 1951

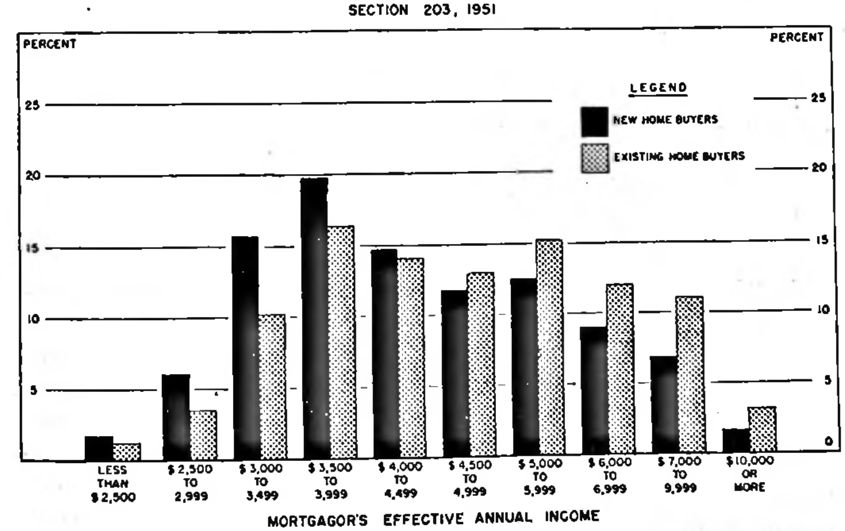

CHART XIII

TABLE 25.—*Mortgagor's Effective Annual Income for FHA-insured Single-family Home Mortgages, Sec. 203, in Selected Years, 1940–51*

Mortgagor's effective annual income	Percentage distributions for new homes[1]					Percentage distributions for existing homes					
	1951	1950	1949	1946	1940	1951	1950	1949	1946	1943	1940
Less than $1,500	(2)	(2)	(2)	0.2	5.1	(2)	0.1	(2)	0.3	0.6	5.2
$1,500 to $1,999	0.2	0.2	0.2	2.7	23.4	0.2	.3	0.3	4.2	7.5	20.5
$2,000 to $2,499	1.6	2.6	2.8	16.0	28.3	1.1	2.4	2.8	10.4	26.2	25.0
$2,500 to $2,999	6.1	9.4	9.2	15.8	15.4	3.5	6.5	7.1	14.8	13.6	13.9
$3,000 to $3,499	15.7	21.5	20.5	19.7	11.9	10.2	15.3	16.0	19.3	16.5	11.6
$3,500 to $3,999	19.8	21.9	21.7	17.6	6.2	16.4	18.2	19.2	14.5	12.0	6.9
$4,000 to $4,499	14.7	13.8	13.3	8.8	3.2	14.1	12.6	12.4	7.1	5.3	4.0
$4,500 to $4,999	11.8	10.3	11.2	7.5	2.0	13.0	11.5	11.7	6.7	5.5	3.1
$5,000 to $5,999	12.5	9.7	9.1	4.1	1.9	15.2	11.9	10.6	4.3	3.7	3.3
$6,000 to $6,999	9.0	5.8	6.4	4.3	1.2	12.0	9.4	9.1	4.4	3.6	2.5
$7,000 to $9,999	6.9	4.0	4.4	2.4	.0	11.1	8.7	8.0	3.5	3.5	2.5
$10,000 or more	1.7	.8	1.2	.9	.5	3.2	3.1	2.8	1.5	2.0	1.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average income	$4,662	$4,213	$4,285	$3,619	$2,665	$5,176	$4,837	$4,742	$3,640	$3,505	$3,012
Median income	$4,225	$3,861	$3,880	$3,313	$2,416	$4,726	$4,274	$4,219	$3,101	$3,062	$2,490

[1] Data not available for 1943–45.
[2] Less than 0.05 percent.

from the Federal Reserve Board's Annual Survey of Consumer Finances.

Of the new-home purchasers in 1951, about one-fourth had incomes of less than $3,500, over one-half were in the group from $3,500 to $5,999, while the highest one-sixth had incomes of $6,000 or more.

The typical income for the purchasers of existing properties was $4,726—over 10 percent above the 1950 median and nearly double the 1940 median of $2,490. Over two-thirds of this group of home buyers had incomes of $4,000 or more, compared with a little over one-half of the new-home purchasers.

Averages of selected characteristics by income groups.—Many of the characteristics of a mortgage or of the property securing it are of interest when considered in relation to the income of the mortgagor involved. Averages (arithmetic means) for a number of these characteristics are presented in Table 26 for various income groups of both new- and existing-home buyers.

The table shows that, as the average incomes of new-home buyers increased from $178 for the group with effective incomes of less than $200 per month to $1,325 for those receiving $1,000 or more, the average valuations increased from $7,000 to $13,061, with average replacement costs generally about $300 higher. These average valuations represented about 3.3 times the average annual incomes of the mortgagors in the lowest income group. With increasing incomes, this ratio declined until—for new-home buyers in the highest income group—average value represented only 0.8 of the average annual income. For all new-home buyers, average value was approximately twice the average annual income.

TABLE 26.—*Average Characteristics by Mortgagor's Monthly Income for FHA-insured Single-family Home Mortgages, Sec. 203, 1951*

Mortgagor's effective monthly income	Percentage distribution	Average										Mortgage as a percent of FHA valuation	Ratio of FHA valuation to annual income
		Mortgagor's monthly income	FHA valuation	Replacement cost	Mortgage principal	Total monthly mortgage payment	Total monthly housing expense	Monthly rental value	Monthly taxes and assessments	Calculated floor area (sq. ft.)	Number of rooms		
New homes													
Less than $200	1.0	$178.10	$7,000	$7,284	$5,695	$41.96	$58.10	$56.59	$5.97	815	4.3	81.2	3.3
$200 to $249.99	6.9	227.11	7,639	7,936	6,512	47.81	65.68	61.46	7.11	834	4.4	85.2	2.8
$250 to $299.99	18.4	272.25	8,320	8,612	7,059	52.39	71.66	67.19	8.23	867	4.5	84.8	2.5
$300 to $349.99	22.7	319.72	8,897	9,187	7,470	56.00	75.99	72.08	9.06	907	4.7	84.0	2.3
$350 to $399.99	14.7	368.80	9,368	9,678	7,789	59.19	79.08	75.80	9.64	944	4.8	83.1	2.1
$400 to $449.99	12.1	417.31	9,778	10,093	8,042	61.64	81.90	79.04	10.09	981	4.9	82.2	2.0
$450 to $499.99	6.5	468.03	10,027	10,347	8,171	62.76	82.95	80.87	10.28	997	4.9	81.5	1.8
$500 to $599.99	9.9	532.86	10,575	10,950	8,534	66.00	86.73	85.25	10.85	1,044	5.0	80.7	1.7
$600 to $799.99	5.6	661.89	11,467	11,911	9,107	71.42	92.99	92.01	11.98	1,125	5.2	79.4	1.4
$800 to $999.99	1.2	854.49	12,630	13,183	9,814	78.26	100.07	100.38	14.04	1,207	5.3	77.6	1.2
$1,000 or more	1.0	1,324.52	13,061	13,707	10,083	81.43	105.19	104.17	14.17	1,271	5.4	77.2	.8
Total	100.0	388.47	9,332	9,654	7,724	58.03	78.5[illegible]	75.34	9.49	947	4.8	82.8	2.0
Existing homes													
Less than $200	0.8	$175.84	$6,538	$8,540	$4,423	$37.37	$54.82	$54.17	$5.14	942	4.7	67.5	3.1
$200 to $249.99	4.1	226.20	7,019	9,460	5,520	45.50	64.38	63.05	6.59	943	4.8	72.5	2.8
$250 to $299.99	12.2	272.70	8,412	10,307	6,228	51.23	71.19	69.10	7.66	962	4.9	74.0	2.6
$300 to $349.99	19.4	319.99	9,156	11,028	6,768	55.74	76.60	75.28	8.47	1,012	5.0	73.9	2.4
$350 to $399.99	14.8	368.86	9,823	11,629	7,280	60.06	81.49	80.24	9.22	1,062	5.2	74.1	2.2
$400 to $449.99	14.4	417.31	10,358	12,217	7,668	63.43	85.47	84.19	9.87	1,100	5.3	74.0	2.1
$450 to $499.99	8.1	468.07	10,872	12,678	8,059	66.56	88.70	88.16	10.34	1,136	5.3	74.1	1.9
$500 to $599.99	13.1	533.17	11,348	13,211	8,387	69.37	92.21	91.88	10.86	1,177	5.4	73.9	1.8
$600 to $799.99	9.1	692.93	12,254	14,226	9,020	75.42	98.67	98.88	12.13	1,268	5.6	73.0	1.5
$800 to $999.99	2.2	856.01	13,586	16,040	9,670	81.06	106.83	108.83	13.29	1,404	5.9	71.2	1.3
$1,000 or more	1.8	1,304.32	14,548	17,542	10,171	87.81	115.49	117.05	15.55	1,561	6.1	69.9	.9
Total	100.0	431.32	10,168	12,056	7,486	61.98	83.60	82.78	9.02	1,096	5.2	73.7	2.0

One of the primary relationships in the determination of whether or not a given mortgage contract will be successfully paid off is the relationship between the monthly mortgage payment and the borrower's monthly income. Accordingly, particular consideration is given in the underwriting analysis to the relationship between the borrower's income and the prospective monthly housing expense—which has been defined as the monthly mortgage payment plus the estimated monthly cost of maintenance and such items of operating expense as water, fuel, and electricity. These relationships are shown in Table 26 and, graphically, in Chart XIV, which indicate that, as the borrowers' incomes increased from the lowest to the highest groups, monthly mortgage payment increased from $42 per month to $81—the average for all groups approximating $59 or about 15 percent of the average monthly income of these new-home buyers.

On the average, monthly housing expense exceeded the monthly mortgage payment by about $20, the differential ranging only from about $16 in the case of home buyers in the lowest income group to $24 for those with monthly incomes in excess of $1,000. There is, however, a very wide variation in the housing expense assumed by

AVERAGE MONTHLY MORTGAGE PAYMENT
AND HOUSING EXPENSE BY MONTHLY INCOME
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES, 1951

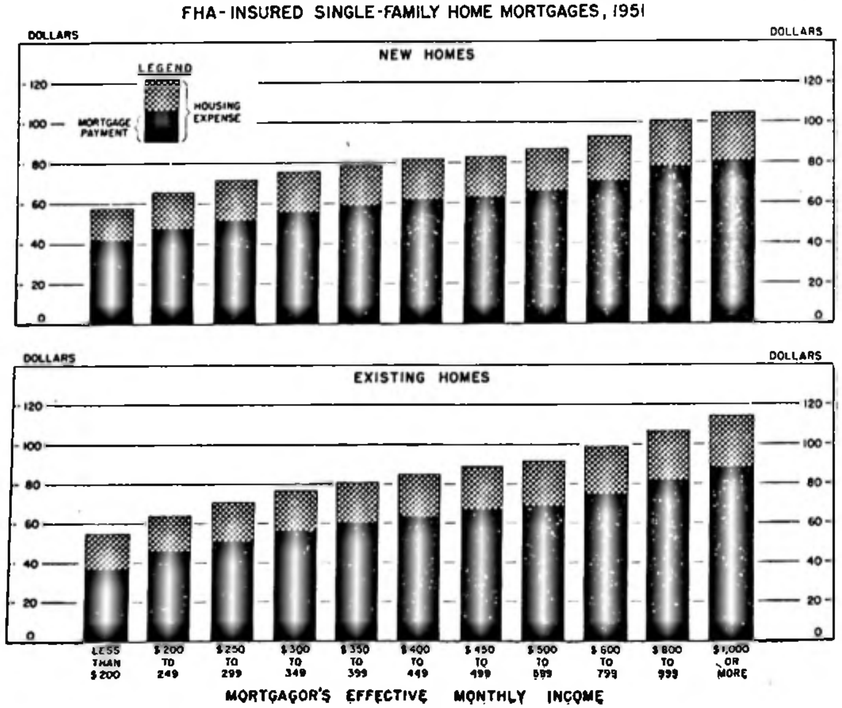

CHART XIV

home owners within particular income groups. This variation is shown percentagewise in Table 27 and graphically in Chart XV. It may be noted, for example, that for new-home buyers with monthly incomes of $350 to $399, the median monthly housing expense was $79. The prospective housing expense for these mortgagors ranged from about $40 to as much as $120 per month, although less than 10 percent of the cases contemplated housing expense outside the range of $60 to $99 per month.

As indicated earlier in this analysis, the principal component of the prospective housing expense assumed by home owners is the monthly mortgage payment. Under the FHA insured-mortgage plan, this payment covers the payments at a fixed amount each month to principal and interest, together with one-twelfth of the amount required each year to cover the FHA mortgage insurance premium, hazard insurance, taxes and special assessments, and such miscellaneous items as ground rent. The distributions of these payments in 1951 and selected earlier years are presented in Table 28, with the 1951 distributions also shown in Chart XVI.

The typical mortgage payment provided in the new-home mortgage contracts insured under Section 203 in 1951 was $58.84, or some 8 percent above the 1950 median. Three out of four of the transactions in 1951 contemplated payments of $45 to $69.99 per month.

A comparable examination of the distributions of the mortgagor's effective income, the recurring charges assumed by him in connection with his monthly mortgage payment and prospective housing expense,

RANGE OF MONTHLY HOUSING EXPENSE
FOR NEW HOME BUYERS IN DIFFERENT INCOME GROUPS
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES, SECTION 203, 1951

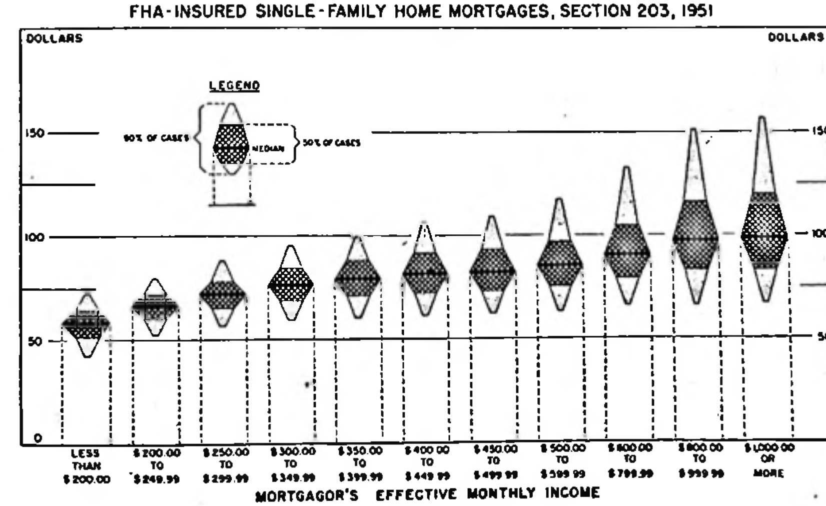

CHART XV

TABLE 27.—*Prospective Monthly Housing Expense by Mortgagor's Effective Monthly Income for FHA-insured Single-family Home Mortgages, Sec. 203, 1951*

Mortgagor's effective monthly income	Percentage distribution	Median monthly housing expense	Prospective monthly housing expense: Less than $40	$40 to $49.99	$50 to $54.99	$55 to $59.99	$60 to $64.99	$65 to $69.99	$70 to $74.99	$75 to $79.99	$80 to $89.99	$90 to $99.99	$100 to $109.99	$110 to $119.99	$120 to $139.99	$140 or more	Total
			Percentage distributions for new homes														
Less than $200	1.0	$58.55	0.8	10.7	14.6	21.0	22.7	13.7	5.7	1.7	0.2						100.0
$200 to $249.99	6.0	66.22	.1	2.3	5.5	14.2	22.0	23.7	18.1	0.9	3.7	0.4	(1)	0.1			100.0
$250 to $299.99	18.4	72.02	.1	.6	2.0	0.3	13.4	18.0	22.2	17.0	17.3	1.5	0.1				100.0
$300 to $349.99	22.7	76.29	(1)	.4	1.2	3.7	8.8	13.7	17.5	18.3	20.8	8.8	.8	(1)	(1)		100.0
$350 to $399.99	14.7	79.06	(1)	.3	.9	3.1	6.2	11.0	15.7	15.7	27.1	15.4	4.1	.5		(1)	100.0
$400 to $449.99	12.1	81.77	(1)	.2	.7	2.7	5.3	8.5	13.8	14.2	26.5	18.4	7.3	2.1	0.3	(1)	100.0
$450 to $499.99	6.5	82.36		.2	.5	2.2	5.1	9.4	12.4	14.2	25.5	17.8	8.3	3.5	.9	(1)	100.0
$500 to $599.99	9.9	85.79		.1	.5	1.6	3.9	7.0	10.2	12.3	24.8	20.3	9.8	5.6	3.4	0.5	100.0
$600 to $799.99	5.6	90.70		.1	.2	1.1	2.3	5.4	8.7	8.7	22.1	20.2	12.5	7.8	8.2	2.7	100.0
$800 to $999.99	1.2	97.39			.2	.6	2.3	5.9	5.5	5.6	18.3	17.0	14.0	10.9	12.8	7.8	100.0
$1,000 or more	1.0	98.89			1.0	.6	1.4	4.8	6.5	5.7	15.5	10.3	11.3	12.3	12.3	12.3	100.0
Total	100.0	77.90	(1)	.6	1.5	4.3	8.7	12.7	15.8	14.9	22.4	11.5	4.2	1.8	1.2	.4	100.0
			Percentage distributions for existing homes														
Less than $200	0.8	$56.00	14.1	20.1	11.8	20.1	16.4	8.9	3.7	4.0	0.9						100.0
$200 to $249.99	4.1	65.44	2.1	6.4	8.9	13.0	18.0	19.3	16.1	10.0	5.4	0.5	0.2	0.1			100.0
$250 to $299.99	12.2	72.23	.6	2.6	4.3	7.6	11.8	15.8	16.5	17.0	20.0	3.5	.3	(1)			100.0
$300 to $349.99	19.4	77.48	.2	1.7	2.6	4.9	7.6	11.5	13.9	15.4	26.0	13.0	2.1	.2			100.0
$350 to $399.99	14.8	82.11	.3	.8	1.5	3.4	6.1	8.4	10.8	13.1	26.6	19.1	8.2	1.5	0.2		100.0
$400 to $449.99	14.4	85.61	.3	.7	1.2	2.3	4.2	6.6	9.4	11.6	24.4	20.3	13.2	4.6	1.0	0.2	100.0
$450 to $499.99	8.1	88.87	.1	.8	.9	1.7	3.2	5.8	8.0	9.7	22.4	20.7	15.4	8.4	2.6	.3	100.0
$500 to $599.99	13.1	92.05	(1)	.3	.5	1.2	2.9	4.3	7.6	8.5	20.4	20.9	16.5	10.2	5.9	.8	100.0
$600 to $799.99	9.1	98.83		.1	.4	.9	1.9	2.8	4.7	6.5	16.4	18.5	20.1	13.6	11.3	2.8	100.0
$800 to $999.99	2.2	105.71		.1	.6	1.0	1.3	1.3	2.7	5.0	10.8	16.3	19.1	15.8	16.9	9.1	100.0
$1,000 or more	1.8	103.14			.1	.5	1.0	1.3	2.6	2.6	9.3	12.0	15.5	16.0	22.3	16.8	100.0
Total	100.0	84.70	.4	1.4	2.1	3.8	6.1	8.6	10.5	11.8	21.7	15.4	9.5	4.8	3.0	.9	100.0

[1] Less than 0.05 percent.

and the variation in related characteristics may be made for the existing-home mortgages insured under Section 203 during 1951 on the basis of the existing-home data presented in Tables 25, 26, 27, and 28, and Charts XIII, XIV, XV, and XVI.

The tables show that the median income of the purchasers of existing homes was $4,726—$450 above the comparable figure for 1950 and $500 over the typical income of new-home purchasers in 1951.

TABLE 28.—*Total Monthly Mortgage Payment for FHA-insured Single-family Home Mortgages, Sec. 203, in Selected Years, 1940–51*

Total monthly mortgage payment	Percentage distributions for new homes [1]: 1951	1950	1949	1946	1941	Percentage distributions for existing homes: 1951	1950	1949	1946	1941
Less than $25	(2)	0.1	0.1	1.3	11.0	0.4	1.2	1.5	5.5	15.8
$25 to $29.99	0.1	.1	.1	4.1	17.1	.6	1.1	1.5	9.0	15.2
$30 to $34.99	.5	.6	.6	11.3	21.1	1.4	2.3	2.8	16.0	16.3
$35 to $39.99	1.6	3.4	4.7	13.7	18.8	3.5	5.4	5.9	18.3	14.4
$40 to $44.99	7.0	12.9	12.1	16.6	13.0	6.2	9.2	9.4	15.3	11.0
$45 to $49.99	13.8	16.9	14.2	14.5	6.7	9.3	12.6	12.3	11.6	7.8
$50 to $54.99	18.5	18.6	16.3	17.1	4.1	12.3	13.9	13.7	7.8	5.1
$55 to $59.99	17.5	16.6	16.2	10.0	2.9	13.5	13.3	12.9	5.0	3.6
$60 to $64.99	14.3	12.2	12.3	5.8	1.9	12.9	10.8	10.6	3.5	2.6
$65 to $69.99	10.9	8.2	9.3	3.2	1.2	11.3	8.5	8.3	2.2	1.8
$70 to $74.99	6.3	4.8	5.6	1.4	.8	8.6	5.9	5.8	1.6	1.4
$75 to $79.99	3.9	2.4	3.0	.4	.4	6.8	4.3	4.2	1.2	1.0
$80 to $89.99	3.3	1.7	2.8	.3	.4	8.1	5.3	5.0	1.2	1.4
$90 to $99.99	1.3	.7	1.2	.2	.2	3.1	2.6	2.5	.6	.9
$100 or more	1.0	.8	1.5	.1	.4	2.0	3.6	3.6	1.2	1.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average payment	$58.63	$55.38	$57.15	$46.06	$36.88	$61.98	$58.94	$58.38	$43.25	$39.50
Median payment	$58.84	$54.31	$55.59	$46.18	$35.21	$61.57	$56.65	$56.12	$40.83	$35.91

[1] Data not available for 1943-45.
[2] Less than 0.05 percent.

DISTRIBUTION OF TOTAL MONTHLY MORTGAGE PAYMENT

FHA-INSURED SINGLE-FAMILY HOME MORTGAGES

SECTION 203, 1951

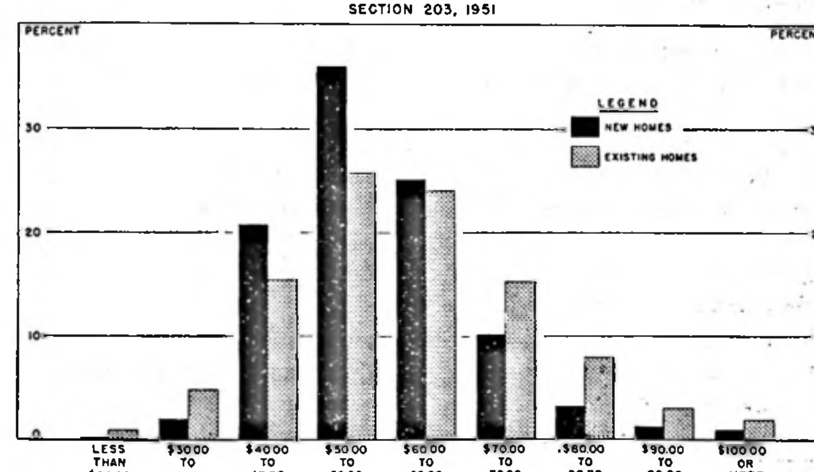

CHART XVI

The average value of the existing homes was about $800 above that of the new homes, but the lower loan-value ratios permitted for these transactions resulted in an average mortgage of $7,486, or $238 below the new-home average. This differential is particularly noticeable in the income levels below $400 per month. Reflecting the shorter mortgage term for existing-home contracts, the average monthly payment was $61.98—$3.35 above that for purchasers of new homes. Rental values averaged $82.78 per month—more than $7 above the average for newly constructed properties.

Rental and Cooperative Housing Mortgage Insurance

During 1951, FHA insurance assistance for financing construction or purchase of rental and cooperative projects was available under six different legislative programs authorized in the National Housing Act—FHA's permanent program for multifamily rental housing under the provisions of Section 207; cooperative housing under the provisions of Section 213; multifamily rental housing under the Veterans' Emergency Housing provisions of Section 608; existing multifamily rental projects built with Federal funds, under the provisions of Section 608 pursuant to Section 610; military housing, also known as "Maybank-Wherry Bill" housing, under the provisions of Section 803 of Title VIII; and, under Section 908, multifamily rental defense housing programed by HHFA in areas designated as critical defense areas. In addition, income from debt-free investments in multifamily rental housing projects was eligible for FHA insurance under provisions of Title VII.

Volume of Business

FHA project mortgage operations during 1951 were affected materially by four major economic and legal developments—the imposition by FHA on January 12, 1951, of higher equity requirements, in line with the Regulation X credit restrictions of the Federal Reserve Board; the scarcity of mortgage money; a wait-and-see attitude on the part of project developers concerning the marketability of additional rental dwelling units; and the progressive completion of projects initiated earlier under the more liberal insurance provisions of Section 608 for new rental projects.[4]

As a result, applications for FHA project mortgage insurance in 1951 fell off 67 percent from the previous year, and FHA commitments declined 65 percent. The volume of project mortgage insurance written by FHA, directly related to the year's volume of applications

[4] FHA's legislative authority to accept applications for Sec. 608 insurance on new construction expired Mar. 1, 1950.

TABLE 29.—*Rental and Cooperative Project Mortgages Insured by FHA, 1935–51*

[Dollar amounts in thousands]

Year	Grand total new and existing		Total new construction		Total existing or refinanced construction	
	Units	Amount	Units	Amount	Units	Amount
1935–39	29,777	$114,429	29,777	$114,429	-----	-----
1940–44	45,751	188,446	41,890	174,187	3,861	$14,259
1945	4,058	19,817	3,137	15,903	921	3,914
1946	2,232	13,175	1,579	10,880	653	2,286
1947	46,604	359,944	46,446	358,602	158	1,342
1948	79,184	608,711	77,808	605,800	1,376	2,912
1949	132,860	1,019,581	131,347	1,015,608	1,513	3,973
1950	154,124	1,153,805	153,004	1,151,803	1,120	2,002
1951	73,241	577,941	72,367	571,712	874	6,229
Total	567,831	4,055,849	557,355	4,018,933	10,476	36,916

New construction

Year	Sec. 207		Sec. 608	
	Units	Amount	Units	Amount
1935–39	29,777	$114,429	-----	-----
1940–44	7,946	28,752	33,944	$145,436
1945	200	950	2,937	14,953
1946	41	224	1,538	10,665
1947	-----	[1] 32	46,446	358,570
1948	-----	-----	77,808	605,800
1949	813	7,313	128,994	996,224
1950	2,514	18,065	135,076	1,007,996
1951	4,890	33,201	33,799	259,937
Total	46,181	202,965	460,542	3,309,581

Year	Sec. 213	
	Units	Amount
1950	285	$2,691
1951	7,995	72,921
Total	8,280	75,612

Year	Sec. 803	
	Units	Amount
1949	1,540	$12,071
1950	15,129	123,052
1951	25,683	205,653
Total	42,352	340,775

Existing or refinanced construction

Year	Sec. 207		Sec. 608		Sec. 608–610	
	Units	Amount	Units	Amount	Units	Amount
1935–39	-----	-----	-----	-----	-----	-----
1940–44	3,207	$11,444	594	$2,815	-----	-----
1945	691	2,856	230	1,058	-----	-----
1946	653	2,286	-----	-----	-----	-----
1947	-----	-----	158	1,342	-----	-----
1948	-----	-----	10	63	1,366	$2,849
1949	-----	-----	78	365	1,436	3,608
1950	-----	-----	16	133	1,104	1,868
1951	-----	-----	864	6,194	10	35
Total	4,011	16,586	1,950	11,071	3,915	8,360

[1] Increase in amount of a mortgage insured prior to 1947.

and commitments, registered a decrease from 1950 of about 50 percent in the amount of mortgages and number of dwelling units.

Table 29 shows the yearly and cumulative volume of insurance written under the various FHA rental and cooperative programs from 1935 through 1951. The $578,000,000 in project mortgages insured during 1951 was the lowest in the postwar period since 1947. As in previous years, almost all this type of FHA insurance covered new construction, with only $6,000,000 utilized for refinancing purposes and purchases of existing projects.

Section 608, nearing the close of its new-construction program, continued in 1951 to account for the largest proportion (46 percent) of project mortgage insurance written, but in a substantially lower degree than in previous postwar years. Military housing insurance under Section 803 ranked next with 36 percent of the total, followed by cooperative housing under Section 213, which accounted for about 13 percent.

As in previous years, almost all the project mortgages insured by FHA in 1951 financed construction of new dwellings. Of the more than $4,000,000,000 in project mortgages insured by FHA in the last 17 years, less than $29,000,000 (seven-tenths of 1 percent) has been utilized for refinancing purposes and only $8,000,000 for financing the purchase of existing housing—the latter exclusively under the provisions of Section 608 pursuant to Section 610. More than 550,000 new family units had been or were being constructed with the aid of FHA project mortgage insurance as of the close of 1951, with four of every five units provided under the Section 608 program.

A more comprehensive picture of the workload involved in FHA project mortgage operations during 1951 is provided by the following data:

Applications received—75,000 units.
Applications processed—130,000 units.
Commitments issued—56,000 units.
Construction started—75,000 units.
Construction completed—127,000 units.
Units under construction during the year—210,000 units.

State Distribution

Rental and cooperative project mortgages insured by FHA during 1951 covered properties located in every State but six, and in the District of Columbia, Alaska, and Hawaii. As shown in Table 30 and Chart XVII, 15 States had projects providing 1,500 or more units. Nearly three of every five units were in projects located in seven States—New York, New Jersey (principally in the New York-Northeastern New Jersey metropolitan area), and North Carolina on the Atlantic coast, Ohio and Illinois in the Midwest, Texas in the Southwest, and California on the Pacific coast.

In Illinois, New Jersey, New York, and Ohio, Section 608 projects predominated; but military housing projects under Section 803 were in the fore in North Carolina and California, had a slight edge in

UNITS IN RENTAL AND COOPERATIVE PROJECTS SECURING MORTGAGES INSURED BY FHA UNDER SECTIONS 207 213, 608, 608-610 AND 803, DURING 1951

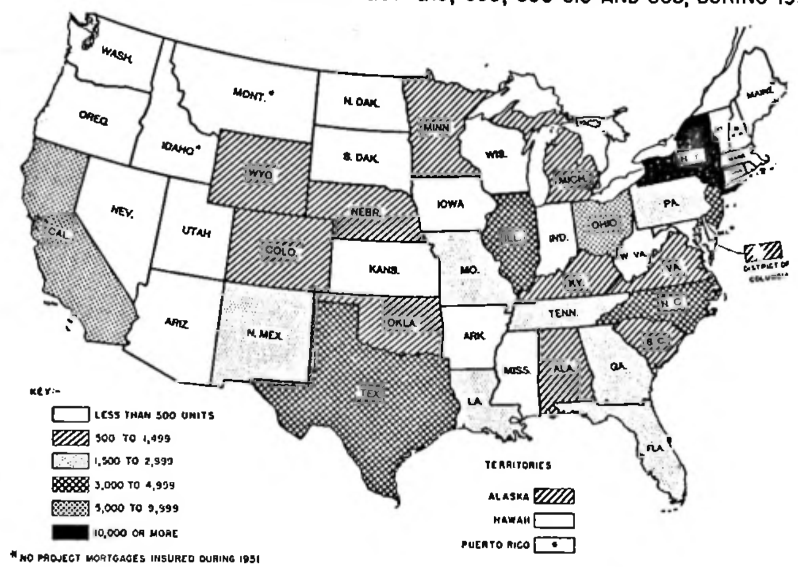

CHART XVII

Texas, and made up a substantial proportion of the units in Illinois projects. Other States in which the level of military housing insurance was relatively high during the past year were Maryland, Florida, and New Mexico.

Section 207 projects with insurance written in 1951 were largely concentrated in Pennsylvania, North Carolina, Texas, and Alaska, each with about 800 units and together accounting for about two-thirds of the year's total. It is noteworthy that the relatively large volume in Pennsylvania is probably due to the impetus of the subsidy provided by the State to encourage construction by private sponsors of rental housing needed for families of limited income.

Cooperative projects covered by insurance written under Section 213 during the year were located in seven States in all parts of the country, but nearly three-fourths of the total units (all in management-type projects) were situated in New York City and almost one-fifth in California, in a sales-type development in the vicinity of Long Beach.

The distribution of the Section 608 projects securing mortgages insured in 1951 was much broader than under the other FHA project programs—involving properties located in 35 States, the District of Columbia, and Alaska.

As of the close of last year, rental and cooperative dwelling units had been built with the aid of FHA mortgage insurance in every State

TABLE 30.—*State Distribution of FHA-insured Rental and Cooperative Project Mortgages, 1951*

[Dollar amounts in thousands]

State	All sections			Sec. 207	Sec. 213	Sec. 608	Sec. 803
	Number	Amount	Units	Units	Units	Units	Units
Alabama	11	$7,074	906	35		696	175
Arizona	1	929	105				105
Arkansas	2	1,377	162	12	150		
California	27	49,102	5,660	89	1,471	587	3,513
Colorado	4	4,727	635			51	584
Connecticut	2	1,243	157			157	
Delaware							
District of Columbia	5	10,443	1,462			1,462	
Florida	9	17,513	2,211			31	2,180
Georgia	19	17,059	2,676	372		1,779	525
Idaho							
Illinois	29	36,349	4,378			2,566	1,812
Indiana	10	2,451	273	86		187	
Iowa	2	206	29			29	
Kansas	1	1,406	204			204	
Kentucky	4	7,290	900				900
Louisiana	8	12,943	1,866	73		1,249	544
Maine							
Maryland	11	15,449	2,234	260		548	1,426
Massachusetts	2	1,839	214	21		5	188
Michigan	7	8,188	1,037	40		486	511
Minnesota	3	4,914	598	13		585	
Mississippi	4	1,785	362			224	138
Missouri	27	16,045	2,115	140		1,975	
Montana							
Nebraska	5	6,746	819		71	137	611
Nevada	1	3,389	401				401
New Hampshire							
New Jersey	34	33,640	4,211	110		4,101	
New Mexico	7	14,323	1,652			92	1,560
New York	80	132,750	15,139	152	5,996	8,313	678
North Carolina	12	27,727	4,264	801			3,475
North Dakota	1	97	12			12	
Ohio	28	46,545	5,944	104		[1] 4,840	1,000
Oklahoma	8	5,831	686		166	20	500
Oregon	2	1,123	136			136	
Pennsylvania	35	12,848	2,068	855		1,213	
Rhode Island							
South Carolina	4	4,795	670			170	500
South Dakota	1	78	12	12			
Tennessee	11	12,539	1,702	64	100	488	1,140
Texas	31	28,608	4,153	811		1,650	1,692
Utah	1	787	90			90	
Vermont	1	100	13			13	
Virginia	3	4,202	517			67	450
Washington	2	3,490	360			140	220
West Virginia	2	374	53			53	
Wisconsin	10	1,538	193		41	152	
Wyoming	1	4,050	500				500
Alaska	7	11,061	1,017	840		177	
Hawaii	1	2,878	355				355
Puerto Rico							
Total [2]	473	577,941	73,241	4,890	7,995	[1] 34,673	25,083

[1] Includes 10 units insured pursuant to the provisions of Sec. 610.
[2] Includes amendments not distributed by States.

in the Union, the District of Columbia, Alaska, Hawaii, and Puerto Rico. This is evident in Table 31, which shows by State location of project the cumulative number of projects, mortgage amount, and number of units for mortgages insured from 1935 through the end of 1951 under all FHA rental and cooperative housing programs combined, together with the cumulative number of units under each section separately.

TABLE 31.—*State Distribution of FHA-insured Rental and Cooperative Project Mortgages, 1935–51*

[Dollar amounts in thousands]

State	All sections			Sec. 207	Sec. 213	Sec. 608	Sec. 608–610	Sec. 803
	Number	Amount	Units	Units	Units	Units	Units	Units
Alabama	218	$67,062	11,208	514		10,269		425
Arizona	44	9,287	1,512	65		947		500
Arkansas	51	8,264	1,293	211	150	932		
California	950	212,565	31,250	3,433	1,471	21,575	58	4,713
Colorado	67	19,458	2,731	251		1,896		584
Connecticut	50	23,089	3,341	328		3,013		
Delaware	19	28,858	4,048	257		3,771	20	
District of Columbia	181	144,049	21,266	2,065		19,201		
Florida	332	97,777	14,173	324		10,669		3,180
Georgia	170	146,166	21,421	1,068		18,853	150	1,350
Idaho	8	4,573	571			571		
Illinois	284	161,520	20,634	1,593		16,229		2,812
Indiana	120	50,355	6,818	753		6,065		
Iowa	20	13,515	1,739	148		1,591		
Kansas	82	27,400	4,331	186		3,243	350	552
Kentucky	94	36,252	5,093	546		2,247		2,300
Louisiana	91	62,562	8,478	713		7,071	150	544
Maine	14	2,913	688			688		
Maryland	313	276,372	40,915	3,579		33,881	486	2,969
Massachusetts	43	31,907	4,189	254		3,185		750
Michigan	246	64,673	9,198	832	144	7,211	500	511
Minnesota	155	45,695	6,232	1,105		5,037		
Mississippi	43	15,837	2,582	12		1,852		718
Missouri	151	79,524	10,990	1,420		9,450		120
Montana	4	2,039	327			135		192
Nebraska	53	18,368	2,468		71	1,786		611
Nevada	14	4,066	641			240		401
New Hampshire	7	1,672	244			244		
New Jersey	537	384,774	53,198	3,042		49,856		300
New Mexico	15	15,705	1,837			277		1,560
New York	816	833,060	103,803	11,105	5,996	85,283	566	853
North Carolina	118	94,222	15,717	2,050		9,107	85	4,475
North Dakota	3	208	43			43		
Ohio	284	129,543	17,847	630		16,207	10	1,000
Oklahoma	129	28,351	3,917	132	307	2,978		500
Oregon	140	38,644	5,289	134		5,155		
Pennsylvania	384	172,680	22,991	3,061		10,428	450	52
Rhode Island	7	1,633	246	36		210		
South Carolina	89	43,816	7,069	290		6,279		500
South Dakota	11	5,510	717	58		258		401
Tennessee	129	52,457	8,977	572	100	6,915	250	1,140
Texas	422	183,042	26,905	2,489		19,432		4,984
Utah	19	5,566	749	12		737		
Vermont	7	1,441	193	56		137		
Virginia	348	234,576	37,117	5,877		29,700	440	1,100
Washington	117	61,036	8,082	315		6,367		1,400
West Virginia	14	3,466	783	174		209	400	
Wisconsin	162	32,250	4,041	172	41	3,828		
Wyoming	6	4,451	571			71		500
Alaska	24	35,824	3,197	840		2,357		
Hawaii	52	7,615	1,205			850		355
Puerto Rico	25	28,275	4,947			4,947		
Total	7,691	4,055,849	567,831	50,792	8,280	462,492	3,915	42,352

More than 20,000 units are provided in each of nine States and the District of Columbia, which together account for two-thirds of the cumulative number of FHA-insured rental and cooperative project units—New York, New Jersey, and Pennsylvania in the Middle Atlantic section; Maryland, the District of Columbia, Virginia, and Georgia of the South Atlantic States; Illinois in the Midwest; Texas in the Southwest; and California on the Pacific Coast.

Projects constructed with FHA mortgage insurance assistance under Section 207 were found at the close of 1951 in every State but nine, and in the Territory of Alaska. Cooperative projects under the recently enacted Section 213 program were, on the other hand, confined to eight States. Table 31 shows that every State and each of the three territories had projects constructed under the Section 608 program. In 14 States, public housing projects built with Federal funds had been purchased by private investors and cooperative groups with the aid of mortgage insurance under Section 608 pursuant to Section 610, and military housing projects under the Section 803 program were located in 32 States and Hawaii.

Terminations

As of December 31, 1951, FHA insurance contracts had been terminated on 698 project mortgages totaling nearly $272,000,000, or about 7 percent of the total amount of mortgages insured under all FHA project mortgage programs since the beginning of operations. As shown in Table 32, two-thirds of these terminations were due to prepayment of the mortgages in full prior to maturity.

Defaults on the part of mortgagors resulted by the end of 1951 in the termination of insurance contracts on 194 mortgages totaling $75,000,000—nearly 28 percent of the total amount of all terminations, but slightly under 2 percent of the face amount of all project mortgages insured. In the case of a default of an FHA-insured project mortgage, the mortgagee has the option of assigning the mortgage to FHA or foreclosing it and transferring title of the property to FHA in exchange for FHA debentures, or retaining the property after foreclosure and "withdrawing" from the insurance contract. In only nine cases have mortgagees decided to keep the foreclosed project in lieu of transferring it to FHA for debentures. In the other 185 cases, the mortgagee assigned either the mortgage or property title to the FHA and received in payment FHA debentures based on the amount of the outstanding balance of the defaulted mortgage.

Slightly more than half (53 percent) of the total amount of project mortgage terminations involved insurance written under Section 207 and Section 210,[5] and 46 percent insurance written under Section 608. Two of every three mortgage dollars originally insured under Sections 207 and 210 were no longer subject to FHA insurance as of the end of 1951, as against only 3 percent of the Section 213 insured amount, 4 percent of the Section 608, and 21 percent of the amount insured

[5] Section 210, which was enacted on Feb. 3, 1938, expired in 1939. Data on the status of the $7,783,000 (9,176 units) of insurance written under this section are combined with Sec. 207 data in reference to cumulative operations of Sec. 207 throughout this report.

under Section 608 pursuant to Section 610. None of the Section 803 military housing mortgages had been terminated at the year end.

Prepayments in full accounted for 82 percent of the total amount of Section 207 mortgages terminated, 47 percent of Section 608, and all of the terminations under Section 213 and Section 608 pursuant to Section 610. All Section 213 prepayments were of mortgages on sales-type projects which had been completed—the individual homes in

TABLE 32.—*Disposition of FHA-insured Rental and Cooperative Project Mortgages, 1935–51*

[Dollar amounts in thousands]

Disposition	Total		Sec. 207		Sec. 213	
	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	7,691	$4,055,840	469	$219,551	41	$75,611
Mortgages terminated:						
Prepayments in full	464	180,334	287	117,212	9	2,173
Prepayments by supersession	29	15,810	13	8,032		
Matured loans						
Mortgages assigned to FHA	68	22,940	1	3,000		
Titles acquired by mortgagee:						
Projects transferred to FHA	117	50,410	17	12,752		
Projects retained by mortgagee	9	1,639	7	1,407		
Other terminations	11	801	8	578		
Total terminations	698	271,952	333	142,082	9	2,173
Mortgages in force	6,993	3,783,897	136	76,569	32	73,439
	Sec. 608		**Sec. 608–610**		**Sec. 803**	
	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	7,030	$3,411,552	23	$8,360	128	$340,775
Mortgages terminated:						
Prepayments in full	164	59,223	4	1,726		
Prepayments by supersession	16	7,784				
Matured loans						
Mortgages assigned to FHA	67	19,940				
Titles acquired by mortgagee:						
Projects transferred to FHA	100	37,657				
Projects retained by mortgagee	2	232				
Other terminations	3	226				
Total terminations	352	125,072	4	1,726		
Mortgages in force	6,678	3,286,480	19	6,634	128	340,775

the project having been sold to members of the cooperative upon completion and the proceeds of the sales used to prepay the mortgage.

Terminations due to mortgagor defaults represented 8 percent of the total amount of insurance written under Section 207 and 12 percent of all termination under that section. Under the Section 608 program, default terminations constituted less than 2 percent of the aggregate insurance amount and 46 percent of the terminations.

The following table shows, as of the close of 1951, the disposition of the projects acquired and the project mortgage notes assigned to FHA:

Disposition	All sections		Sec. 207		Sec. 608	
	No.	Units	No.	Units	No.	Units
Projects acquired by FHA [1]	117	9,122	17	3,033	100	6,089
On hand	91	5,078			91	5,078
Sold with reinsurance	8	2,085	7	1,491	1	594
Sold without reinsurance	6	728	4	704	2	24
Sold with mortgage held by FHA	12	1,231	6	838	6	393
Mortgage notes assigned to FHA	68	3,804	1	1,102	67	2,702
On hand	66	2,660			66	2,660
Sold with reinsurance	1	1,102	1	1,102		
Sold or settled without reinsurance	1	42			1	42

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

An analysis of the financial experience of these terminated cases is presented in detail in Section III of this report—Statement 15 for Section 207 and Statements 18 and 19 for Section 608.

Defaults of Project Mortgages

As of the end of 1951, lending institutions reported in default 76 outstanding FHA-insured mortgages involving about 6,500 units—all insured under the provisions of Section 608. As indicated in Table 33, this is somewhat less than the number of mortgages in default at the end of the two previous years. In terms of dwelling units, the 1951 ratio of defaults to insurance in force—1.3 percent—was slightly less than the 1.5 percent in 1950 and 1.4 percent in 1949. The combination of projects in default at the year end plus cumulative acquisitions by FHA accounted for 3.4 percent of the total program at the end of 1951, as compared with 3.1 percent at the end of 1950.

TABLE 33.—*Status of FHA-insured Rental and Cooperative Project Mortgages in Force as of Dec. 31, 1951*

Status	All sections		Sec. 608	
	Number	Units	Number	Units
Insured mortgages in force	6,993	505,736	6,678	439,404
Insured mortgages in good standing	6,917	499,265	6,602	432,933
Insured mortgages in default, total	76	6,471	76	6,471
In default less than 90 days	34	4,117	34	4,117
In default 90 days or more	30	1,245	30	1,245
Projects being acquired by mortgagee	8	916	8	916
Mortgage notes being assigned to FHA	4	193	4	193
Insured mortgages in default as of:				
Dec. 31, 1950	113	6,405	112	5,695
Dec. 31, 1949	84	4,143	84	4,143

Included among the defaulted projects were eight projects with 916 units which were in the process of being acquired by mortgagees through foreclosure proceedings, and 4 mortgage notes covering 193 units which were being assigned to FHA at the close of 1951.

Financial Institution Activity

Original financing.—The participation of the different types of lending institutions in the original financing of rental and cooperative project mortgages insured by FHA in 1951 is shown in Table 34. Continuing their postwar lead over all other types of institutions were the State banks. These institutions advanced nearly two-fifths

TABLE 34.—*Type of Institution Financing FHA-insured Rental and Cooperative Project Mortgages, 1951*

[Dollar amounts in thousands]

Type of institution	Number	Amount	Percentage distribution [1]	Number	Amount	Percentage distribution [1]
	All sections			Sec. 207		
National bank	117	$171,245	20.6	24	$18,854	56.7
State bank	159	225,413	39.0	18	8,538	25.7
Mortgage company	109	71,671	12.4	8	1,876	5.7
Life insurance company	40	37,989	6.6	3	495	1.5
Other insurance company	5	3,157	.5			
Savings bank	15	34,604	6.0	.5	1,876	5.7
Savings and loan association	15	5,081	.9	4	658	2.0
Federal agency	2	2,232	.4	1	542	1.6
All other [2]	11	26,549	4.6	3	364	1.1
Total	473	577,941	100.0	66	33,201	100.0
	Sec. 213			Sec. 608		
National bank	3	$10,435	14.3	57	$33,641	12.6
State bank	16	38,771	53.2	104	118,017	44.3
Mortgage company	8	2,580	3.5	85	53,649	20.1
Life insurance company				28	19,572	7.4
Other insurance company				5	3,157	1.2
Savings bank	3	7,286	10.0	7	25,442	9.6
Savings and loan association				10	2,803	1.1
Federal agency				1	1,691	.6
All other [2]	5	13,851	19.0	2	8,160	3.1
Total	35	[3] 72,921	100.0	209	266,132	100.0
	Sec. 608–610			Sec. 803		
National bank				33	$108,315	52.7
State bank				21	60,087	29.2
Mortgage company				8	13,558	6.6
Life insurance company	1	$35	100.0	8	17,898	8.7
Other insurance company						
Savings bank						
Savings and loan association				1	1,620	.8
Federal agency						
All other [2]				1	4,175	2.0
Total	1	35	100.0	72	205,653	100.0

[1] Based on amount of mortgage.
[2] Includes industrial banks, finance companies, investment companies, private and State benefit funds, and endowed institutions.
[3] Includes amendment of −$11,038 in mortgages financed by life insurance companies insured prior to 1951.

of the dollar amount of all insured project mortgages, a slight decline from their relative share in the previous year. Ranking second, with 30 percent, were the national banks, followed by mortgage companies which provided about one of every eight mortgage dollars. Both of the latter types of institutions registered moderate increases over 1950 in their relative degree of participation. On the other hand, the proportion of FHA project mortgages financed by savings banks declined by more than half, while the proportions for the insurance companies, savings and loan associations, and Federal agencies were slightly off from the previous year. Federal agency activity—exclusively FNMA financing of mortgages on Alaska projects—accounted for less than one-half of 1 percent of the total amount insured during 1951.

Table 34 shows that funds representing over half of the amount of Section 207 mortgages insured in 1951 were supplied by national banks, about one-fourth by State banks, and slightly more than 10 percent by mortgage companies and savings banks together. Mortgage lending on cooperative projects under Section 213 was dominated by State banks, with an investment company (classified under "all others" in the table) accounting for nearly one-fifth and the national banks slightly less than 15 percent of the total insured amount. In the Section 608 program also, State banks led the field with 44 percent of the total amount insured in 1951. Next in rank were mortgage companies, which financed one-fifth of the total. Most active in providing mortgage money for military housing projects under Section 803 were national banks, which accounted for more than half of the total amount, followed by State banks, which supplied nearly 30 percent.

Transfers—During 1951, financial institutions bought and sold more than $820,000,000 of FHA-insured project mortgages. Seven of every eight dollars in mortgages transferred had been insured under Section 608, and 11 percent under the Section 803 military housing program.

Table 35 reveals that savings banks were the most active purchasers of project mortgages last year, accounting for more than 40 percent of the total amount. Life insurance companies ranked next with nearly 23 percent of the aggregate amount of purchases. In third place were the mortgage companies, which acquired 15 percent of the project mortgages transferred—almost all purchased by the Institutional Securities Corporation (organized and sponsored jointly by the savings banks of New York State and classified by FHA as a mortgage company). The nearly 10 percent of the amount of the purchases by the miscellaneous types of institution were largely attributable to the Comptroller of the State of New York and to retire-

TABLE 35.—*Type of Institution Purchasing and Selling FHA-insured Rental and Cooperative Project Mortgages, 1951*

[Dollar amounts in thousands]

Type of institution	Number of institutions		Mortgages purchased			Mortgages sold		
	Purchasing	Selling	Number	Amount	Percentage distribution [1]	Number	Amount	Percentage distribution [1]
	All sections [2]							
National bank			82	$44,763	5.4	360	$213,511	25.9
State bank			48	25,371	3.1	467	442,155	53.7
Mortgage company			129	124,810	15.2	104	94,707	11.5
Life insurance company			273	187,865	22.8	15	8,899	1.1
Other insurance company			18	7,503	.9	12	5,596	0.7
Savings bank			489	342,367	41.6	48	28,568	3.5
Savings and loan association			5	1,146	.2	31	15,188	1.9
Federal agency			42	10,836	1.3	10	2,000	0.2
All other [3]			72	78,373	9.5	15	12,469	1.5
Total			1,158	823,094	100.0	1,158	823,094	100.0
	Sec. 207							
National bank		7				9	$2,876	54.1
State bank	2		2	$191	3.6			
Mortgage company	1	4	1	1,005	18.9	6	2,331	43.9
Life insurance company	4		7	2,807	52.8			
Other insurance company								
Savings bank	4		5	1,199	22.6			
Savings and loan association								
Federal agency								
All other [3]	1	1	1	110	2.1	1	105	2.0
Total	12	12	16	5,312	100.0	16	5,312	100.0
	Sec. 608							
National bank	12	71	77	$34,513	4.8	336	$151,107	20.8
State bank	11	53	45	20,507	2.8	462	431,225	59.5
Mortgage company	6	68	127	120,568	16.6	174	72,139	10.0
Life insurance company	33	6	252	141,488	19.5	15	8,899	1.2
Other insurance company	7	8	18	7,563	1.0	12	5,596	0.8
Savings bank	47	14	463	310,146	42.8	47	28,220	3.9
Savings and loan association	4	17	5	1,146	.2	30	13,568	1.9
Federal agency	1	1	42	10,836	1.5	9	1,652	0.2
All other [3]	12	6	70	77,915	10.8	14	12,364	1.7
Total	133	244	1,099	724,771	100.0	1,099	724,771	100.0
	Sec. 803							
National bank	2	12	5	$10,250	11.1	21	$59,528	64.5
State bank	1	4	1	4,583	5.0	5	10,930	11.8
Mortgage company	1	7	1	3,237	3.5	14	20,237	21.9
Life insurance company	3		14	43,571	47.2			
Other insurance company								
Savings bank	6		20	30,075	33.2			
Savings and loan association		1				1	1,620	1.8
Federal agency								
All other [3]								
Total	13	24	41	92,315	100.0	41	92,315	100.0

[1] Based on amount of mortgage.
[2] Includes transfers of 2 mortgages for $606,000 insured under Sec. 608–610. No Sec. 213 mortgages were transferred during 1951.
[3] Includes industrial banks, finance companies, investment companies, private and State benefit funds, and endowed institutions.

TABLE 36.—*Type of Institution Holding FHA-insured Rental and Cooperative Project Mortgages, Dec. 31, 1951*

[Dollar amounts in thousands]

Type of institution	Number of institutions	Number of mortgages	Amount	Percentage distributions [1]	Number of institutions	Number of mortgages	Amount	Percentage distributions
	All sections				Sec. 207			
National bank	-----	527.	$359, 202	9. 5	15	23	$20, 460	26. 8
State bank	-----	701	644, 008	17. 0	13	29	13, 254	17. 3
Mortgage company	-----	420	281, 623.	7. 5	5	8	2, 759	3. 6
Life insurance company	-----	3, 087	1,159,621	30. 7	15	35	11, 423	14. 9
Other insurance company	-----	292	92, 737	2. 4	-----	1	91	. 1
Savings bank	-----	1, 566	997, 398	26. 4	13	22	21, 999	28. 7
Savings and loan association	-----	94	25, 543	. 7	5	5	722	1. 0
Federal agency	-----	57	25, 581	. 7	1	2	633	. 8
All other [2]	-----	245	191, 206	5. 1	6	11	5, 220	6. 8
Total	-----	6, 989	3,776,916	100. 0	73	136	76, 560	100. 0
	Sec. 213				Sec. 608 [3]			
National bank	1	4	$11, 941	16. 3	89	454	$180, 235	5. 5
State bank	4	16	38, 783	52. 8	78	626	510, 985	15. 6
Mortgage company	3	4	1, 577	2. 1	56	407	274, 050	8. 4
Life insurance company	-----	-----	-----	-----	98	3, 013	1,073,447	32. 7
Other insurance company	-----	-----	-----	-----	25	291	92, 640	2. 8
Savings bank	3	3	7, 286	9. 9	79	1, 514	932, 883	28. 4
Savings and loan association	-----	-----	-----	-----	46	89	24, 821	. 8
Federal agency	-----	-----	-----	-----	1	54	24, 685	. 8
All other [2]	1	5	13, 851	18. 9	19	226	165, 746	5. 0
Total	12	32	73, 439	100. 0	491	6, 674	3,279,499	100. 0
	Sec. 608–610				Sec. 803			
National bank	-----	-----	-----	-----	16	46	$146, 557	43. 0
State bank	2	3	$1, 288	19. 4	6	27	79, 698	23. 4
Mortgage company	-----	-----	-----	-----	1	1	3, 237	. 9
Life insurance company	6	11	2, 611	39. 4	6	28	72, 140	21. 2
Other insurance company	-----	-----	-----	-----	-----	-----	-----	-----
Savings bank	3	3	2, 124	32. 0	6	24	33, 105	9. 7
Savings and loan association	-----	-----	-----	-----	-----	-----	-----	-----
Federal agency	1	1	263	4. 0	-----	-----	-----	-----
All other [2]	1	1	348	5. 2	2	2	6, 040	1. 8
Total	13	19	6, 634	100 0	37	128	340, 775	100. 0

[1] Based on amount of mortgage.
[2] Includes industrial banks, finance companies, investment companies, private and State benefit funds, and endowed institutions.
[3] Less than number and face amount in force due to lag in tabulation.

ment and pension fund systems. Federal agency purchases, exclusively by FNMA, amounted to about $11,000,000, or a little over 1 percent of the total.

The number and original principal amounts of FHA project mortgages sold by the several types of lending institutions last year is also presented in Table 35. Generally speaking, those types of institutions which have been the most active in the original financing of FHA project mortgages were also the leading sellers. State banks—the top ranking lenders in the postwar period—sold more than $440,000,000 of FHA project mortgages in 1951, more than half of the total. Next in rank, but with only one-fourth of total

sales, were national banks, followed by mortgage companies which accounted for nearly 1 of every 8 dollars in mortgages sold.

Because of the overwhelming predominance of Section 608 mortgages in transfers last year, purchases and sales of those mortgages are distributed by type of institution in about the same proportions as project mortgages under all sections combined.

In the case of Section 207 and Section 803 mortgages, however, the chief buyers are insurance companies, with savings banks playing a secondary role, while the principal sellers are national banks and mortgage companies.

Holdings.—Table 36 shows the number and original principal amount of FHA-insured project mortgages held in the portfolios of the several types of financial institutions as reported to and tabulated by FHA at the close of 1951. Heaviest investors in FHA project mortgages were life insurance companies with more than $1,100,000,-000—about 30 percent of the total amount. Next in rank were savings banks, which held nearly 1 billion dollars worth, or more than one-fourth of the total. State bank holdings of nearly $650,000,000 were the third largest, followed by national banks with over one-third of a billion dollars. Less than 1 percent of the total amount was held by FNMA, the only Federal agency holding FHA project mortgages at the year end.

Inasmuch as Section 608 insurance covered 87 percent of the face amount of the FHA project mortgages in the portfolios of the lending institutions, the different types of institutions ranked almost the same in the proportions of "608's" held as for all sections combined. The largest holdings of Section 207 mortgages were indicated for savings banks, national banks and State banks, in that order, while more than half the Section 213 mortgages were held by State banks. The principal types of institutions holding Section 803 military housing mortgages at the year end were national banks with more than two-fifths, and State banks and life insurance companies, each with more than one-fifth of the total amount.

Characteristics of Rental and Cooperative Projects

The characteristics of the new FHA rental and cooperative projects covered by commitments issued in 1951 are described in the following pages. In this analysis of their characteristics, the projects are classified as follows: the rental housing projects, comprising those approved under Sections 207, 608, and 803; the cooperative projects (both sales and management types) approved under Section 213; and all new projects combined. Nearly 80 percent of the new dwelling units underlying the project commitments issued in 1951 were in rental housing projects—46 percent in Section 803 military housing projects, 20 percent in Section 207 developments, and 12 percent in Section 608 projects. The remaining units were in Section 213 cooperative projects—16 percent in management-type[6] projects and 6 percent in sales-type projects.

A concise summary of the principal characteristics of the loans, projects, and dwelling units covered by FHA project mortgage commitments issued last year is provided by Table 37, with the various characteristics discussed in more detail later in the analysis.

Yearly trends.—Nineteen fifty-one marked the 17th year of FHA insurance activity in the development of large-scale rental housing projects. In Table 38 selected characteristics of the new FHA rental housing projects approved last year are compared with those of previous years, while the trends of these characteristics are shown graphically in Chart XVIII.

New rental projects covered by 1951 commitments were typically the largest in FHA history. The median project (113 units) contained more than twice the number of units in the comparable 1950 project and about 40 units more than the prewar typical project—previously the largest. Although rental projects approved in 1951 under Sections 207 and 608 were on the average appreciably larger than projects committed in other recent years, the major influence was the Section 803 military housing program, which accounted for nearly half of the rental units and involved a typical project of about 265 units.

More than half of all the rental units underlying 1951 commitments were in projects consisting of single-family structures (i. e. row, semidetached, and detached houses). This marked another high in FHA history, while the proportion of units in walk-up projects registered a record low of 35 percent. Here again the predominant influence of the Section 803 military housing program manifested itself, for more than 70 percent of these units were in single-family structures.

As the table and chart show, the typical dwelling unit in FHA rental projects approved last year contained 4.6 rooms—an increase of nearly ½ room over 1950 and the largest number of rooms since 1948. This increase in the size of the typical unit reflects the predominance of single-family structure projects, in which the great bulk of the units contained 5 or more rooms.

Despite the larger size of rental project dwelling units in 1951, the typical monthly rental of $71 was the lowest recorded for FHA rental

[6] In management-type projects, the cooperator purchases a membership in the cooperative organization which conveys the right to occupy an apartment. In sales-type projects, the cooperative organization constructs single-family homes which on completion are sold individually to the participating members.

TABLE 37.—*Summary of Characteristics of FHA New Rental and Cooperative Projects Covered by FHA Commitments Issued, 1951*

Program	Percent distribution of units by type of structure[1]			Size of project (units)		Median			
	Walk-up	Elevator	1-family	Median	Average	Size of units (rooms)[2]	Monthly rental per unit[2]	Mortgage per unit[2 3]	Ratio of mortgage to replacement cost
									Percent
Rental housing	35.0	12.8	52.2	112.5	182.4	4.6	$71.10	$7,522	85.5
Sec. 207 projects	55.3	9.7	35.0	42.0	94.6	4.3	63.94	6,043	81.1
Sec. 608 VEH[4] projects	39.6	59.6	.8	116.5	180.1	3.9	87.32	7,910	83.5
Sec. 803 military projects	25.0	2.7	72.3	264.0	309.2	5.1	70.31	7,918	89.4
Cooperative housing—Section 213	31.3	41.6	27.1	184.4	209.1	5.0	[5] 73.96	8,742	85.3
Management-type projects	42.7	56.6	.7	264.0	263.7	4.7	[5] 85.26	8,550	85.0
Sales-type projects	-----	-----	100.0	67.0	133.0	6.0	[5] 65.29	8,927	86.1
All new project housing	34.2	18.9	46.9	133.3	187.4	4.7	72.01	7,776	85.4

[1] Units in projects are classified by predominant type of structure. One-family structures include row, semidetached and detached structures.
[2] Exclusive of data for projects in Alaska covered by commitments issued under the Alaska Housing Act.
[3] Amount of mortgage allocable to dwelling use.
[4] Veterans' Emergency Housing program.
[5] Based on monthly charges, including, in management-type projects, member's prorata share of estimated monthly debt service and project operating and maintenance costs; and in sales-type projects estimated, total monthly mortgage payment (including real estate taxes and hazard insurance) of purchaser-member.

TABLE 38.—*Trend of Characteristics of FHA New Rental Projects and Dwelling Units, 1935–51*

Year[1]	Number of units per project		Number of rooms per dwelling unit		Monthly rental		Mortgage allocable to dwelling use[3]	
	Median	Average	Median	Average	Per unit[2]	Per room[3]	Per unit	Per room
1951	112.5	182.4	4.6	4.4	$71.10	$16.91	$7,133	$1,619
1950	48.6	97.6	4.2	3.9	78.87	20.06	7,140	1,835
1949	41.6	78.4	4.0	3.7	82.49	22.22	7,100	1,940
1948	22.5	51.1	4.7	4.3	87.50	20.13	7,645	1,769
1947	20.3	39.8	4.7	4.4	84.13	[4] 19.00	7,505	1,724
1942–46	41.0	75.9	4.0	3.7	56.45	15.10	4,427	1,187
1935–41	72.2	121.1	3.9	3.7	53.09	14.54	3,725	1,009

Year[1]	Percent of projects with			Percent of dwelling units in		
	Walk-up structures	Elevator structures	1-family[5] structures	Walk-up structures	Elevator structures	1-family[5] structures
1951	49.4	10.1	40.5	35.0	12.8	52.2
1950	59.0	18.0	23.0	40.0	30.8	29.2
1949	68.8	14.0	17.2	58.2	26.7	15.1
1948	84.4	3.1	12.5	70.7	13.1	10.2
1947	85.9	1.1	13.0	83.6	2.7	13.7
1942–46	81.6	-----	18.4	79.4	-----	20.6
1935–41	87.0	9.9	[6] 3.1	84.4	14.0	[6] 1.6

[1] Data for the period 1935–41 are based on mortgages insured under Sec. 207; for the period 1942–46 on mortgages insured under War Housing provisions of Sec. 608; for the years 1947–49 on commitments to insure mortgages under the Veterans' Emergency Housing provisions of Sec. 608; and for 1950–51 on commitments issued under Secs. 207, 608, and 803.
[2] Data shown are medians.
[3] Data shown are arithmetic means.
[4] Estimated.
[5] Includes row, semidetached, and detached structures.
[6] In compilation of Sec. 207 data for this period, row-house projects were classified as walk-ups.

projects approved in the postwar period. On a per-room basis, monthly rentals reported last year averaged about $17, some $3 less than in 1950 and $5 under the postwar high reported in 1949. Compared with the prewar Section 207 projects, the monthly rental for the 1951 units averaged only about $2.50 more per room. (Table 38 and Chart XVIII.)

TREND OF CHARACTERISTICS OF FHA NEW RENTAL PROJECTS AND DWELLING UNITS, 1935 - 1951

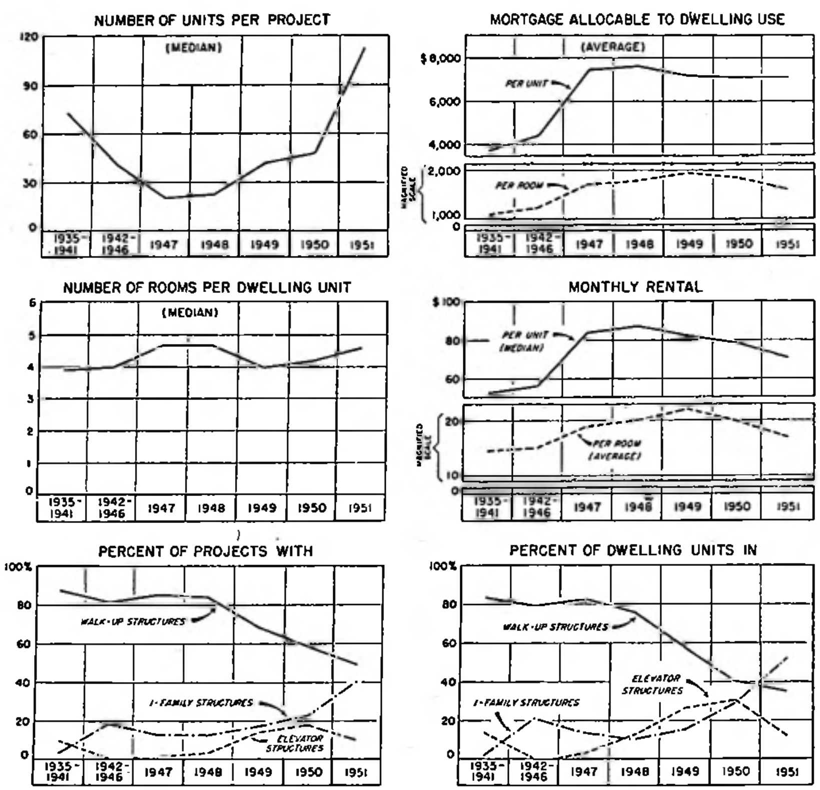

CHART XVIII

The lower level of the rentals reported for the 1951 rental projects is due principally to the high proportions of units under all sections provided in single-family structures with rents which generally represent only shelter rent. This is in contrast to the higher rentals for walk-up and elevator apartments, which ordinarily cover heat, hot water, ranges, refrigerators, janitor and grounds maintenance services, and often electricity and gas for lighting, cooking, and refrigeration purposes.

The average amounts of mortgage allocable to dwelling purposes on a unit and room basis reflect primarily the influence of construction costs on mortgage financing. FHA's credit restriction regulations on rental project financing—in line with Regulation X of the Federal Reserve Board—had only a very limited effect on the mortgage amounts of projects approved in 1951.[7] The Section 608 projects and the Section 803 military housing projects, accounting for nearly 75 percent of the aggregate mortgage amount, and the Section 207

TABLE 39.—*Type of Project for New Rental and Cooperative Projects Securing Mortgages Committed for FHA Insurance, 1951*

Type of project by type of structure	All projects	Rental housing				Cooperative housing, Sec. 213		
		All rental projects	Sec. 207 projects	Sec. 608 VEH projects	Sec. 803 military projects	All cooperative projects	Management-type projects	Sales-type projects
	Percentage distributions of projects							
Walk-up structures, total	44.5	49.4	63.0	57.1	26.5	23.6	40.6	-
1- and 2-story combined	1.7	2.2	.8	-	4.8	-	-	-
2-story	35.2	38.0	47.1	45.7	21.7	23.6	40.6	-
2- and 3-story combined	3.8	4.6	9.2	-	-	-	-	-
3-story	3.8	4.6	5.9	11.4	-	-	-	-
Elevator structures	14.1	10.1	6.7	40.0	2.4	30.9	53.1	-
One-family structures, total	41.4	40.5	30.3	2.9	71.1	45.5	6.3	100.0
Row house	21.6	26.6	26.9	-	37.4	-	-	-
Semidetached	8.5	10.5	3.4	2.9	24.1	-	-	-
Detached	11.3	3.4	-	-	9.6	45.5	6.3	100.0
All types	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Percentage distributions of units							
Walk-up structures, total	34.2	35.0	55.3	39.6	25.0	31.3	42.7	-
1- and 2-story combined	1.9	2.4	.2	-	4.0	-	-	-
2-story	30.4	30.2	47.9	35.7	21.0	31.3	42.7	-
2- and 3-story combined	1.0	1.3	5.1	-	-	-	-	-
3-story	.9	1.1	2.1	3.9	-	-	-	-
Elevator structures	18.9	12.8	9.7	59.6	2.7	41.6	56.6	-
One-family structures, total	46.9	52.2	35.0	.8	72.3	27.1	.7	100.0
Row-house	24.5	31.0	31.9	-	38.1	-	-	-
Semidetached	10.3	13.1	3.1	.8	20.5	-	-	-
Detached	12.1	8.1	-	-	13.7	27.1	.7	100.0
All types	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[7] Pursuant to objectives of Regulation X of the Federal Reserve Board as amended January 12, 1951, to include multifamily dwellings, the FHA limited the maximum amounts of rental project mortgages covered by applications received on or after that date to 83 percent of the first $7,000 of the cost or value per family unit (as estimated by FHA) plus 53 percent of the remainder. Military housing and projects outside the continental United States were exempted. The maximum loan-to-cost ratio for Section 213 management-type cooperative projects was 83 percent and could be increased to a maximum of 88 percent if the World War II veteran participation equaled or exceeded 65 percent. Sales-type projects were subject to the home mortgage limitations described elsewhere in this report.

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projects programed as defense housing or covered by pre-regulation applications were not subject to the credit restrictions.

The average mortgage amount per room—a more reliable measure of the general trend than the average per unit because of variation in the sizes of typical units from year to year—reached a postwar low of $1,619 in 1951, a decline of more than 10 percent from the previous year.

Type of project.—Table 39 and Chart XIX show that walk-up buildings and single-family houses were the most popular types of structures in all new FHA projects approved last year, with the latter type accounting for the largest share (47 percent) of the units. Less than one-fifth of the units were provided in elevator projects.

In the rental housing projects, the concentration of units in one-family structures was even more pronounced, principally due to the predominance of the Section 803 projects. More than 7 out of 10 of the military dwellings and, consequently, more than half of all rental units were in row, semidetached, or detached houses.

The largest proportion (42 percent) of the units in the Section 213 cooperative projects were in elevator projects, compared with about 30 percent in walk-up buildings and 27 percent in single-family detached houses.

DISTRIBUTION OF PROJECTS AND DWELLING UNITS BY TYPE OF PROJECT, 1951

FHA COMMITMENTS TO INSURE NEW PROJECT MORTGAGES UNDER SECTIONS 207, 608, 803 & 213

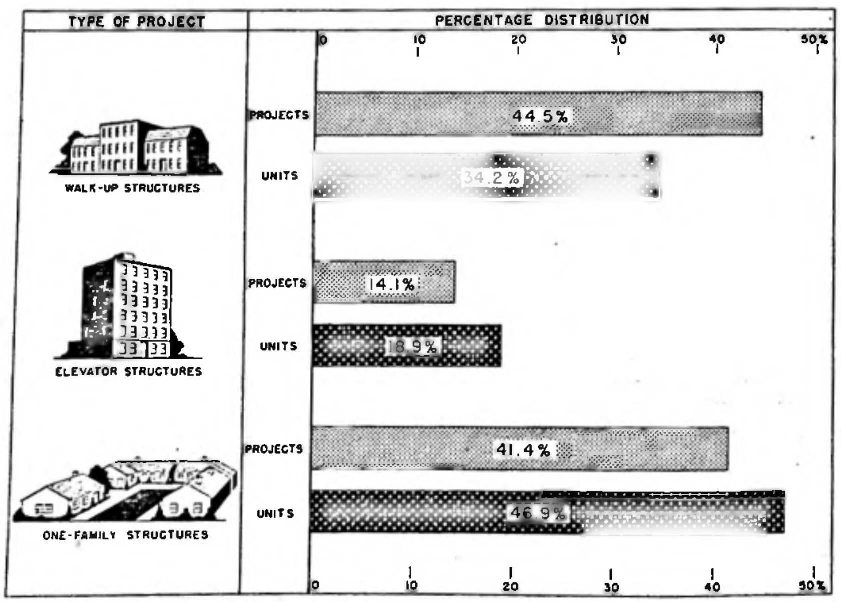


CHART XIX

Size of project.—More than half of the new FHA projects covered by 1951 commitments contained 100 or more units, and nearly 40 percent had 200 units or more (Table 40 and Chart XX). Projects ranged in size from 8 to 815 units, with the typical project having 133 units.

TABLE 40.—*Size of Project for New Rental and Cooperative Projects Securing Mortgages Committed for FHA Insurance, 1951*

Number of dwelling units per project	All projects	Rental housing				Cooperative housing Sec. 213		
		All rental projects	Sec. 207 projects	Sec. 608 VEH projects	Sec. 803 military projects	All cooperative projects	Management-type projects	Sales-type projects
	Percentage distributions of projects							
8 to 9	0.7	0.8	----	5.7	----	----	----	----
10 to 24	19.6	22.8	42.1	11.4	----	5.5	6.3	4.4
25 to 49	9.6	9.3	13.4	8.6	3.6	10.9	3.1	21.7
50 to 99	14.7	15.2	19.3	20.0	7.2	12.7	3.1	26.1
100 to 149	8.2	7.6	4.2	11.4	10.9	10.9	9.4	13.0
150 to 199	8.9	7.6	5.0	11.5	9.6	14.5	12.5	17.4
200 to 299	14.4	13.5	9.2	5.7	22.9	18.2	25.0	8.7
300 to 399	10.6	9.7	3.4	5.7	20.5	14.5	25.0	----
400 to 499	5.1	4.6	----	14.3	7.2	7.3	12.5	----
500 or more	8.2	8.9	3.4	5.7	18.1	5.5	3.1	8.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median number of units per project	133.3	112.5	42.0	116.5	261.0	184.4	264.0	67.0
	Percentage distributions of units							
8 to 9	(1)	(1)	----	0.3	----	----	----	----
10 to 24	1.9	2.3	8.1	1.2	----	0.3	0.3	0.4
25 to 49	2.0	2.0	5.3	2.1	0.5	2.0	.5	6.1
50 to 99	5.5	6.1	13.3	8.0	2.5	3.4	.7	10.7
100 to 149	5.7	5.5	7.7	7.9	4.0	6.5	4.2	12.8
150 to 199	9.0	8.2	9.8	10.5	6.9	12.0	8.4	21.8
200 to 299	19.9	19.4	24.3	7.3	20.3	21.6	23.9	15.5
300 to 399	19.6	18.1	11.6	11.3	22.5	25.4	34.6	----
400 to 499	12.0	11.0	----	33.9	10.2	15.7	21.4	----
500 or more	24.4	27.4	19.9	17.5	33.1	13.1	6.0	32.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average number of units per project	187.4	182.4	94.6	180.1	309.2	209.1	263.7	133.0

[1] Less than 0.05 percent.

Rental housing projects tended to be smaller than the cooperative projects under Section 213, as evidenced by the respective medians of 113 and 184 units. Rental projects approved under Section 207 and sales-type cooperative projects under Section 213 were typically the smallest (medians of 42 units and 67 units, respectively), while the largest projects were the military housing developments under Section 803 and the Section 213 management-type cooperatives, each with a median project of 264 units.

About three-fourths of the units—both rental housing and cooperative—were in projects of 200 or more units. In Section 803 military housing the proportion was as high as 7 out of 8 units, with projects of 500 or more units providing one-third of the total. Approximately the same proportion of the sales-type cooperative dwellings were in projects of 500 or more units.

Chart XX, showing combined data for all new FHA projects approved in 1951, indicates that only in walk-up projects were the smaller-size projects significant—one-third having less than 25 units, contrasted with only 5 percent of the elevator and 10 percent of the

DISTRIBUTION OF PROJECTS AND UNITS BY SIZE OF PROJECT, 1951

FHA COMMITMENTS TO INSURE NEW PROJECT MORTGAGES UNDER SECTIONS 207, 608, 803 AND 213

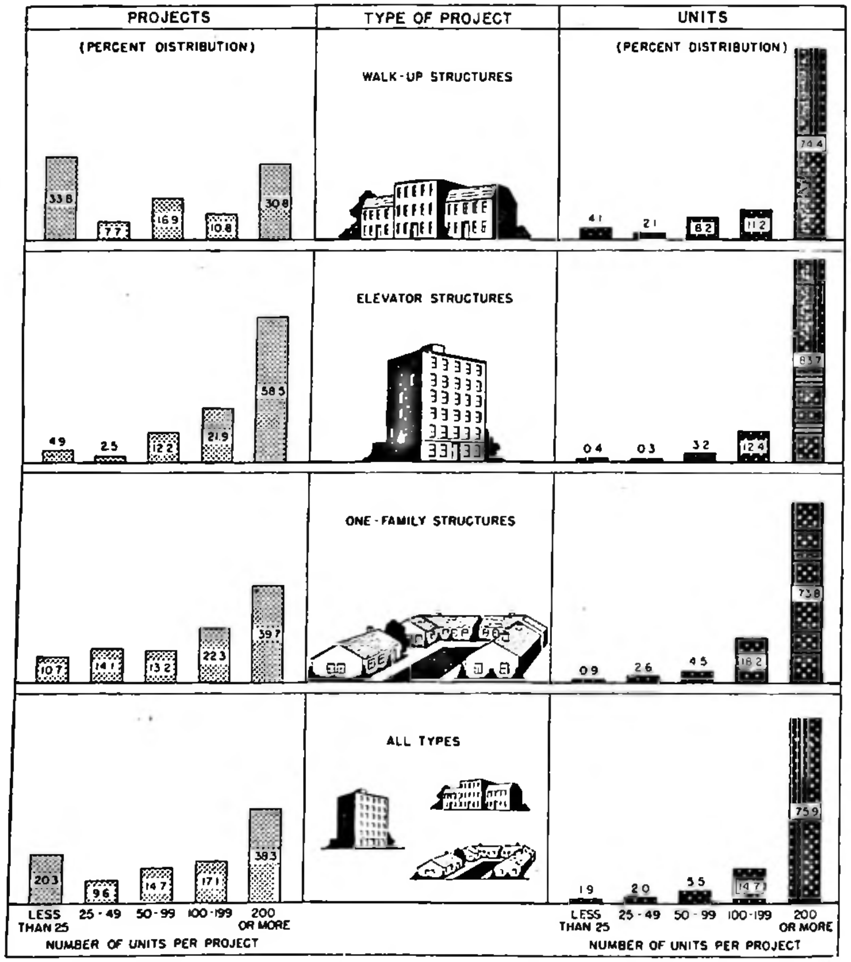


CHART XX

one-family structure projects. Elevator projects were decidedly the largest, with nearly 60 percent of the projects falling in the 200 or more unit category. In walk-up and single-family structure projects, the comparable proportions were 31 percent and 40 percent, respectively.

The chart shows that the largest projects, irrespective of type of structure, accounted for a preponderance of the units—5 out of 6 elevator apartments, 3 of every 4 walk-up units, and 3 of every 4 units in single-family dwellings reported in projects containing 200 or more units.

Mortgage allocable to dwellings.—The typical dwelling in new FHA projects approved in 1951 secured a mortgage of $7,800, involving medians of $7,500 for rental units and $8,700 for Section 213 cooperative projects. For the individual programs, the medians ranged from $6,043 for Section 207 to $8,550 for management-type apartments and $8,927 for sales-type dwellings under Section 213. In both Section 608 and Section 803 projects, the typical unit mortgage amounted to about $7,900.

Table 41 shows that half of the rental housing units were in projects with mortgages attributable to dwelling purposes averaging between $7,500 and $8,499 per unit, about one-third being in the $6,000 to $7,499 range, while nearly one-sixth had mortgages of less than $6,000. Only 2 percent of the rental unit mortgages averaged more than $8,100, and all of these were in military housing projects approved under Section 803—the only FHA rental project section under which project mortgages may be in excess of $8,100 per unit.

Of the rental project programs, only Section 207 was substantially affected by the FHA credit restrictions on project mortgages imposed concurrently with the amendments to Regulation X on January 12, 1951. These restrictions did not apply to military housing, thus exempting Section 803 projects, nor to applications received prior to the date of credit controls, thus exempting Section 608 applications for new commitments. Only a very small number of Section 207 projects—either programed as defense housing or covered by applications received prior to the date of controls—were exempted. Consequently, the largest proportion of units with mortgages in the lower amount brackets were found in Section 207 projects, where 3 of every 8 units averaged less than $6,000 and 3 of 4 less than $6,500. Also contributing to the lower unit mortgage amounts under this section were legislative provisions limiting the mortgages to $7,200 per unit

TABLE 41.—*Mortgage Allocable to Dwellings for New Rental and Cooperative Projects Securing Mortgages Committed for FHA Insurance, 1951* [1]

Average amount of mortgage per dwelling unit [2]	All projects	Rental housing				Cooperative housing Sec. 213		
		All rental projects	Sec. 207 projects	Sec. 608 VEH projects	Sec. 803 military projects	All cooperative projects	Management-type projects	Sales-type projects [3]
	Percentage distributions of projects							
Less than $4,000	1.0	2.1	4.3	-------	-------	-------	-------	-------
$4,000 to $4,999	3.4	3.9	6.9	-------	1.2	-------	-------	-------
$5,000 to $5,999	13.6	15.4	25.2	-------	8.4	-------	-------	-------
$6,000 to $6,499	11.3	12.9	20.9	11.4	2.4	-------	-------	-------
$6,500 to $6,999	12.8	14.6	19.1	11.4	9.6	-------	-------	-------
$7,000 to $7,499	14.0	15.9	20.1	5.7	14.5	-------	-------	-------
$7,500 to $7,999	12.4	14.2	2.6	31.5	22.9	-------	-------	-------
$8,000 to $8,499	10.2	20.6	.9	40.0	39.8	9.4	9.4	-------
$8,500 to $8,999	10.2	.4	-------	-------	1.2	81.2	81.2	-------
$9,000 to $9,999	.8	-------	-------	-------	-------	6.3	6.3	-------
$10,000 or more	.4	-------	-------	-------	-------	3.1	3.1	-------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	-------
	Percentage distributions of units [4]							
Less than $4,000	1.3	1.7	6.5	-------	-------	-------	-------	-------
$4,000 to $4,999	.8	1.0	2.3	-------	0.7	-------	-------	-------
$5,000 to $5,999	10.7	13.6	28.5	-------	10.5	-------	-------	-------
$6,000 to $6,499	9.4	11.7	37.6	8.6	1.4	0.7	-------	2.8
$6,500 to $6,999	8.0	9.8	10.4	12.2	8.9	1.5	-------	5.7
$7,000 to $7,499	9.3	11.2	12.2	4.2	12.4	2.1	-------	8.0
$7,500 to $7,999	18.9	23.4	1.1	45.2	27.0	2.0	-------	7.6
$8,000 to $8,499	22.9	27.4	1.4	29.8	38.1	5.9	6.2	5.2
$8,500 to $8,999	16.6	.2	-------	-------	.4	77.9	93.0	36.0
$9,000 to $9,999	1.3	-------	-------	-------	-------	6.3	.3	22.7
$10,000 or more	.8	-------	-------	-------	-------	3.6	.5	12.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median amount [5]	$7,776	$7,522	$6,043	$7,910	$7,918	$8,742	$8,550	$8,027

[1] Exclusive of projects in Alaska covered by commitments issued under Alaska Housing Act.
[2] Dwelling units not producing income, e. g., janitor units, are included in computation of this average.
[3] Data on project distributions are not significant.
[4] Data based on the average unit amount per project for all projects except Sec. 213 sales-type, the data for which are based on the estimated mortgage amounts for the individual homes.
[5] Based on dwelling unit distribution.

for those projects in which the average unit contained less than 4½ rooms. This limitation was eased in September 1951 by lowering the average to 4 rooms, but about three-fourths of the Section 207 units had been approved prior to that time.

While the credit restrictions were also applicable to Section 213 projects, the effect was not nearly as marked as in the case of those processed under Section 207. Of the management-type units approved in 1951, less than 1 percent were subject to the Regulation X credit controls—nearly all applications for these commitments having been filed prior to the effective date of Regulation X. In the sales-type projects, 30 percent of the units were covered by applications filed prior to the date of Regulation X and another 27 percent were submitted under the liberalized controls effective in September 1951 for single-family houses.

The mortgage amount distributions shown in Table 41 for the cooperative housing projects tend, therefore, to reflect the legislative maximum mortgage amounts specified in Section 213. More than 90 percent of the management-type apartments were in projects with mortgages averaging between $8,500 and $8,999. Mortgage amounts indicated for the sales-type dwellings covered a wider range—more than 60 percent having mortgages of $8,000 to $9,999; one-fourth, mortgages of $6,000 to $7,999; and 12 percent, mortgages of $10,000 or more.

The relationship between the type of project and the average amount per unit of that portion of the mortgage which is allocable to dwellings is depicted in Chart XXI. Projects consisting of single-family structures not only had the largest proportion of units in the less than $6,000 category (17.3 percent), but also had the highest proportion in the $9,000 or more group—the latter all representing homes in Section 213 sales-type cooperatives. Nearly a third of the one-family dwellings had mortgages of $7,000 to $7,999, while another group nearly as large involved mortgages of $8,000 to $8,999. Almost three of every five elevator apartments were in projects with mortgages averaging $8,000 to $8,999, with another third in the $7,000 to $7,999 range. In walk-up projects, the mortgages secured by two-fifths of the units averaged less than $7,000 and a like proportion had mortgages of from $8,000 to $8,999.

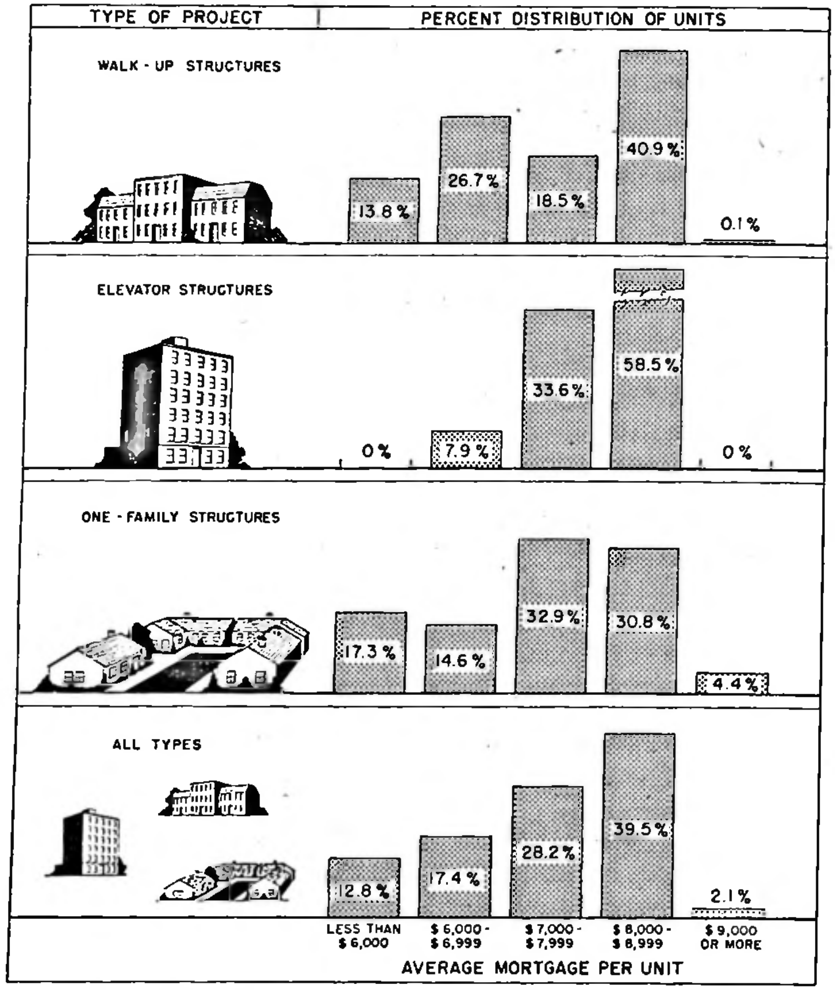
Excluded from Table 41 and Chart XXI are data on the Alaska projects covered by commitments issued in 1951—all under Section 207. In recognition of substantially higher construction costs in this territory, the Alaska Housing Act, as approved April 23, 1949, provided that mortgage amounts per unit for Alaska projects could average as much as one-third more (one-half more after September 1, 1951) than the maximums specified under the several home and project mortgage sections of the National Housing Act. Mortgages on Alaska projects covered by commitments made in 1951 typically involved a mortgage amount of $10,800.

Ratio of mortgage amount to replacement cost.—Mortgage funds provided about 85 percent of the estimated replacement cost of the typical dwelling in the new rental and cooperative projects approved by FHA last year. Under the various programs, the median mortgage-to-cost ratios ranged from 81 percent for Section 207 rental projects to 89 percent for Section 803 military housing, compared with medians of 84 percent for Section 608, and 85 and 86 percent respectively for management-type and sales-type cooperative projects under Section 213 (See Table 42).

In Section 207 projects representing more than two-fifths of the units, the mortgage-to-cost ratio was less than 80 percent, while only

DISTRIBUTION OF AVERAGE MORTGAGE* PER UNIT BY TYPE OF PROJECT, 1951

FHA COMMITMENTS TO INSURE NEW PROJECT MORTGAGES UNDER SECTIONS 207, 608, 803 AND 213



*AMOUNT ALLOCABLE TO DWELLINGS

CHART XXI

2 percent of the units were in projects where the mortgage amounted to 85 percent or more of the cost. The predominance of the lower ratio mortgages in Section 207 projects is due principally to the higher equity requirements imposed by the FHA as a result of Regulation X controls, virtually four-fifths of the units being limited to the maximum ratio permitted under these controls.

TABLE 42.—*Ratio of Mortgage Amount to Replacement Co... for New Rental and Cooperative Projects Securing Mortgages Committed for FHA Insurance, 1951*

Mortgage as a percent of replacement cost	All projects	Rental housing				Cooperative housing Sec. 213		
		All rental projects	Sec. 207 projects	Sec 608 VEH projects	Sec. 803 military projects	All cooperative projects	Management-type projects	Sales-type projects
	Percentage distributions of projects							
Less than 70	6.5	8.0	15.1	2.0	-----	-----	-----	-----
70 to 74.9	15.1	18.1	32.8	11.4	-----	1.8	3.1	-----
75 to 79.9	13.4	.15.6	24.4	11.4	4.8	3.6	-----	8.7
80 to 82.4	10.9	13.5	18.5	8.0	8.5	-----	-----	-----
82.5 to 84.9	15.4	11.4	5.0	40.0	8.5	32.7	53.2	4.3
85.0 to 87.4	11.6	5.5	1.7	14.3	7.2	38.2	28.1	52.2
87.5 to 89.9	16.8	10.5	.8	11.4	40.9	18.2	15.6	21.7
90.0 [1]	10.3	11.4	1.7	-----	30.1	5.5	-----	13.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Percentage distributions of units							
Less than 70	1.5	1.8	7.0	0.2	-----	-----	-----	-----
70 to 74.9	4.1	5.1	19.0	1.3	-----	0.1	0.1	-----
75 to 79.9	8.8	8.8	18.1	10.3	4.5	8.7	-----	32.7
80 to 82.4	13.7	17.3	46.0	3.0	8.2	-----	-----	-----
82.5 to 84.9	20.0	15.5	7.8	60.7	7.7	30.9	49.8	1.4
85.0 to 87.4	13.2	6.9	.6	18.0	6.9	36.9	34.5	43.7
87.5 to 89.9	22.7	24.5	1.0	6.5	39.2	16.4	15.6	18.5
90.0 [1]	10.0	20.1	.5	-----	33.5	1.0	-----	3.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median ratio [2]	85.4	85.5	81.1	83.5	89.4	85.3	85.0	86.1

[1] Maximum ratio of 95 percent permitted under Sec. 213.
[2] Based on dwelling unit distribution.

Another factor effecting lower mortgage-to-cost ratios in Section 207 projects is the statutory requirement that the basis for determining maximum mortgage amount shall be the FHA estimate of the value of the project. Since value may not exceed replacement cost, the ratios of mortgage-to-cost must average less than the ratios of mortgage to value for the same commitments. In the following table, the Section 207 units covered by 1951 commitments are distributed by the ratio of mortgage amount to FHA estimate of project value:

Mortgage as percent of value	*Percent distribution*
Less than 70.0	-----
70 to 79.9	20.6
80 to 82.9	49.9
83.0	8.5
83.1 to 89.9	10.2
90.0	10.8
Total	100.0

Irregular intervals in the above distribution emphasize the tendency for the greater number of the Section 207 units to cluster about the 83 percent ratio—the maximum for projects subject to credit controls. (See description of credit restrictions in footnote 7.)

In Section 803 military housing projects, exempt from credit controls, the mortgages for nearly two-fifths of the units averaged between 87½ and 90 percent of the replacement cost, while the maximum 90 percent ratio was reported for projects with one-third of the units. Although not subject to Regulation X restrictions, only one-fourth of the Section 608 units had mortgage-to-cost ratios of 85 percent or more and none were in the maximum 90 percent category. The mortgages for most of the units (61 percent) averaged between 82.5 and 84.9 percent of the current replacement cost. A partial explanation of the concentration of the units in this ratio bracket is the rise in construction costs since December 31, 1947, inasmuch as the replacement cost estimate used in determining maximum mortgage amounts for Section 608 projects may not exceed the cost as of that date.

Table 42 shows that nearly three-fourths of the units in Section 213 cooperative projects approved in 1951 had mortgages averaging between 82.5 and 87.4 percent of replacement cost. Nearly half of the apartments in management-type projects were in the interval from 82.5 to 84.9 percent, while the bulk of the sales-type dwellings (44 percent) had mortgage-to-cost ratios of 85.0 to 87.4 percent. Inasmuch as virtually all the management-type units were exempt from Regulation X controls and veteran participation equaled or exceeded 65 percent of the total membership in most projects,[8] it would appear that it was the higher construction costs of these projects that resulted in the relatively low proportion of units at or near the maximum ratios.

Among units in sales-type cooperatives, two-thirds had loan-cost ratios of 85 percent or more. The combined effect of credit restrictions and low veteran participation, however, is apparent with respect to one-third of the dwellings which had mortgage-to-cost ratios of 75 to 79.9 percent. Veterans represented about 41 percent of the total membership in the sales-cooperatives, compared with 69 percent in the management projects.

Size of dwelling unit.—Reflecting the larger size of the dwellings in military units and cooperative housing projects, the typical dwelling unit in new FHA projects approved in 1951 had 4.7 rooms. In the rental projects the median was 4.6 rooms compared with the slightly larger 5.0 rooms for cooperative projects.

Table 43 shows that the most popular units in the rental projects were those with 4, 4½ or 5 rooms. About 10 percent had 6 rooms or

[8] Under Section 213, the maximum loan-cost ratio is restricted by the legislation to 90 percent, except that this maximum ratio is increased by 0.05 percent for each 1 percent of the membership of the cooperative which consists of veterans; or, if at least 65 percent of the membership consists of veterans, the maximum loan-cost ratio is increased to 95 percent.

TABLE 43.—*Size of Dwelling Unit for New Rental and Cooperative Projects Securing Mortgages Committed for FHA Insurance, 1951*[1]

Number of rooms per unit[2]	All projects	Rental housing				Cooperative housing Sec. 213		
		All rental projects	Sec. 207 projects	Sec. 608 VEH projects	Sec. 803 military projects	All cooperative projects	Management-type projects	Sales-type projects
	Percentage distributions of units							
Less than 3	2.9	3.6	3.0	16.6	0.3			
3	4.7	5.6	4.7	10.2	4.9	1.2	1.6	
3½	11.8	8.5	6.3	28.7	4.5	24.3	33.5	
4	22.9	28.4	64.1	15.3	16.3	1.4	.3	4.3
4½	17.0	16.1	16.2	17.1	16.8	23.6	32.5	
5	23.8	23.1	3.9	12.1	34.1	26.3	24.2	31.9
5½	4.3	4.1	.1		6.8	5.3	7.4	
6 or more	12.0	10.6	.8		17.3	17.9	.5	63.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median (rooms)	4.7	4.6	4.3	3.9	5.1	5.0	4.7	6.0

[1] Exclusive of projects in Alaska covered by commitments issued under the Alaska Housing Act.
[2] FHA room count excludes baths, closets, halls, and similar spaces.

more and slightly less than this proportion contained 3 rooms or less. In Section 207 projects, the medium-size units predominated—nearly 65 percent having 4 rooms—while the majority of the Section 608 units (56 percent) contained 3½ rooms or less, a reflection of the heavy proportion of elevator apartments in these projects. Relatively few of the smaller units were found in the Section 803 military housing projects, where nearly 9 of every 10 units provided 4 rooms or more, and 3 of every 5 had 5 rooms or more. A predominance of single-family structures in military housing is a concomitant of the larger size of the units.

In cooperative housing projects, the principal dwelling sizes were 3½, 4½, and 5 rooms, each representing about a fourth of the total, while slightly less than one-fifth of the units had 6 rooms.

In management-type projects, which consisted almost exclusively of elevator and walk-up structures, one-third of the units contained 3½ rooms, another third 4½ rooms, and nearly one-fourth had 5 rooms. Almost 5 of every 8 sales-cooperative dwellings were 6-room houses, and almost one-third had 5 rooms.

Chart XXII reveals an unusually high proportion of larger-size units in the walk-up and elevator projects approved by FHA last year. About one-third of the walk-up dwellings had 5 rooms or more, while almost the same proportion of the elevator apartments contained 4½ rooms—reflecting the relatively large numbers of units of these sizes in the Section 213 management cooperative projects of the walk-up and elevator type. Nearly 3 of every 5 single-family dwellings contained 5 rooms or more and only about 5 percent contained 3½ rooms

SIZE OF DWELLING UNIT BY TYPE OF PROJECT, 1951
FHA COMMITMENTS TO INSURE NEW PROJECT MORTGAGES UNDER SECTIONS 207, 608, 803 AND 213

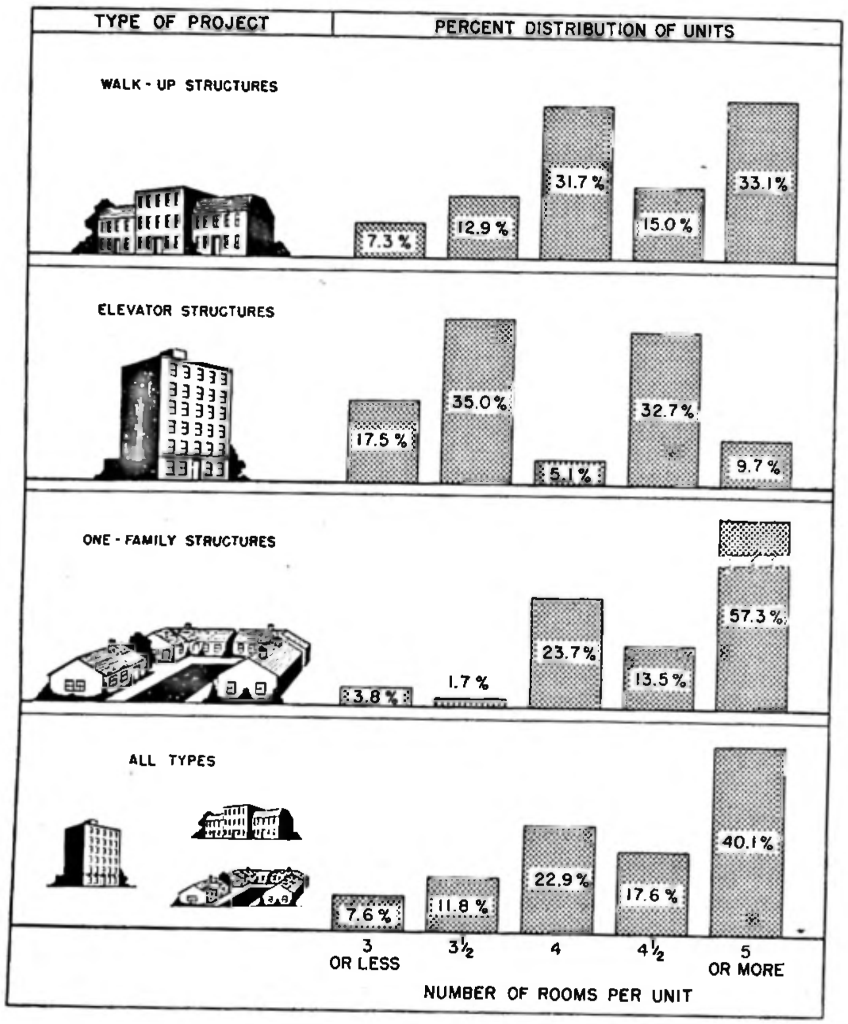


CHART XXII

or less. On the other hand, the bulk of the elevator apartments were small, with more than half containing 3½ rooms or less.

Monthly rental.—Table 44 and Chart XXIII show the distributions of the monthly rentals and charges for dwelling units in the rental and cooperative projects covered by FHA commitments issued in 1951. These data are based on estimates prepared in connection with the FHA underwriting analysis of project mortgage cases, which are

generally representative of the actual rentals or charges, although adjustments may be made if justified by changes in construction or operating costs.

In management-type cooperative projects, monthly charges represent each member's pro rata share of the estimated monthly amount of debt service (payment of mortgage principal, taxes, interest and FHA insurance premium), project operating and maintenance costs (includ-

TABLE 44.—*Monthly Rental for New Rental and Cooperative Projects Securing Mortgages Committed for FHA Insurance, 1951* [1]

Monthly rental per dwelling unit	All projects	Rental housing				Cooperative housing, Sec. 213 [2]		
		All rental projects	Sec. 207 projects	Sec. 608 VEH projects	Sec. 803 military projects	All cooperative projects	Management-type projects	Sales-type projects
	Percentage distributions of units							
Less than $50	2.3	2.7	2.3	....	3.6	0.7	....	2.7
$50 to 59.99	12.8	13.6	15.0	0.4	16.2	10.0	1.7	31.8
$60 to 69.99	20.4	31.1	47.2	10.2	29.3	22.4	8.5	59.2
$70 to 79.99	21.4	20.6	5.7	27.3	25.3	24.5	31.4	6.3
$80 to 89.99	14.1	11.0	6.7	14.3	13.1	23.0	32.6	....
$90 to 99.99	10.0	8.8	7.7	12.5	8.4	14.7	20.3	....
$100 to 109.99	3.6	3.7	5.2	3.4	3.1	3.4	4.6	....
$110 to 124.99	4.7	5.7	8.7	20.1	.9	.7	.9	....
$125 or more	1.7	2.2	1.5	11.8	.1	....	....	....
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median rental	$72.01	$71.10	$63.94	$87.32	$70.31	$73.96	$85.26	$65.29

[1] Exclusive of projects in Alaska covered by commitments issued under the Alaska Housing Act.
[2] Data based on monthly charges, including, in management-type projects, member's prorata share of estimated amount of monthly debt service and project operating and maintenance costs; and, in sales-type projects, estimated total monthly mortgage payment (including real estate taxes and hazard insurance) of purchaser-member.

ing reserves for replacements), and a general operating reserve to cover delinquent payments and vacancies. The monthly charge in a sales-type project is the estimated total monthly mortgage payment (of principal, interest, FHA insurance premium, real estate taxes and hazard insurance) for the house being purchased by each member of the cooperative.

The typical monthly rental for rental projects approved in 1951 was $71, compared with typical monthly charges of $74 for the cooperative projects. Over half of all project units had monthly rents or charges of $60 to $79, with one-fourth in the $80 to $99 range, 15 percent at less than $60, and only 10 percent costing $100 or more.

The lowest median rental—$64—was reported for the Section 207 projects, in which 70 percent of the units were proposed to rent for less than $80 monthly, more than one-sixth for less than $60. In Section 608 projects, on the other hand, 35 percent of the units had reported rentals of $100 or more, 38 percent rentals of $60 to $79, and one-fourth rentals of $80 to $99. About 1 of every 5 units in Section 803 military projects was approved for a rental of less than $60, with more than half in the $60 to $79 range and less than 5 percent renting for $100 or more.

Monthly charges for approximately 70 percent of the Section 213 cooperative housing units ranged from $60 to $89, with an almost equal distribution in the $60 to $69, $70 to $79, and $80 to $89 intervals. About 10 percent of the units had charges of less than $60, while only 4 percent of the units were to cost members $100 or more monthly.

MONTHLY RENTAL BY TYPE OF PROJECT, 1951

FHA COMMITMENTS TO INSURE NEW PROJECT MORTGAGES UNDER SECTIONS 207, 608, 803, & 213

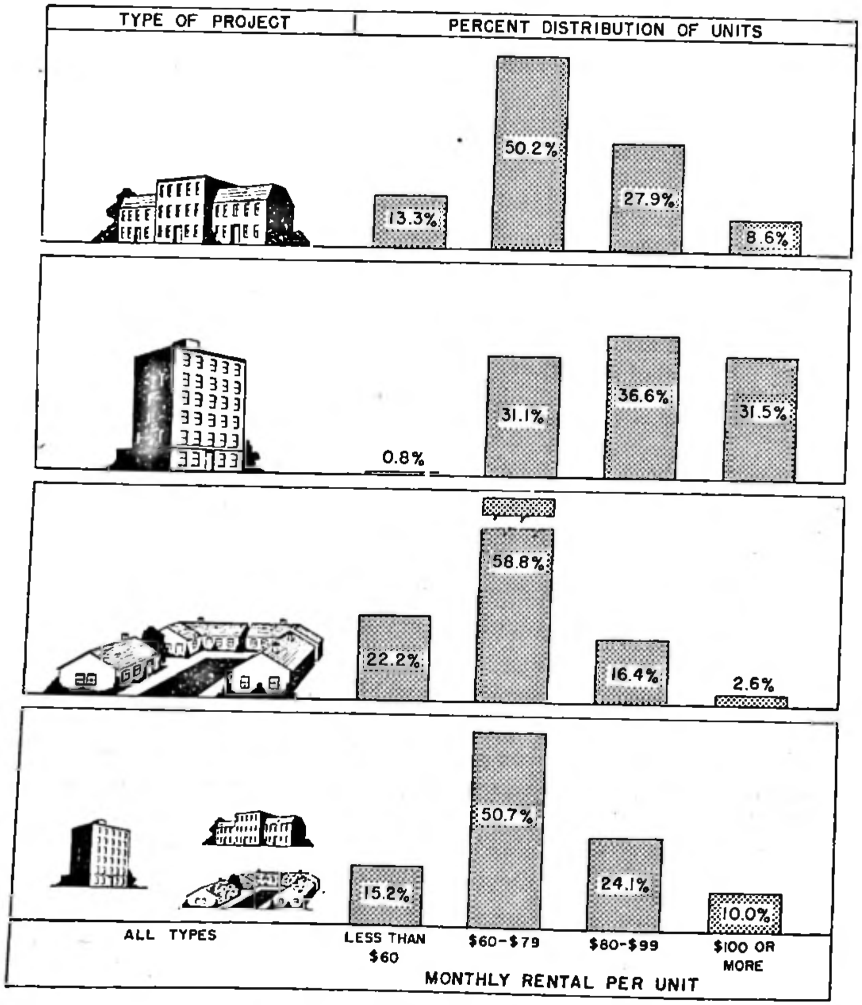


CHART XXIII

Management-type cooperative projects had typical monthly charges of $85, compared with $65 for the sales-type developments. Monthly charges for the bulk of the management project units ranged from $70 to $99—30 percent from $70 to $79, one-third from $80 to $89, and one-fifth from $90 to $99. In the sales-type projects, nearly 95 percent of the members were to pay less than $70 monthly—almost 60 percent $60 to $69, 32 percent $50 to $59, and nearly 3 percent less than $50 monthly.

Chart XXIII indicates that monthly rents and charges in elevator projects were higher than for other types of projects. Nearly 32 percent of the elevator units had rents or charges of $100 or more, as contrasted with only 9 percent of the walk-up units and less than 3 percent of the one-family dwellings. Conversely, the monthly rentals or charges for single-family dwellings tended to be appreciably lower—1 of 5 approved for a rent or charge of less than $60, and 4 of 5 for rents and charges of less than $80. Walk-up project rents and charges were somewhat higher than for the one-family units, with half of the units in the $60 to $79 and 28 percent in the $80 to $99 ranges.

Higher construction costs and provision of more equipment, services, and utilities are the principal reasons for higher elevator rents and charges. In all elevator projects approved in 1951, ranges, refrigerators, laundry facilities, heat, hot and cold water, janitor service, and grounds maintenance were furnished the tenants as part of the rentals or charges. Current for lighting, and gas or electricity for cooking and refrigeration were also included in the rentals and charges of almost one-third of the elevator apartments.

The lower rent level for single-family projects reflects the location of most of the dwellings in the South and Southwest, where less costly types of construction can be utilized and also reflects the fact that only a minimum amount of equipment, services, and utilities is generally provided for single-family units. Heat and hot water, which are commonly covered by rentals of apartment units, were excluded from the rentals of more than 80 percent of the dwellings in single-family structure projects.

Monthly rentals and charges of about half of the walk-up apartments included the full complement of range, refrigerator, heat, hot and cold water, laundry facilities, and janitor and grounds maintenance services. In another 45 percent of these units, either a range and refrigerator or heat and hot water, but not both combinations, were covered in the rent in addition to cold water, laundry facilities, and janitor and grounds maintenance services which were included in all walk-up projects.

Data on the sizes of units and monthly rentals for the Alaska projects approved in 1951, excluded from Tables 43 and 44 and from Charts XXII and XXIII, are presented in the following table:

Number of units	Size of unit	Monthly rental	Number of units	Size of unit	Monthly rental
12	3 rooms	$102.50	48	4½ rooms	$125.00
20	3 rooms	120.00	76	4½ rooms	132.50
20	3½ rooms	122.50	40	5½ rooms	142.50

These data reflect the impact of high construction and operating costs on the Alaska rental housing market.

With the exception of the 48 units of 4½ rooms which were in row houses, all of the Alaska apartments were in walk-up structures. The full complement of equipment, services, and utilities (excluding cooking and lighting) was included in the rent of the walk-up units, but the tenants of the row houses had to furnish their own heat and hot water.

Averages of selected characteristics by incomes of cooperative project members.—Table 45 shows, by members' monthly income groups,

TABLE 45.—*Average Characteristics by Monthly Income of Members for Management-type Cooperative Projects Securing Mortgages Committed for FHA Insurance under Sec. 213, 1951*

Member's effective monthly income [1]	Percentage distribution	Average: Member's monthly income [1]	Average: Monthly charges [2]	Average: Total monthly housing expense [3]	Average: Number of rooms [4]	Average: Number of bedrooms	Monthly charges (As a percent of monthly income)	Monthly housing expense (As a percent of monthly income)
Less than $200	[5] 0.1							
$200 to $249.99	1.4	$230.97	$67.80	$72.89	3.7	1.2	29.4	31.6
$250 to $299.99	7.1	281.11	71.36	75.49	3.7	1.2	25.4	26.9
$300 to $349.99	15.0	325.46	76.06	81.39	4.0	1.5	23.4	25.0
$350 to $399.99	18.7	376.41	81.71	88.05	4.3	1.7	21.8	23.5
$400 to $449.99	18.3	420.90	84.59	90.93	4.5	1.9	20.1	21.6
$450 to $499.99	13.0	472.14	85.73	91.89	4.7	1.9	18.2	19.5
$500 to $599.99	15.1	544.40	85.84	92.73	4.6	1.9	15.8	17.0
$600 to $799.99	8.7	669.04	88.53	96.25	4.7	2.1	13.2	14.4
$800 to $999.99	1.9	871.08	88.36	95.89	4.6	2.0	10.1	11.0
$1,000 or more	.7	1,254.26	93.27	102.78	4.8	2.2	7.4	8.2
Total	100.0	440.36	82.30	88.62	4.4	1.8	18.5	19.9

[1] Estimated amount of member's earning capacity that is likely to prevail during approximately the first third of the mortgage term.
[2] Member's pro-rata share of estimated amount of monthly debt service and project operating and maintenance costs.
[3] Monthly charges plus personal benefit expense (generally, cost of cooking and lighting utilities, minor repairs, and maintenance of member's own apartment).
[4] FHA room count excludes baths, closets, halls, and similar spaces.
[5] Data not significant.

averages of selected characteristics of the apartments in the Section 213 management cooperative projects approved last year. Comparable information for the Section 213 sales-type projects is presented in Table 46. (Note: The data in these tables are arithmetic means, and

TABLE 46.—*Average Characteristics by Monthly Income of Members for Sales-type Cooperative Projects Securing Mortgages Committed for FHA Insurance under Sec. 213, 1951*

Member's effective monthly income [1]	Percentage distribution	Average: Member's monthly income	Average: Sale price [2]	Average: Monthly charges [3]	Average: Total monthly housing expense [4]	Average: Number of rooms [5]	Average: Number of bedrooms	Monthly charges (As a percent of monthly income)	Monthly housing expense (As a percent of monthly income)	Ratio of sale price to annual income
Less than $200	0.9	$181.45	$7,823	$39.30	$50.39	4.1	2.0	21.7	27.8	3.6
$200 to $249.99	4.8	232.42	8,022	51.56	65.15	4.7	2.2	22.2	28.0	3.2
$250 to $299.99	16.7	281.51	10,384	60.08	77.18	5.4	2.5	21.3	27.4	3.1
$300 to $349.99	26.5	326.60	10,919	62.85	81.08	5.7	2.7	19.2	24.8	2.8
$350 to $399.99	20.2	372.95	10,879	63.15	81.34	5.7	2.8	16.9	21.8	2.4
$400 to $449.99	12.9	423.73	11,027	63.72	81.83	5.7	2.8	15.0	19.3	2.2
$450 to $499.99	6.9	474.17	11,028	63.36	81.90	5.8	2.8	13.4	17.3	1.9
$500 to $599.99	7.0	537.71	11,135	63.05	82.14	5.8	2.8	11.9	15.3	1.7
$600 to $799.99	3.0	672.25	11,206	64.27	82.99	5.8	2.8	9.6	12.3	1.4
$800 to $999.99	.7	910.11	11,021	63.86	81.76	5.8	2.8	7.0	9.0	1.0
$1,000 or more	.4	1,332.72	11,371	62.85	82.62	5.8	2.8	4.7	6.2	.7
Total	100.0	378.71	10,784	61.96	79.73	5.6	2.7	16.4	21.1	2.4

[1] Estimated amount of member's earning capacity that is likely to prevail during approximately the first third of the mortgage term.
[2] Price specified in sale agreement.
[3] Estimated total monthly mortgage payment, including amortization, interest, FHA insurance premium, real estate taxes, and hazard insurance.
[4] Total monthly mortgage payment plus estimated monthly cost of maintenance and operating expense items (water, lighting and cooking utilities, heating fuel).
[5] FHA room count excludes baths, closets, halls, and similar spaces.

consequently the averages for monthly charges and number of rooms per unit differ from the corresponding medians shown in previous tables.)

Members of management-type cooperatives had estimated monthly effective incomes averaging slightly under $450 and estimated total housing expenses of $89, of which $82 covered monthly charges to be paid to the cooperative management and the remaining $7 covered personal benefit expenses of cooking and lighting utilities, and minor repairs and maintenance of the member's own apartment. These average charges and housing expense, which covered occupancy of an apartment with about 4½ rooms, represented 18½ and 20 percent, respectively, of the average income.

Most (65 percent) of the members in management cooperatives had monthly incomes of $300 to $499, average monthly charges of $76 to $86, and total monthly housing expenses of $81 to $92. The ratios of housing expense and monthly charges to income for these members ranged downward from 25 and 23 percent, respectively, in the $300 to $349 income group, to 20 and 18 percent, respectively, for the $450 to $499 bracket.

Table 45 indicates that the largest proportions of income for monthly charges (29 percent) and housing expense (32 percent) were to be paid by members earning $200 to $249, while those in the $1,000

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or more group were to spend as little as 7 percent for monthly charges and 8 percent for housing expense.

The over-all averages of monthly income, monthly charges, housing expense, and ratio of monthly charges to income for sales-type cooperative projects were lower than in the management projects, with the housing expense-to-income ratio slightly higher. In most of the individual income groups, however, the average monthly incomes in the sales projects were higher, while the ratios of housing expense to income averages were lower. The greater spread between monthly charges and housing expense in sales projects is due to the fact that monthly charges exclude the operating expense items (i. e. heat, water, light, and cooking fuel), reserve for replacements, and general operating reserve usually included in the monthly charges of the management-type units.

Table 46 shows that the homes being purchased by members of the sales projects had an average size of 5.6 rooms (of which an average of 2.7 were bedrooms) and an average cost of $10,800, or about 2.4 times the average annual income. The average monthly charges (i. e. total mortgage payment, including real estate taxes and hazard insurance) were $62, increased by operating and maintenance costs to an average total housing expense of $80. Monthly charges averaged nearly one-sixth, and housing expense about one-fifth, of the member's income.

The major income group in the sales projects—those earning $300 to $399 monthly—were paying an average home sale price of $10,900, monthly charges of about $63, and total housing expenses of $81. For the lower half of this income group, nearly a fifth of the average income was required for monthly charges and almost one-fourth for housing expense, while the average sale price was nearly 3 times the annual income. Monthly charges and housing expense for members in the upper segment ($350 to $399) of this group averaged about one-sixth and one-fifth, respectively, of the monthly income, with sale price averaging nearly 2½ times the annual income.

For the 30 percent of the members with incomes of $400 or more, the sizes and sale prices of the homes, monthly charges and housing expenses were approximately the same. As against a spread of $900 in average monthly incomes, the average sale price varied by no more than $350, and monthly charges and housing expense by less than $1. As a result, the ratios of monthly charges and housing expense to incomes ranged from 5 to 6 percent, respectively, for the $1,000 or more group, to 15 and 19 percent, respectively, for the $400 to $449 bracket, while the corresponding sale prices averaged from 0.7 of the annual income of members in the highest income group to 2.2 times the income of those in the $400 to $449 interval.

On the other hand, members earning less than $300 monthly (22 percent of the total) had average sales prices ranging from $7,800 to $10,400, monthly charges from $39 to $60, and average housing expense from $50 to $77. More than a fifth of the average monthly income for these families was required for monthly charges, and as much as 28 percent for housing expense. Sales prices averaged more than 3 times the annual incomes.

TABLE 47.—*Sale Price by Member's Effective Annual Income for Sales-type Cooperative Projects Securing Mortgages Committed for FHA Insurance under Section 213, 1951*

Member's effective annual income [1]	Percentage distribution	Median sale price [2]	Percentage distribution by sale price per home [2]							
			$7,000 to 7,999	$8,000 to 8,999	$9,000 to 9,999	$10,000 to 10,999	$11,000 to 11,999	$12,000 to 12,999	$13,000 or more	Total
Less than $3,000	4.2	$8,604	37.6	20.0	11.2	27.2	1.6	2.4	....	100.0
$3,000 to $3,499	11.3	10,237	12.6	11.4	20.4	20.4	19.0	15.0	1.2	100.0
$3,500 to $3,999	23.0	11,460	7.3	4.1	15.7	14.5	38.2	17.8	2.4	100.0
$4,000 to $4,499	20.8	11,604	10.6	4.5	8.7	9.3	42.8	22.6	1.5	100.0
$4,500 to $4,999	14.4	11,672	8.0	7.9	8.4	9.0	37.9	27.4	1.4	100.0
$5,000 to $5,999	15.0	11,623	5.4	5.6	17.3	7.0	40.7	22.9	1.1	100.0
$6,000 to $6,999	6.7	11,670	1.0	4.0	21.3	6.6	42.2	24.4	.5	100.0
$7,000 to $9,999	3.5	11,750	1.8	4.8	11.5	11.4	36.2	34.3	....	100.0
$10,000 or more	1.1	11,712	....	....	27.3	6.0	39.4	27.3	....	100.0
Total	100.0	11,534	9.0	6.5	14.1	12.0	36.0	21.1	1.3	100.0

[1] Estimated amount of member's earning capacity that is likely to prevail during approximately the first third of the mortgage term.
[2] Price specified in sale agreement.

Sale price by annual income groups. Table 47 provides more detailed data on the relationship between the sales prices of the homes and annual effective incomes of the member-purchasers in the sales-type cooperative projects approved under Section 213 in 1951.

Sales prices ranged from $7,000 to approximately $14,000, with the typical home selling for about $11,500. (Note: This latter figure represents the median sale price as contrasted with the average price of $10,800, shown in Table 46, which is an arithmetic mean.) Over half of the homes were in the $11,000 to $12,999 price class, one-fourth sold for $9,000 to $10,999, and nearly one-sixth for $7,000 to $8,999. Only one percent of the dwellings had sales prices of $13,000 or more.

Members in practically all of the income groups were purchasing homes in almost all of the price brackets. The median sales prices shown for the individual income groups in Table 47 indicate a tendency for prices to rise with incomes, especially when incomes are below $4,000, while in the higher income levels the price rise is very limited.

The proportion of the lower-priced homes—those below $9,000—dropped sharply from nearly 58 percent for incomes of less than $3,000 to 24 percent in the $3,000 to $3,499 group, to 5 percent in the $6,000 to

$6,999, with none in this price class being purchased by members with incomes of $10,000 or more. For all income groups ranging from $3,500 upward, the sales prices of most of the homes were in the $11,000 to $12,999 class.

Property Improvement Loan Insurance under Title I

The FHA is authorized to insure qualified lending institutions under Section 2 of Title I of the National Housing Act against losses on loans financing the alteration, repair, and improvement of existing properties and the construction of new structures for other than residential use. The insurance of loans financing new single-family homes for low or moderate income families is authorized under Section 8 of Title I. (The statistical analysis of operations under Section 8 is included in the Home Mortgage section of this report.) Title I was extended by Congress from March 1, 1950, to July 1, 1955, and the principal amount of loans outstanding at any one time during this period under Section 2 was limited to $1,250,000,000.

Volume of Business

Yearly trends.—Property improvement loans insured during 1951 again established an all-time record. Net proceeds advanced to borrowers by approved lending institutions totaled $706,963,000 and increased the cumulative volume of insurance written since the beginning of operations in 1934 to $5,352,761,000. A slight decline from the number of loans insured in 1950 was recorded during 1951. Table 48 shows the volume of loans insured and claims paid since 1934, with 1951 showing an increase of 1 percent over the 1950 volume of net proceeds and 16.5 percent over the 1949 volume.

TABLE 48.—*Property Improvement Loans Insured and Claims Paid by FHA, 1934–51*

Year	Loans insured			Claims paid			Percent of claims paid to loans insured (cumulative)
	Number	Net proceeds (000)	Average	Number	Amount (000)	Average	
1934–39 [1]	2,346,276	$859,247	$366	103,426	$23,968	$232	2.79
1940–44	2,481,203	832,670	336	86,515	26,590	307	3.00
1945	501,401	170,824	341	6,791	1,589	234	2.80
1946	709,284	320,593	401	9,254	2,436	263	2.60
1947	1,247,590	533,604	428	17,511	5,830	333	2.22
1948	1,359,776	621,612	457	38,482	14,346	373	2.24
1949	1,249,538	607,024	486	50,950	17,494	343	2.34
1950	1,448,651	700,225	483	56,453	18,168	322	2.38
1951	1,437,737	706,963	492	35,600	12,165	342	2.29
Total [2]	12,871,546	5,352,761	416	404,982	122,594	303	....

[1] Title I expired Apr. 1, 1937, and was renewed by amendments of Feb. 3, 1938.
[2] Based on cumulative data through 1951, the ratio of net claims to loans insured is 1.13 percent, and the ratio of recoveries by FHA to claims paid is 37.42 percent. For annual series of recoveries made, see Statement 3 in Section 3 of this report.

Chart XXIV shows graphically the annual volume of insurance written and the corresponding amount of claims paid to lending institutions on defaulted loans insured by FHA under Title I. Insurance claims paid decreased by 33 percent during 1951 relative to the 1950 volume, and the cumulative $122,594,000 paid at December 31, 1951, represented 2.29 percent of the more than $5,352,000,000 of insurance written at the same date.

TREND OF FHA TITLE I, SECTION 2, LOANS INSURED AND CLAIMS PAID
WITH RATIO OF CLAIMS PAID TO LOANS INSURED
1934 - 1951

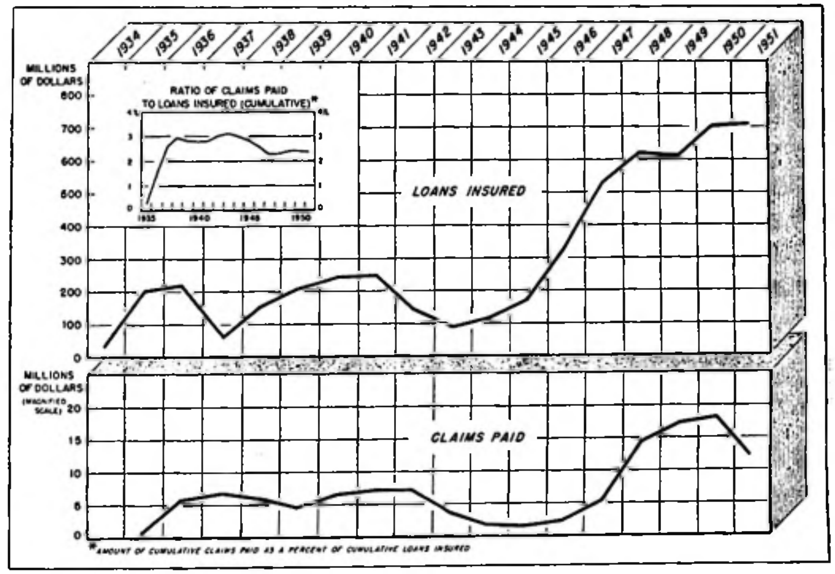

CHART XXIV

State Distribution

Since the beginning of operations under Title I in 1934, one million or more property improvement loans have been insured under Section 2 in each of three States—New York, California, and Michigan. In four other States—Illinois, Ohio, Pennsylvania, and Texas—the number of loans insured during the same period ranged from 600,000 to 800,000. Table 49 shows loans insured, claims paid, the average loan, the average claim, and the ratio of claims paid to net proceeds insured for each State from 1934 through December 1951. The 1951 volume of loans insured is covered in Table 50, and the number of loans insured during the year is depicted by States in Chart XXV.

New York, as in the past, reported the largest dollar volume of loans insured during 1951, and California, with a smaller average loan, was the ranking State in number of loans insured. All data shown in Tables 49 and 50 in Chart XXV are distributed by State location of property improved and do not indicate necessarily the State location of the head offices of the lending institutions financing the loans.

More than $25,000,000 of net proceeds insured under Title I financed improvements to properties in each of eight States during 1951. New York ranked first ($94,878,000), followed by California ($89,292,000), Michigan ($54,540,000), Illinois ($48,871,000), Texas ($40,942,000),

TABLE 49.—*State Distribution of Property Improvement Loans Insured and Claims Paid by FHA, 1934–51*

State	Loans insured			Claims paid			Amount of claims paid as percent of loans insured
	Number	Net proceeds (000)	Average	Number	Amount (000)	Average	
Alabama	191, 110	$64, 122	$336	6, 676	$1, 524	$228	2. 38
Arizona	82, 699	40, 829	494	2, 197	817	372	2. 00
Arkansas	89, 882	32, 973	367	4, 674	1, 166	250	3. 54
California	1, 500, 682	585, 319	390	42, 031	14, 184	337	2. 42
Colorado	96, 512	37, 579	389	2, 089	645	309	1. 72
Connecticut	151, 384	65, 268	431	5, 123	1, 790	349	2. 74
Delaware	13, 937	6, 185	444	543	194	358	3. 14
District of Columbia	67, 734	31, 353	463	2, 613	821	311	2. 62
Florida	223, 825	103, 414	462	9, 916	3, 389	342	3. 28
Georgia	164, 080	60, 723	370	6, 365	1, 594	250	2. 63
Idaho	69, 825	30, 484	437	2, 251	766	340	2. 51
Illinois	801, 309	344, 270	430	18, 539	5, 487	296	1. 59
Indiana	447, 391	158, 969	355	15, 841	4, 049	256	2. 55
Iowa	180, 708	69, 072	387	4, 979	1, 408	301	2. 14
Kansas	111, 498	37, 050	332	3, 393	808	238	2. 18
Kentucky	136, 224	49, 033	360	4, 327	1, 211	280	2. 47
Louisiana	113, 060	40, 810	361	4, 297	928	216	2. 27
Maine	53, 708	22, 010	410	2, 424	797	329	3. 62
Maryland	240, 566	96, 775	402	7, 125	2, 004	281	2. 07
Massachusetts	354, 098	145, 822	412	12, 471	3, 987	320	2. 73
Michigan	1, 073, 115	415, 342	387	33, 310	9, 396	282	2. 26
Minnesota	281, 408	106, 059	377	6, 208	1, 914	308	1. 80
Mississippi	88, 147	33, 390	379	5, 058	1, 283	254	3. 84
Missouri	331, 656	114, 042	344	10, 402	2, 654	255	2. 33
Montana	33, 099	15, 368	464	1, 006	380	377	2. 47
Nebraska	74, 608	29, 165	391	2, 164	651	301	2. 23
Nevada	16, 784	8, 628	514	380	170	447	1. 97
New Hampshire	34, 812	14, 635	420	1, 878	593	316	4. 05
New Jersey	494, 647	254, 077	514	20, 870	6, 302	306	2. 52
New Mexico	22, 405	11, 309	505	1, 028	371	361	3. 28
New York	1, 426, 674	794, 884	557	45, 772	17, 941	392	2. 26
North Carolina	112, 616	43, 841	389	4, 571	1, 163	254	2. 65
North Dakota	24, 220	10, 156	419	932	312	335	3. 08
Ohio	776, 339	287, 650	371	21, 020	6, 250	297	2. 17
Oklahoma	177, 255	63, 595	359	5, 512	1, 312	238	2. 06
Oregon	166, 730	67, 696	406	4, 747	1, 442	305	2. 13
Pennsylvania	758, 277	304, 366	401	25, 115	7, 001	279	2. 30
Rhode Island	54, 343	22, 621	416	1, 537	465	303	2. 06
South Carolina	60, 411	22, 907	379	2, 940	671	228	2. 93
South Dakota	20, 936	9, 131	436	637	229	360	2. 51
Tennessee	247, 206	83, 630	338	7, 258	2, 042	281	2. 44
Texas	604, 447	235, 093	390	19, 033	4, 097	215	1. 74
Utah	114, 066	43, 553	382	2, 594	752	290	1. 73
Vermont	16, 567	7, 192	434	1, 264	484	383	6. 72
Virginia	161, 593	75, 872	470	4, 997	1, 810	362	2. 39
Washington	310, 306	122, 554	395	8, 739	2, 410	276	1. 97
West Virginia	58, 698	25, 722	438	2, 137	772	361	3. 00
Wisconsin	200, 079	82, 555	413	5, 298	1, 781	336	2. 16
Wyoming	13, 063	7, 148	547	325	141	433	1. 97
Alaska	446	472	1, 058	24	8	340	1. 73
Hawaii	1, 265	655	518	6	3	479	0. 44
Puerto Rico	23, 722	17, 581	741	1	(1)	133	----------
Canal Zone	3	4	1, 180	----------	----------	----------	----------
Virgin Islands	----------	----------	----------	----------	----------	----------	----------
United States total [2]	12, 871, 546	5, 352, 761	416	404, 082	122, 594	303	2. 29

[1] Less than $500.
[2] Includes adjustments.

Ohio ($35,542,000), Pennsylvania ($30,601,000), and New Jersey ($26,681,000). The $421,300,000 aggregate for these eight States represents 60 percent of the $706,963,000 insured net proceeds reported for all 48 States.

TABLE 50.—*State Distribution of Property Improvement Loans Insured by FHA, 1951*

State	Loans insured			State	Loans insured		
	Number	Net proceeds (000)	Average		Number	Net proceeds (000)	Average
Alabama	22, 683	$8, 825	$389	New Jersey	41, 263	$26, 681	$647
Arizona	11, 368	6, 058	533	New Mexico	3, 900	2, 021	518
Arkansas	7, 663	3, 987	520	New York	154, 539	94, 878	614
California	222, 199	89, 292	402	North Carolina	11, 679	5, 863	502
Colorado	14, 282	5, 993	420	North Dakota	2, 598	1, 233	474
Connecticut	8, 916	4, 763	534	Ohio	76, 608	35, 542	464
Delaware	321	189	590	Oklahoma	17, 713	8, 700	491
District of Columbia	7, 241	3, 567	493	Oregon	21, 415	10, 550	493
Florida	26, 091	14, 458	554	Pennsylvania	62, 016	30, 601	493
Georgia	17, 771	8, 236	463	Rhode Island	3, 310	1, 535	464
Idaho	8, 159	4, 461	547	South Carolina	5, 231	2, 563	490
Illinois	86, 372	48, 871	560	South Dakota	2, 984	1, 653	554
Indiana	47, 743	22, 464	471	Tennessee	27, 297	11, 564	424
Iowa	19, 137	10, 207	533	Texas	88, 537	40, 942	462
Kansas	13, 395	5, 860	437	Utah	15, 381	7, 558	491
Kentucky	13, 960	6, 145	440	Vermont	693	354	510
Louisiana	11, 218	5, 300	472	Virginia	19, 486	9, 076	466
Maine	5, 296	2, 341	442	Washington	33, 494	16, 767	501
Maryland	33, 705	13, 805	410	West Virginia	7, 029	3, 788	539
Massachusetts	27, 262	13, 656	501	Wisconsin	14, 981	7, 969	532
Michigan	117, 812	54, 540	463	Wyoming	1, 268	852	672
Minnesota	31, 882	15, 290	480	Alaska	73	122	1, 673
Mississippi	7, 188	3, 153	439	Hawaii	350	186	532
Missouri	32, 982	13, 713	416	Puerto Rico	18, 219	13, 468	739
Montana	3, 723	2, 129	572	Canal Zone	----------	----------	----------
Nebraska	7, 093	3, 634	512	Virgin Islands	----------	----------	----------
Nevada	1, 722	1, 047	608	United States total [1]	1, 440, 309	707, 903	492
New Hampshire	3, 001	1, 447	482				

[1] Includes adjustments.

NUMBER OF PROPERTY IMPROVEMENT LOANS INSURED BY FHA UNDER TITLE I, SECTION 2 DURING 1951

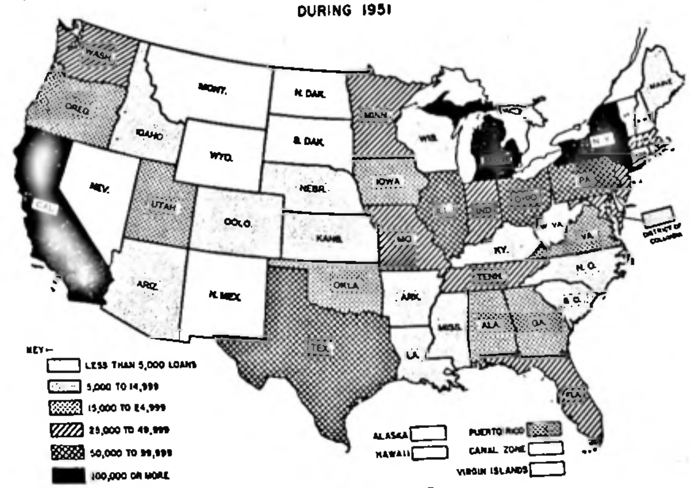

CHART XXV

Of the $122,594,000 claims paid by FHA from the payment of the first claim in 1935 through 1951, $17,941,000 reimbursed lending institutions for losses on defaulted loans on properties in New York State, $14,184,000 on California properties, and $9,396,000 on properties in Michigan. Pennsylvania, New Jersey, and Illinois, in that order, accounted for claims paid of $7,001,000, $6,392,000, and $5,487,000. These six States represented a combined total of $60,401,000, or slightly less than half of all claims paid. In three of these States the percent of claims paid to loans insured fell below the United States average of 2.29 percent, while higher ratios of 2.30 percent, 2.42 percent, and 2.52 percent were reported for Pennsylvania, California, and New Jersey.

Financial Institution Activity

Since the beginning of Title I operations in 1934, commercial banks have financed the bulk of property improvement loans. National banks and State chartered banks have reported nearly three-fourths of the net proceeds to borrowers for FHA insurance as of December 31, 1951. Finance companies, now less active than in former years, have accounted for slightly less than one-quarter of the cumulative insured amount.

The yearly volume of net proceeds insured by FHA under Title I since 1947 is distributed by types of lending institution in Table 51. A gradual withdrawal on the part of finance companies from this program is evidenced by a comparison of the 1947 financing of 34.4 percent of the volume of loans insured during that year with the 9.6 percent share reported during 1951. These institutions either have adopted their own modernization loan plan or have acquired other types of loans for their portfolios. Throughout these 5 years national banks, State chartered banks, and savings and loan associations apparently have absorbed this differential as well as accounting for the rise in total volume.

TABLE 51.—*Type of Institution Originating FHA-insured Property Improvement Loans, 1947–51*

Type of institution	1951	1950	1949	1948	1947
	Percentage distributions [1]				
National bank	52.7	52.7	49.0	46.1	41.1
State chartered bank	31.8	32.1	31.9	26.5	23.6
Finance company	9.6	10.2	13.3	24.9	34.4
Savings and loan association	5.5	4.7	5.2	2.3	.8
Other	.4	.3	.6	.2	.2
Total	100.0	100.0	100.0	100.0	100.0

[1] Based on net proceeds of insured loans.

During 1951, national banks and State chartered banks financed 84.5 percent of all Section 2 loans insured. Finance companies, with 9.6 percent, ranked third, and savings and loan associations increased their proportion to 5.5 percent.

The 4,081 institutions active under the 1950 reserve at the end of 1951 as compared with the 4,281 financing loans under the 1947 reserve indicate an increasing trend toward branch-office financing which accommodates thousands of borrowers in localities some distance from the head office of the lending institution. By actual count, the number of branch offices of active institutions increased during 1951 from 2,289 to 2,385.

Table 52 shows the volume of loans insured and the average net proceeds distributed by type of lending institution for the yearly volume in 1951 and for the period 1934 through 1951. Comparable data for claims paid on defaulted loans appear in Table 53, and graphically in Chart XXVI.

TABLE 52.—*Type of Institution Originating FHA-insured Property Improvement Loans, 1951 and 1934–51*

Type of institution	Loans insured			
	Number	Net proceeds (000)	Percent of net proceeds	Average net proceeds
	1951			
National bank	784,155	$372,956	52.7	$476
State chartered bank [1]	454,707	224,523	31.8	494
Finance company	119,351	67,673	9.6	567
Savings and loan association	77,120	39,183	5.5	508
Other	2,404	2,626	.4	1,092
Total	1,437,737	706,963	100.0	492
	1934–51			
National bank	5,658,256	$2,398,286	44.8	$424
State chartered bank [1]	3,562,611	1,545,332	28.9	434
Finance company	3,351,712	1,246,695	23.3	372
Savings and loan association	272,533	139,944	2.6	513
Other	26,434	22,505	.4	851
Total	12,871,546	5,352,761	100.0	416

[1] Includes State banks, industrial banks, and savings banks.

The proportion of claims paid to the various types of institutions since 1934 varies considerably from the distribution of loans insured. National banks alone have financed 44.8 percent of insurance written, yet have received only 36.8 percent of the claims paid. The comparable data for State chartered banks reveal that 28.9 percent of all loans were financed by these banks and 24.1 percent of total claims were paid to them. Finance companies, reporting only 23.3 percent of the loans insured, had received 37.5 percent of the total claims paid on defaulted loans by the end of 1951.

TABLE 53.—*Type of Institution Receiving Claim Payments on FHA-insured Property Improvement Loans, 1951 and 1934–51*

Type of institution	Claims paid: Number	Amount (000)	Percent of amount	Average claim
	1951			
National bank	17,072	$5,975	49.1	$350
State chartered bank [1]	9,690	3,605	29.6	372
Finance company	7,629	2,072	17.0	272
Savings and loan association	1,144	494	4.1	432
Other	65	19	.2	298
Total	35,600	12,165	100.0	342
	1934–51			
National bank	144,892	$45,057	36.8	$311
State chartered bank [1]	98,928	29,563	24.1	299
Finance company	156,873	46,015	37.5	293
Savings and loan association	3,294	1,333	1.1	405
Other	995	626	.5	629
Total	404,982	122,594	100.0	303

[1] Includes State banks, industrial banks, and savings banks.

TYPES OF INSTITUTIONS FINANCING PROPERTY IMPROVEMENT LOANS AND RECEIVING CLAIM PAYMENTS

WITH RATIO OF CLAIMS PAID TO LOANS INSURED
TITLE I, SECTION 2, 1934-1951

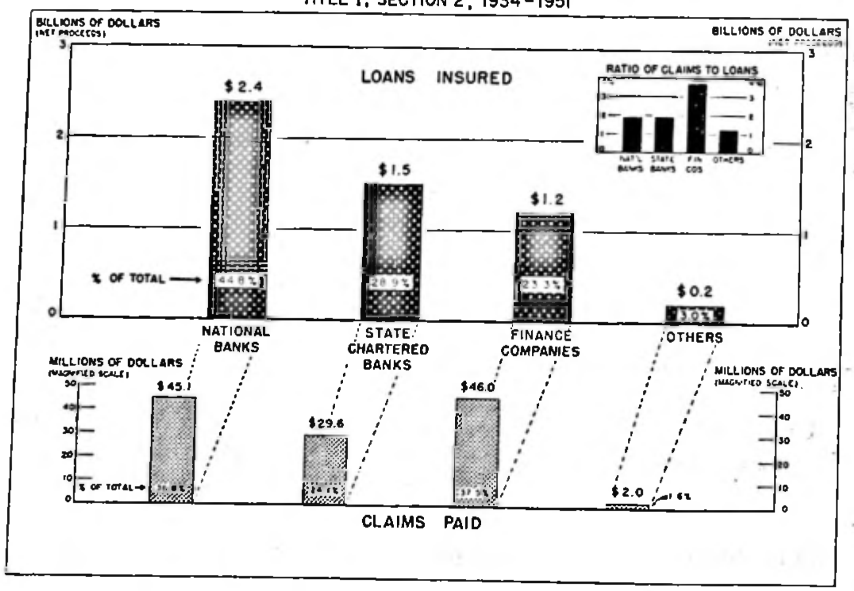

CHART XXVI

Loan Characteristics

The average borrower in 1951 was granted an FHA-insured Title I loan of $492. The monthly payments of his loan to principal and interest amounted to $19.45, and retired his loan in 28.3 months. He used the net proceeds to finance such improvements to his single-family home as exterior finishing (painting and siding), additions and alterations, heating repairs and installations, or insulation. (See Table 57.)

The average claim paid by FHA on a defaulted loan in 1951 amounted to $342 (Table 65) and related to a transaction in which the borrower had made 15 monthly payments aggregating $244 prior to default.

Size of loan.—The typical loan insured under Section 2 during 1951 amounted to $333 as compared with the 1950 typical loan, as shown in Table 54, of $354, approximately the same as in 1949. The lower

TABLE 54.—*Size of Loan for FHA-insured Property Improvement Loans, in Selected Years, 1938–51* [1]

Net proceeds of individual loan [1]	1951	1950	1949	1948	1943	1940	1938
	Percentage distributions of number of loans						
Less than $100	2.9	2.5	2.8	4.6	6.7	5.4	4.3
$100 to $199	21.2	18.7	18.5	20.2	25.9	24.7	23.0
$200 to $299	20.4	20.5	20.6	20.4	32.5	23.0	21.[illegible]
$300 to $399	16.8	15.4	15.4	15.3	12.7	14.2	14.[illegible]
$400 to $499	7.6	9.6	10.2	9.6	7.3	9.8	9.[illegible]
$500 to $599	5.9	8.0	8.2	7.8	5.4	7.5	7.7
$600 to $799	9.1	9.1	9.1	8.4	4.8	5.8	6.6
$800 to $999	5.5	5.0	5.0	4.5	2.0	3.1	3.6
$1,000 to $1,499	6.1	7.1	5.8	5.2	1.6	3.1	4.1
$1,500 to $1,999	2.2	2.0	2.0	1.8	.5	.9	1.5
$2,000 to $2,499	1.1	1.0	1.0	.9	.2	.6	1.1
$2,500 to $2,999	1.1	1.0	1.1	1.1	.3	1.2	.9
$3,000 to $3,999	.1	.1	.1	.2	.1	.7	------
$4,000 to $4,999	(2)	(2)	.2	(2)	(2)	------	.8
$5,000 or more	(2)	(2)	(2)	(2)	(2)	------	------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Size of loan:							
Median	$333	$354	$353	$331	$254	$287	$304
Average	492	478	480	456	313	417	452
	Percentage distributions of aggregate net proceeds [1]						
Less than $100	0.5	0.4	0.5	0.8	1.7	1.0	0.7
$100 to $199	8.9	6.4	5.6	6.6	12.2	8.7	7.5
$200 to $299	10.1	11.3	10.3	10.8	22.5	13.4	11.5
$300 to $399	11.5	10.0	10.6	11.3	13.8	11.6	11.0
$400 to $499	6.7	8.8	9.0	9.2	10.4	10.4	9.2
$500 to $599	6.3	8.8	9.0	9.1	9.5	9.9	9.3
$600 to $799	12.6	13.0	12.6	12.3	10.5	9.4	9.8
$800 to $999	9.8	9.2	8.9	8.7	5.7	6.4	6.9
$1,000 to $1,499	14.4	13.3	13.4	12.8	5.8	8.8	10.8
$1,500 to $1,999	7.3	6.8	6.7	6.4	2.0	3.9	5.8
$2,000 to $2,499	4.7	4.2	4.3	4.2	1.5	3.0	5.3
$2,500 to $2,999	5.8	5.2	5.9	6.0	2.2	7.7	5.5
$3,000 to $3,999	.7	.9	1.0	1.3	1.3	5.8	------
$4,000 to $4,999	.3	.4	1.0	.3	(2)	------	6.7
$5,000 or over	.4	.4	.3	.2	.3	------	------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Data for 1948–51 are based on net proceeds; data for earlier years are based on face amount.
[2] Less than 0.05 percent.

median for 1951 may be explained by the credit restriction put into effect by the FHA Commissioner at the request of the President to conserve building materials and to curb inflationary tendencies, which required the borrower to make a 10 percent down payment on the cost of the improvements financed by all loans applied for on and after August 1, 1950. Until August 1, 1951, Regulation W of the Federal Reserve Board also limited repayment periods to 30 months, which tended further to limit the loan amounts.

TABLE 55.—*Size of Loan by Class of Loan for FHA-insured Property Improvement Loans, 1951*

Net proceeds of individual loan	Total [1]	Class 1a, existing structures	Class 1b, existing structures, multi-family	Class 2a, new structures, nonfarm and nonresidential	Class 2b, new structures, farm and nonresidential
	Percentage distributions of number of loans				
Less than $100	2.9	3.0	1.1	0.3	1.0
$100 to $199	21.2	21.6	7.6	2.9	2.9
$200 to $299	20.4	20.7	10.7	6.5	5.2
$300 to $399	16.8	17.0	8.9	9.8	0.7
$400 to $499	7.6	7.5	6.6	14.1	5.5
$500 to $599	5.9	5.7	6.1	15.4	5.9
$600 to $799	9.1	9.0	9.0	21.4	7.7
$800 to $999	5.5	5.4	6.2	11.3	8.0
$1,000 to $1,499	6.1	6.0	12.2	10.0	18.0
$1,500 to $1,999	2.2	2.1	5.9	2.9	12.4
$2,000 to $2,499	1.1	1.0	3.4	1.8	10.8
$2,500 to $2,999	1.1	1.0	10.8	2.4	11.3
$3,000 to $3,999	.1		6.2	1.2	4.6
$4,000 to $4,999	(2)		2.9		
$5,000 or more	(2)		2.4		
Total	100.0	100.0	100.0	100.0	100.0
Percent distribution	100.0	97.2	1.2	1.3	0.3
Size of loan:					
Median	$333	$328	$801	$608	$1,148
Average	492	477	1,334	744	1,209
	Percentage distributions of aggregate net proceeds				
Less than $100	0.5	0.5	0.1	(2)	0.1
$100 to $199	8.9	9.4	0.9	0.6	0.3
$200 to $299	10.1	10.6	1.9	2.2	1.0
$300 to $399	11.5	12.1	2.2	4.5	1.7
$400 to $499	6.7	6.9	2.1	8.3	1.8
$500 to $599	6.3	6.4	2.4	11.1	2.4
$600 to $799	12.6	12.8	4.5	19.6	4.0
$800 to $999	9.8	10.0	4.1	13.3	5.4
$1,000 to $1,499	14.4	14.5	10.8	15.4	16.5
$1,500 to $1,999	7.3	7.2	7.4	6.6	16.0
$2,000 to $2,499	4.7	4.5	5.5	5.3	17.8
$2,500 to $2,999	5.8	5.1	21.8	8.1	22.0
$3,000 to $3,999	.7		15.6	5.0	11.0
$4,000 to $4,999	.3		9.6		
$5,000 or more	.4		11.1		
Total	100.0	100.0	100.0	100.0	100.0
Percent distribution	100.0	94.1	3.2	1.9	0.8

[1] A Class 1a loan is used to finance the repair, alteration, or improvement of an existing structure; Class 1b loan to finance the repair, alteration, or improvement of an existing structure used or to be used as a multifamily dwelling; Class 2a loan to finance the construction of a new structure to be used exclusively for other than residential or agricultural purposes; Class 2b loan to finance the construction of a new structure to be used in whole or part for agricultural, nonresidential purposes.
[2] Less than 0.05 percent.

Single-family dwellings were improved with the proceeds of 88 percent of the number and 81 percent of the net proceeds of the total insurance written during 1951. The average-size loan amounted to $447 for these loans, as compared to $492 for all types of property improved. (See Table 57.) Larger loans financed improvements to other types of property, and the average loan of $1,226 reported for the improvement of commercial and industrial properties exceeded by far the $784 reported to improve multifamily dwellings. More than 60 percent of the loans financing improvements to existing structures, exclusive of multifamily dwellings, provided the borrower with less than $400 in net proceeds, and the typical loan amounted to $328. (See Table 55.)

Duration of loan.—Reflecting the influence of Regulation W, which through July 31, 1951, limited most modernization loans to 30-month durations, the majority of all Section 2 loans insured during 1951 were written for a relatively short term. Since August 1, 1951, durations up to 36 months are permitted by Regulation W. In 1951 less than 0.5 percent of the number of loans written had a maturity in

TABLE 56.—*Duration of Loan for FHA-insured Property Improvement Loans, Selected Years, 1938–51*

Duration: Modal term	Duration: Interval	1951	1950	1949	1948	1943	1940	1938
		Percentage distributions of number of loans						
6 months	6 to 8 months	1.0	0.8	1.0	1.8	1.6	0.5	0.9
12 months	9 to 14 months	10.7	10.1	12.3	14.1	50.0	12.4	15.2
18 months	15 to 20 months	6.9	6.0	7.4	7.9	6.0	8.8	9.4
24 months	21 to 26 months	9.5	10.2	11.5	11.1	9.7	13.3	16.5
30 months	27 to 32 months	43.4	9.8	2.7	3.0	2.3	4.1	4.3
36 months	33 to 41 months	28.2	62.5	64.5	61.7	29.4	59.8	46.8
48 months	42 to 53 months	(1)	(1)	(1)	(1)	(1)	(1)	1.1
60 months	54 to 63 months	.2	.4	.2	.1	.1	(2)	(2)
	Over 63 months	.1	.2	.4	.3	(1)	1.1	5.8
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0
Duration in months:								
Median		30.6	30.4	36.4	36.3	12.6	31.8	29.9
Average		28.3	30.7	30.6	29.7	25.7	35.4	35.8
		Percentage distributions of aggregate amount of loans [3]						
6 months	6 to 8 months	0.5	0.5	0.5	1.5	0.8	0.3	0.4
12 months	9 to 14 months	5.0	4.9	5.0	8.0	35.1	5.1	6.1
18 months	15 to 20 months	3.8	3.4	4.3	4.7	5.0	4.3	4.5
24 months	21 to 26 months	6.8	7.1	8.3	8.3	8.8	8.6	10.9
30 months	27 to 32 months	46.3	9.8	1.8	2.0	2.0	2.6	3.1
36 months	33 to 41 months	35.7	71.1	75.7	73.0	47.0	71.6	53.0
48 months	42 to 53 months	.1	.1	.1	(1)	.1	(1)	2.4
60 months	54 to 63 months	1.1	1.7	.7	.4	.9	(2)	(2)
	Over 63 months	.7	1.4	2.7	2.1	.3	7.5	10.6
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Less than 0.05 percent.
[2] Included in "over 63 months."
[3] Data for 1948–51 are based on net proceeds; data for earlier years are based on face amount.

excess of 36 months, 43.4 percent would mature in 30 months, and 28.2 percent in 36 months. The typical loan had a duration of 30.6 months. Table 56 shows a distribution of Section 2 loans for selected years from 1938 through 1951, classified by duration of loan. The distribution for 1951 includes loans insured prior to the revision of Regulation W, as well as loans insured after the modification on August 1, 1951.

Type of property and improvement.—The major type of property improved with proceeds of Section 2 loans during 1951 was a single-family home. Chart XXVII depicts graphically the number and net proceeds of loans insured by type of property, and in Chart XXVIII the major types of improvements financed are shown. It should be observed that types of improvements reported by lending institutions financing these loans included only the principal improvement financed. As an example, a loan reported as financing exterior finishing may also cover minor repairs to plumbing, painting, or insulation.

Improvement loans for other than single-family homes accounted for 11.9 percent of the number and about 20 percent of the amount of loans insured. Of these, improvements to multifamily properties represented the bulk of the volume, with 7 percent of the number and

TYPES OF PROPERTY FINANCED
BY FHA-INSURED PROPERTY IMPROVEMENT LOANS
TITLE I, SECTION 2, 1951

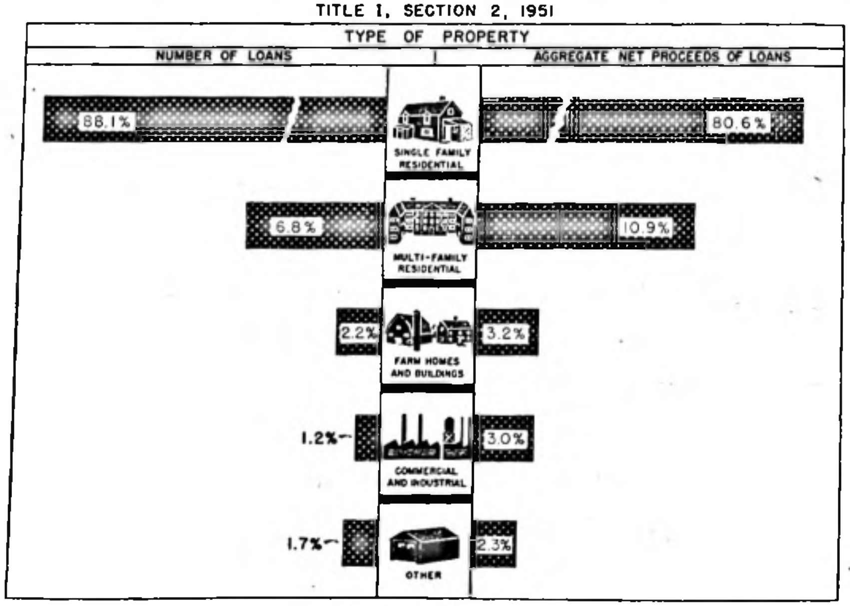

CHART XXVII

11 percent of the amount covering improvements to these structures. Loans to improve commercial or industrial properties, farm homes and buildings, and other types (principally garages) aggregated 5 percent of the number and 8.5 percent of the net proceeds insured during 1951.

TYPES OF IMPROVEMENTS FINANCED
BY FHA-INSURED PROPERTY IMPROVEMENT LOANS
TITLE I, SECTION 2, 1951

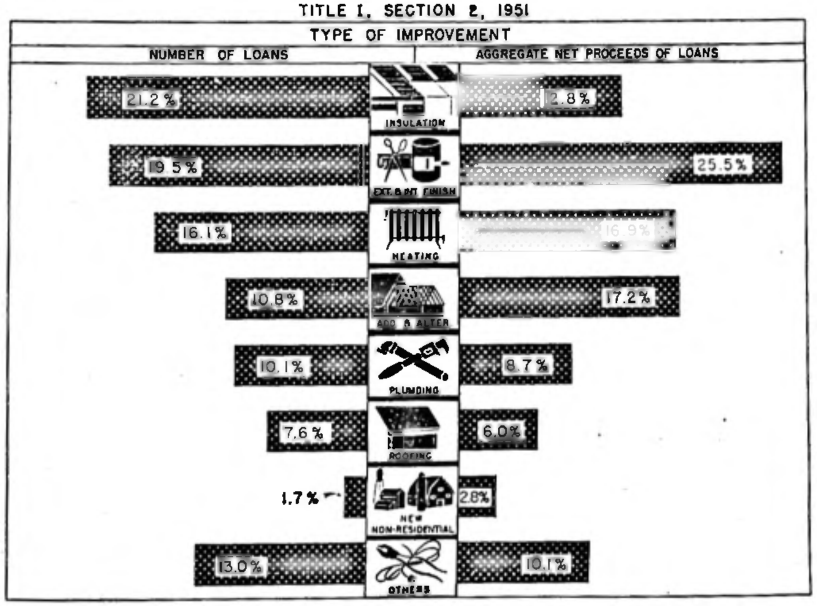

CHART XXVIII

The majority of loans reported as financing exterior finishing have consisted of siding improvements and repainting of structures. Whereas exterior finishing improvements represent only 13 percent of the number of loans, they have accounted for 17 percent of the dollar volume, the largest proportion for all types of improvements. Additions and alterations, with 11 percent of the number and 17 percent of the net proceeds, are shown as the second leading improvement financed during 1951. Table 57 shows a distribution of the 1951 volume of Section 2 loans insured classified by major improvement and by type of property. The average net proceeds also are shown separately for each classification.

Claims paid on defaulted loans during 1951 are presented in Table 58, which shows a percentage distribution by type of property and by major improvement financed. A comparison of loans insured in Table 57 with claims paid indicates only a slight variance between the two series of data. It should be noted that claims paid, for the

TABLE 57.—*FHA-insured Property Improvement Loans by Type of Property and Type of Improvement, 1951*

Major type of improvement[1]	Type of property improved					
	Total	Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Others[2]
	Percentage distributions of number of loans insured					
New nonresidential construction	1.7			6.5	14.2	77.3
Additions and alterations	10.8	10.6	10.8	19.1	10.8	14.6
Exterior finish	12.0	13.0	15.1	6.1	12.7	1.4
Interior finish	6.6	6.4	9.8	12.8	4.8	.8
Roofing	7.6	7.4	10.6	6.4	14.1	1.1
Plumbing	10.1	10.4	8.6	7.8	12.8	.8
Heating	16.1	15.7	25.6	20.1	11.6	1.2
Insulation	21.2	22.6	12.8	5.0	13.2	1.0
Miscellaneous	13.0	13.9	6.7	16.2	6.8	1.8
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	88.1	6.8	1.2	2.2	1.7
	Percentage distributions of net proceeds of loans insured					
New nonresidential construction	2.8			0.3	0.7	1.8
Additions and alterations	17.2	13.7	1.9	.8	.5	.3
Exterior finish	17.4	14.8	2.0	.1	.5	(3)
Interior finish	8.1	6.3	1.1	.5	.2	(3)
Roofing	6.0	4.9	.7	.1	.3	(3)
Plumbing	8.7	7.3	.9	.2	.3	(3)
Heating	10.9	13.2	2.8	.5	.3	.1
Insulation	12.8	11.8	.7	.1	.2	(3)
Miscellaneous	10.1	8.6	.8	.4	.2	.1
Total	100.0	80.0	10.9	3.0	3.2	2.3
	Average net proceeds					
New nonresidential construction	$808			$1,808	$1,190	$656
Additions and alterations	778	$717	$1,204	1,600	940	646
Exterior finish	659	628	931	1,093	824	560
Interior finish	595	541	835	1,445	742	917
Roofing	384	365	472	722	497	384
Plumbing	418	386	729	1,078	590	887
Heating	515	470	783	1,073	612	756
Insulation	296	289	427	570	347	381
Miscellaneous	378	346	804	1,093	704	698
Total	492	447	784	1,226	715	653

[1] Type of improvement to which the major portion of the proceeds of the loan was devoted.
[2] Approximately 92 percent of the number and 91 percent of the net proceeds of these loans financed the repair or construction of garages.
[3] Less than 0.05 percent.

most part, settled defaulted loans insured prior to 1951. However, with similar economic factors prevailing these claim characteristics are acceptable as typifying the experience which may be expected from insurance written during the corresponding period. An examination of loans insured and claims paid during the postwar period reveals only minor variations in the distribution by improvements financed from year to year. (See Table 63.)

TABLE 58.—*Claims Paid on FHA-insured Property Improvement Loans by Type of Property and Type of Improvement, 1951*

Major type of improvement[1]	Type of property improved					
	Total	Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Others
	Percentage distributions of number of claims paid					
New nonresidential construction	0.9			7.0	7.5	67.9
Additions and alterations	9.6	9.2	10.2	19.0	7.7	17.0
Exterior finish	17.8	18.4	17.5	7.3	15.0	2.8
Interior finish	6.7	6.2	11.1	10.3	3.4	2.8
Roofing	7.7	7.5	10.6	1.7	14.4	1.9
Plumbing	12.2	12.5	10.4	7.6	15.8	1.0
Heating	16.0	15.5	22.6	20.9	15.4	2.8
Insulation	18.1	19.3	10.9	4.7	14.6	2.8
Miscellaneous	11.0	11.4	6.7	14.9	6.2	1.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	87.4	6.0	2.8	3.1	.7
	Percentage distributions of amount of claims paid					
New nonresidential construction	1.8			0.6	0.5	0.7
Additions and alterations	17.1	13.7	1.4	1.5	.3	.2
Exterior finish	22.1	19.2	1.9	.3	.7	(2)
Interior finish	7.5	5.6	.8	1.0	.1	(2)
Roofing	5.9	4.7	.6	.1	.5	(2)
Plumbing	11.4	9.5	1.0	.4	.5	(2)
Heating	14.8	11.2	2.0	1.2	.4	(2)
Insulation	10.8	9.8	.5	.1	.4	(2)
Miscellaneous	8.6	6.9	.6	.7	.4	(2)
Total	100.0	80.6	8.8	5.9	3.8	.9
	Average claim paid					
New nonresidential construction	$681			$948	$821	$494
Additions and alterations	620	$590	$812	903	459	482
Exterior finish	437	420	634	506	546	159
Interior finish	304	360	424	769	344	390
Roofing	271	252	344	455	423	287
Plumbing	327	305	552	634	350	591
Heating	327	291	523	721	289	556
Insulation	211	205	280	459	264	474
Miscellaneous	278	246	525	634	612	235
Total	342	325	520	747	428	475

[1] Type of improvement to which the major portion of the proceeds of the loan was devoted.
[2] Less than 0.05 percent.

Borrowers improving commercial and industrial properties were granted the largest Section 2 loans made during 1951. Moreover, as many loans in this classification amounted to more than $1,062 as were written for smaller amounts, and 17 percent of the number and 34 percent of the net proceeds involved loans ranging in size from $2,500 to $2,999. Two-thirds of the number but less than half of the net proceeds (39 percent) of loans financing improvements to single-family properties amounted to less than $500 in net proceeds to the borrower. Table 59 shows the volume of Section 2 loans insured in 1951 distributed by size of net proceeds of the individual loan and by type of property improved, while in Table 60 the identical series is classified by major type of improvement.

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TABLE 59.—*Size of Loan by Type of Property for FHA-insured Property Improvement Loans, 1591*

Net proceeds of individual loan	Total	Type of property improved				
		Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Others
	Percentage distributions of number of loans					
Less than $100	2.9	2.6	0.8	0.5	1.0	0.5
$100 to $199	21.2	17.7	7.8	5.2	7.8	3.5
$200 to $299	20.4	20.5	12.1	7.1	13.7	8.3
$300 to $399	16.8	16.6	12.5	7.3	14.2	10.4
$400 to $499	7.6	10.5	9.8	5.3	10.2	12.4
$500 to $599	5.9	8.1	8.7	6.7	8.7	14.7
$600 to $799	9.1	9.0	11.5	9.6	12.1	23.3
$800 to $999	5.5	5.6	9.4	6.5	8.6	12.8
$1,000 to $1,499	6.1	5.6	13.2	14.4	11.4	9.7
$1,500 to $1,999	2.2	1.8	5.4	10.4	4.7	2.4
$2,000 to $2,499	1.1	.8	2.6	8.9	3.7	1.1
$2,500 to $2,999	1.1	.6	4.9	16.8	3.5	.9
$3,000 to $3,999	.1	----------	1.1	1.3	.4	(1)
$4,000 to $4,999	(1)	----------	.6	----------	----------	----------
$5,000 or more	(1)	----------	.5	----------	----------	----------
Total	100.0	100.0	100.0	100.0	100.0	100.0
Size of loan:						
Median	$333	$355	$581	$1,062	$536	$602
Average	492	464	823	1,225	736	660
	Percentage distributions of aggregate net proceeds					
Less than $100	0.5	0.5	0.1	(1)	0.1	(1)
$100 to $199	8.9	5.7	1.4	0.7	1.6	0.8
$200 to $299	10.1	10.8	3.6	1.4	4.5	3.1
$300 to $399	11.5	12.1	5.1	2.0	6.5	5.3
$400 to $499	6.7	9.9	5.2	1.9	6.0	8.2
$500 to $599	6.3	9.2	5.6	2.9	6.3	12.0
$600 to $799	12.6	13.9	9.5	5.3	11.1	23.9
$800 to $999	9.8	10.6	10.1	4.7	10.3	17.0
$1,000 to $1,499	14.4	13.9	18.4	13.7	18.1	16.6
$1,500 to $1,999	7.3	6.4	10.8	14.0	10.8	6.0
$2,000 to $2,499	4.7	3.5	6.7	15.7	10.7	3.6
$2,500 to $2,999	5.8	3.5	12.5	34.3	12.1	3.3
$3,000 to $3,999	.7	----------	4.6	3.4	1.9	.2
$4,000 to $4,999	.3	----------	3.1	----------	----------	----------
$5,000 or more	.4	----------	3.3	----------	----------	----------
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] Less than 0.05 percent.

The duration of Section 2 loans insured in 1951 by type of property improved is covered in Table 61. Table 62 presents the 1951 distribution of these loans by type of major improvement financed and by duration intervals.

Claims paid on defaulted loans have corresponded somewhat to the distribution by major type of improvement of Section 2 loans insured under the 1947 reserve at the end of 1951. However, for three types of improvement some degree of variation is evident, as seen in Table 63 and in Chart XXIX. Heating repairs and installations accounted for 23 percent of the net proceeds insured, but related claims involved only 17 percent of the total. Loans for financing exterior finish, in contrast, accounted for 15 percent of the

TABLE 60.—*Size of Loan by Type of Improvement for FHA-insured Property Improvement Loans, 1951*

Net proceeds of individual loan	Total	Major type of improvement [1]								
		New nonresidential construction	Additions and alterations	Exterior finish	Interior finish	Roofing	Plumbing	Heating	Insulation	Miscellaneous
	Percentage distributions of number of loans									
Less than $100	2.9	0.3	1.1	0.7	3.1	2.2	2.6	1.0	4.3	4.8
$100 to $199	21.2	2.3	7.3	5.2	14.2	20.2	21.4	11.0	25.2	28.0
$200 to $299	20.4	6.2	10.6	9.8	14.7	27.6	23.0	17.6	28.1	25.5
$300 to $399	16.8	9.3	11.0	12.8	13.3	18.4	18.4	17.1	21.4	14.9
$400 to $499	7.6	11.4	10.1	12.8	10.1	9.8	8.3	12.5	10.4	7.4
$500 to $599	5.9	14.4	10.7	12.1	10.2	6.8	6.5	9.7	4.5	5.0
$600 to $799	9.1	21.4	13.2	18.7	9.6	6.4	7.2	13.5	3.4	4.7
$800 to $999	5.5	12.8	9.4	11.8	6.5	3.5	4.4	7.6	1.2	2.8
$1,000 to $1,499	6.1	11.6	13.2	11.2	9.5	3.4	4.0	6.2	1.0	3.4
$1,500 to $1,999	2.2	3.7	5.9	3.0	4.2	1.0	1.7	1.6	.3	1.5
$2,000 to $2,499	1.1	3.1	3.3	.9	2.0	.4	.8	.6	.1	.9
$2,500 to $2,999	1.1	2.5	3.5	.9	2.5	.3	.8	.5	.1	1.1
$3,000 to $3,999	.1	1.0	.3	.1	.1	(2)	(2)	.1	(2)	(2)
$4,000 to $4,999	(2)	----------	.2	(2)	(2)	(2)	(2)	.1	(2)	(2)
$5,000 or more	(2)	----------	.2	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Size of loan:										
Median	$333	$6[illegible]6	$592	$572	$447	$300	$316	$410	$273	$267
Average	492	789	770	656	608	386	435	518	307	385
	Percentage distributions of aggregate net proceeds									
Less than $100	0.5	(2)	0.1	0.1	0.4	0.5	0.5	0.2	1.1	1.0
$100 to $199	8.9	0.4	1.4	1.2	3.4	8.0	7.3	3.5	12.3	10.8
$200 to $299	10.1	2.0	3.3	3.7	5.7	17.3	12.9	8.3	22.5	16.0
$300 to $399	11.5	4.0	4.7	6.6	7.2	16.0	14.3	11.2	23.6	13.0
$400 to $499	6.7	6.4	5.7	8.6	7.2	11.1	8.4	10.6	14.8	8.4
$500 to $599	6.3	9.8	7.2	9.9	8.7	9.3	7.9	10.1	7.9	6.8
$600 to $799	12.6	18.4	11.4	19.5	10.5	11.1	11.2	17.7	7.4	8.1
$800 to $999	9.8	14.2	10.6	15.8	9.3	7.8	8.9	12.8	3.6	6.4
$1,000 to $1,499	14.4	16.9	19.6	20.0	17.6	9.9	12.9	13.8	3.9	10.1
$1,500 to $1,999	7.3	7.8	12.5	7.5	11.2	4.4	6.4	5.2	1.4	6.4
$2,000 to $2,499	4.7	8.3	8.9	3.0	7.0	2.2	4.0	2.4	.5	4.0
$2,500 to $2,999	5.8	8.1	11.3	3.3	10.5	1.9	4.6	2.6	.5	7.2
$3,000 to $3,999	.7	3.7	1.2	.5	.6	.2	.4	.7	.2	.2
$4,000 to $4,999	.3	----------	.9	.2	.3	.1	.2	.5	.2	.2
$5,000 or more	.4	----------	1.2	.1	.4	.2	.1	.4	.1	.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Type of improvement to which the major portion of the proceeds of the loan was devoted.

[2] Less than 0.05 percent.

TABLE 61.—*Duration of Loan by Type of Property for FHA-insured Property Improvement Loans, 1951*

Duration		Total	Types of property improved				
Modal term	Interval		Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Others
		Percentage distributions of number of loans					
6 months	6 to 8 months	1.0	0.9	1.3	0.8	1.4	0.5
12 months	9 to 14 months	10.7	10.9	9.5	11.8	7.6	7.7
18 months	15 to 20 months	6.9	7.0	6.2	7.6	5.0	4.8
24 months	21 to 26 months	9.5	9.6	9.5	10.7	10.8	6.9
30 months	27 to 32 months	43.4	44.1	42.8	40.7	39.4	20.8
36 months	33 to 41 months	28.2	27.5	27.2	28.4	34.6	59.3
48 months	42 to 53 months	(1)		.1		.2	
60 months	54 to 63 months	.2		2.1		.8	
	Over 63 months	.1		1.3		.2	
Total		100.0	100.0	100.0	100.0	100.0	100.0
Duration in months:							
Median		30.6	30.5	30.6	30.5	30.7	36.2
Average		28.3	28.1	29.6	27.9	29.5	31.1
		Percentage distributions of aggregate net proceeds					
6 months	6 to 8 months	0.5	0.4	0.6	0.3	1.0	0.3
12 months	9 to 14 months	5.0	5.2	4.2	6.0	4.0	4.2
18 months	15 to 20 months	3.8	4.0	3.3	4.6	2.8	3.3
24 months	21 to 26 months	6.8	6.8	6.3	8.1	8.1	5.3
30 months	27 to 32 months	46.3	48.1	41.2	43.9	39.8	21.9
36 months	33 to 41 months	35.7	35.5	30.4	37.1	40.5	65.0
48 months	42 to 53 months	.1		0.4		.3	
60 months	54 to 63 months	1.1		8.1		2.5	
	Over 63 months	.7		5.5		1.0	
Total		100.0	100.0	100.0	100.0	100.0	100.0

[1] Less than 0.05 percent.

net proceeds and 20 percent of claims paid, with corresponding proportions for additions and alterations, 16 percent and 20 percent.

Table 64 shows the average amount of loans outstanding by years, claims paid on defaulted loans insured, and the ratio of claims paid annually to the average loans outstanding. It appears from the table that the best experience under Title I occurred during the years 1945, 1946, 1947, and 1951. In each of these years the ratio of claims paid during the year to the average outstanding balances did not exceed 1.2 percent.

Claims and Defaults

Default and recovery.—Claims paid from Title I insurance reserves in 1951 amounted to $12,165,000. The cumulative volume since the payment of the first claim in 1935 reached $122,594,000, or 2.29 percent of the $5,352,761,000 of insurance written, at December 31, 1951.

TABLE 62.—*Duration of Loan by Type of Improvement for FHA-insured Property Improvement Loans, 1951*

Duration		Total	Major type of improvement [1]								
Modal term	Interval		New nonresidential construction	Additions and alterations	Exterior finish	Interior finish	Roofing	Plumbing	Heating	Insulation	Miscellaneous
		Percentage distributions of number of loans									
6 months	6 to 8 months	1.0	0.6	0.4	0.4	0.9	1.1	0.8	0.6	2.2	1.1
12 months	9 to 14 months	10.7	6.4	8.9	6.4	13.0	13.3	11.9	9.3	11.4	14.3
18 months	15 to 20 months	6.9	4.1	6.0	4.4	9.3	8.9	8.2	6.5	6.1	9.1
24 months	21 to 26 months	9.5	6.2	9.1	6.5	10.6	11.0	10.5	10.3	9.0	11.3
30 months	27 to 32 months	43.4	21.5	41.1	50.3	35.8	39.7	43.3	39.3	51.0	42.9
36 months	33 to 41 months	28.2	60.0	33.5	31.5	20.2	25.9	25.2	33.7	20.3	21.2
48 months	42 to 53 months	(2)	.2	(2)	(2)	(2)	(2)	(2)	(2)		(2)
60 months	54 to 63 months	.2	.8	.6	.2	.2	.1	.1	.2	(2)	.1
	Over 63 months	.1	.2	.4	.3	.1	(2)	(2)	.1	(2)	(2)
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Duration in months:											
Median		30.6	36.2	30.6	30.7	30.4	30.4	30.4	30.6	30.4	30.3
Average		28.3	31.9	29.4	20.9	27.4	27.2	27.6	28.9	27.4	26.7
		Percentage distributions of aggregate net proceeds									
6 months	6 to 8 months	0.5	0.5	0.2	0.2	0.4	0.0	0.4	0.3	1.7	0.5
12 months	9 to 14 months	5.0	3.6	3.7	3.1	5.8	7.2	5.0	5.3	0.6	6.8
18 months	15 to 20 months	3.8	2.7	3.0	2.4	5.2	5.7	4.0	4.1	3.5	5.3
24 months	21 to 26 months	6.8	4.4	6.3	4.5	7.8	8.2	7.0	7.8	0.8	8.2
30 months	27 to 32 months	46.3	23.3	43.4	52.0	42.0	44.8	48.8	42.3	50.8	47.1
36 months	33 to 41 months	35.7	62.4	30.1	35.7	37.4	32.0	31.9	38.4	24.1	31.2
48 months	42 to 53 months	.1	.3	.1	(2)	(2)	.1	(2)	.1		(2)
60 months	54 to 63 months	1.1	2.2	2.4	1.0	.8	.3	.3	1.3	.4	.0
	Over 63 months	.7	.6	1.8	1.1	.6	.2	.2	.4	.1	.3
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Type of improvement to which the major portion of the proceeds of the loan was devoted.
[2] Less than 0.05 percent

Table 63.—*Property Improvement Loans Insured and Claims Paid by Type of Improvement, 1947 Reserve, 1947–51*

Major type of improvement	Percentage distributions of number		Percentage distributions of amount		Average amount	
	Loans insured	Claims paid	Loans insured	Claims paid	Loans insured	Claims paid
New residential construction	0.2	(1)	1.6	(1)	$3,640	$2,873
New nonresidential construction	1.5	1.0	2.4	1.9	760	443
Additions and alterations	9.5	10.2	15.6	20.0	763	466
Exterior finish	11.9	18.5	14.7	19.9	579	255
Interior finish	7.0	6.7	7.8	8.1	522	288
Roofing	8.3	8.3	6.4	6.1	361	175
Plumbing	8.8	9.9	8.4	9.8	444	236
Heating	22.1	18.4	22.7	16.8	479	217
Insulation	21.6	18.5	13.2	10.7	285	137
Miscellaneous	9.1	8.5	7.2	6.7	368	187
Total	100.0	100.0	100.0	100.0	467	237

[1] Less than 0.05 percent.

DISTRIBUTION OF NUMBER OF LOANS INSURED AND CLAIMS PAID BY TYPES OF IMPROVEMENT

TITLE I, SECTION 2, 1947 RESERVE THROUGH 1951

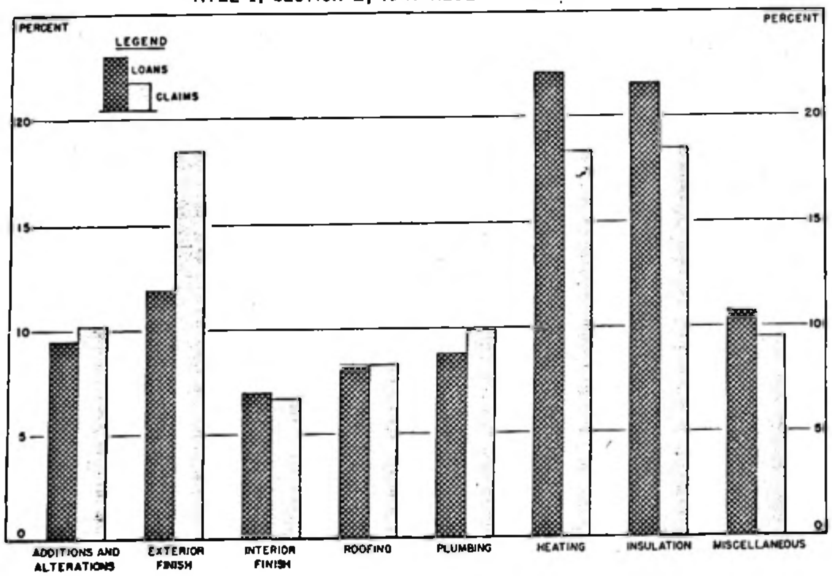

Chart XXIX

By relating the 1951 volume of claims paid to the 1950 volume, the largest amount paid by FHA in any year, a decline of 33.0 percent is obtained. Perhaps the paramount factor contributing to this decline was the general level of prosperity in 1951 and the typical increase in consumer incomes experienced during the year. Moreover, corresponding to the highly improved claim experience in 1951 was the substantial volume of cash recoveries on defaulted loans. From a

Table 64.—*Trend of Outstanding Section 2 Loans, Annual Claims Paid, and Ratio of Claims Paid to Loans Outstanding, 1934–51*

Year	Average face amount of loans outstanding	Annual amount of claims paid	Claims paid as percent of loans outstanding	Year	Average face amount of loans outstanding	Annual amount of claims paid	Claims paid as percent of loans outstanding
1934	$12,851,030			1943	$162,337,051	$3,718,643	2.3
1935	101,541,894	$447,448	0.4	1944	117,137,759	1,939,261	1.7
1936	270,087,794	5,884,885	2.2	1945	141,177,371	1,588,875	1.1
1937	235,397,325	6,890,897	2.9	1946	246,303,648	2,435,964	1.0
1938	158,101,318	6,016,306	3.8	1947	511,404,208	5,820,750	1.1
1939	239,665,715	4,728,346	2.0	1948	761,151,179	14,345,659	1.9
1940	311,314,156	6,543,568	2.1	1949	868,652,902	17,493,909	2.0
1941	354,719,535	7,265,059	2.0	1950	941,555,770	18,168,052	1.9
1942	291,903,562	7,132,210	2.4	1951	1,013,256,071	12,164,730	1.2

level of $2,346,000 collected in 1947, through FHA's collection efforts the annual recoveries in 1951 had climbed to $6,712,000. Since the beginning of operations, $45,874,000 in cash and in proceeds from the disposal of real properties has been received in payments on defaulted loans, representing 37.4 percent of the $122,594,000 claims paid during the same period.

In process of collection are defaulted Title I loans expected to yield future recoveries of $16,227,000, bringing the total value of recoveries to an estimated aggregate of $62,101,000 at the end of 1951. After total recoveries are deducted from claims paid, the net loss to FHA at the end of 1951 on loans insured under Section 2 since the beginning of operations is reduced to only 1.13 percent.

Payments made by borrowers prior to default.—Table 65 and Chart XXX show the number of payments made by borrowers prior to default on loans involving claim payments in 1951. Less than 12 payments had been made on half of the claims settled during the year. No payments were made on 8 percent of all defaulted notes settled by claim payments, 22 percent represented notes with from 1 to 5 payments, and 23 percent with from 6 to 11 payments.

The distribution in the table also shows a classification of the number of claims by duration intervals. Two-thirds of all claims were paid in 1951 on notes with maturities of 36 months. On these, approximately 25 percent of the borrowers defaulted between the sixth and eleventh payments, 20 percent between the twelfth and seventeenth payments, and 40 percent between the eighteenth and thirty-sixth payments.

TABLE 65.—*Number of Payments Made Prior to Default on FHA-insured Property Improvement Loans Involving Claim Payments, 1951*

Number of payments received prior to default	Percentage distributions							Average claim paid
	Loan duration for number of claims					Total number	Total amount	
	6 to 11 months	12 to 23 months	24 to 35 months	36 months	37 or more months			
0	28.2	14.3	20.6	2.3	6.1	7.8	12.5	$570
1	21.8	7.4	10.7	1.6	6.1	4.4	6.5	529
2	15.5	10.6	10.7	1.8	8.5	4.7	6.6	494
3	14.5	4.5	8.6	2.2	6.1	4.0	5.8	511
4	6.4	7.1	5.8	3.0	3.7	4.0	5.1	452
5	11.8	6.1	5.3	3.8	2.5	4.4	5.7	456
6 to 11	1.8	34.1	16.8	24.2	25.6	23.0	26.9	414
12 to 17	----------	15.5	11.2	20.9	8.5	17.9	16.3	320
18 to 23	----------	.3	8.2	14.8	4.9	12.0	8.7	256
24 to 29	----------	----------	1.9	12.2	1.2	8.7	4.0	164
30 to 35	----------	----------	.2	13.0	7.3	8.9	1.6	64
36	----------	.1	----------	.2	4.9	.1	.1	239
37 or more	----------	----------	----------	----------	14.6	.1	.2	786
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	342
Percent of total	.7	7.4	24.1	67.3	.5	100.0	----------	----------

PAYMENTS MADE ON TITLE I, SECTION 2, LOANS PRIOR TO DEFAULT, 1951

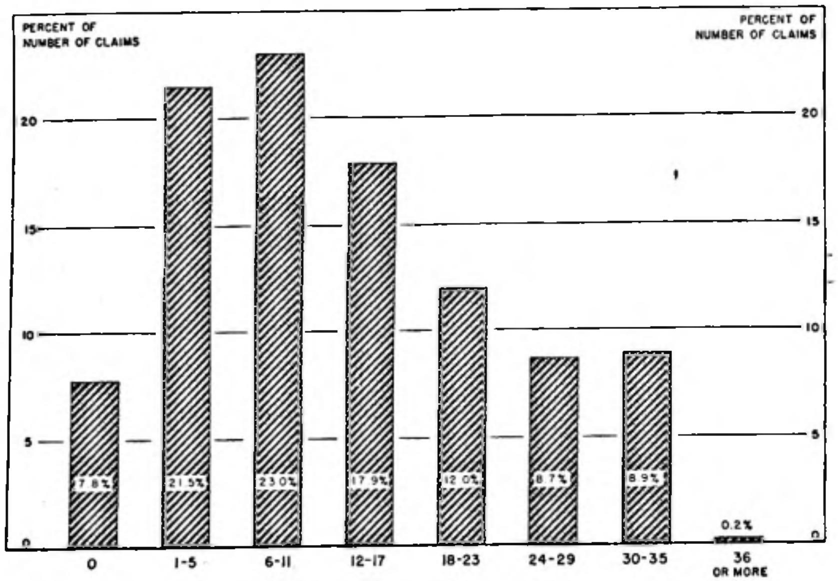

CHART XXX

Section III

ACCOUNTS AND FINANCE

The figures for 1950 and 1951 in the financial statements of this report have been prepared on an accrual basis and are shown for the fiscal year rather than the calendar year. Section II of the report, Statistics of Insuring Operations, is on a calendar year basis to coincide with the housing year. In order to provide comparable figures, those statements in the Accounts and Finance section which are coordinated with the statistical tables shown in Section II are also on a calendar year basis.

Before July 1, 1939, there was no provision in the National Housing Act for collecting premiums on insurance granted under Title I. Moneys for salaries and expenses and for the payment of insurance claims were advanced by the Federal Government, and recoveries on claims paid were required to be deposited to the general fund of the Treasury.

An amendment of June 3, 1939, to the National Housing Act authorized the collection of premiums, and an amendment of June 28, 1941, authorized the retention of recoveries on insurance granted on and after July 1, 1939. Therefore, only the results of operations with respect to insurance granted on and after July 1, 1939, are included in the June 30, 1951, combined statement of financial condition (Statement 1) and the combined statement of income and expenses (Statement 2). Transactions on insurance granted before July 1, 1939, have been shown separately in a statement of accountability for funds advanced (Statement 6).

Combined Funds

Gross Income and Operating Expenses, Fiscal Year 1951

Gross income of combined FHA funds for fiscal year 1951 under all insurance operations totaled $98,004,922 and was derived from fees, insurance premiums, and income on investments. Operating expenses of the Administration during the fiscal year 1951 totaled $31,203,973. This left $66,800,949, which was added to the various insurance funds.

Cumulative Gross Income and Operating Expenses, by Fiscal Years

From the establishment of FHA in 1934 through June 30, 1951, gross income totaled $539,238,014, while operating expenses totaled

$252,655,479. Gross income and operating expenses for each fiscal year are detailed below:

Income and operating expenses through June 30, 1951

Fiscal year	Income from fees, premiums, and investments	Operating expenses	Fiscal year	Income from fees, premiums, and investments	Operating expenses
1935	$539,609	$6,336,905	1945	$29,824,744	$10,219,023
1936	2,503,248	12,160,487	1946	30,720,072	11,192,356
1937	5,690,268	10,318,119	1947	26,790,341	16,064,796
1938	7,874,377	9,297,884	1948	51,164,456	20,071,400
1939	11,954,056	12,609,887	1949	63,983,953	23,378,708
1940	17,860,296	13,206,525	1950	65,705,342	27,455,420
1941	24,126,366	13,350,588	1951	98,004,922	31,203,973
1942	28,316,764	13,471,496			
1943	25,847,785	11,160,452	Total	539,238,014	252,655,479
1944	28,322,415	11,148,361			

NOTE.—Operating expenses include profit or loss on sale and charges for depreciation of furniture and equipment.

The above income was derived from the following insurance operations: Title I Insurance Fund (property improvement loans), $65,455,074; Title I Housing Insurance Fund (home mortgages), $295,080; Title II Mutual Mortgage Insurance Fund (home mortgages), $303,935,390; Title II Housing Insurance Fund (rental housing projects), $8,107,955; Title VI War Housing Insurance Fund (war and veterans' emergency housing), $158,196,700; Title VII Housing Investment Insurance Fund (yield insurance), $8,691; and Title VIII Military Housing Insurance Fund (rental housing projects), $3,239,124.

Salaries and Expenses

The current fiscal year is the twelfth in which the Federal Housing Administration has met all expenditures for salaries and expenses by allocation from its insurance funds.

The amount that may be expended for salaries and expenses during a fiscal year is fixed by Congress. Under the terms of the National Housing Act, expenditures for the operations of each title and section are charged against the corresponding insurance fund.

The amounts charged against the various titles and sections of the Act during the fiscal year 1951 to cover operating costs and the purchase of furniture and equipment are as follows:

Salaries and expenses, fiscal year 1951 (July 1, 1950, to June 30, 1951)

Title and section	Amount	Percent	Title and section	Amount	Percent
Title I:			Title VI—Continued.		
Section 2	$2,256,523	7.19	Section 608	$4,209,870	13.42
Section 8	345,928	1.10	Section 609	11,400	.04
Title II:			Section 611	62,571	.20
Section 203	21,631,947	68.96	Title VII	10,876	.04
Sections 207–210	662,736	2.11	Title VIII:		
Section 213	575,751	1.83	Section 803	721,278	2.30
Title VI:					
Section 603	882,687	2.81	Total	31,371,573	100.00

Capital and Statutory Reserves of Combined FHA Funds

The combined capital and statutory reserves of all FHA funds on June 30, 1951, amounted to $275,267,843, and consisted of $177,391,759 capital ($67,497,433 investment of the United States Government and $109,894,326 earned surplus), and $97,876,084 statutory reserves, as shown in Statement 1.

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1950, and June 30, 1951*

	June 30, 1950	June 30, 1951	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$38,840,907	$40,959,571	$2,118,664
Investments:			
U. S. Government securities (amortized)	215,272,165	266,105,915	50,833,750
Other securities (stock in rental housing corporations)	326,985	412,680	85,695
Total investments	215,599,150	266,518,595	50,919,445
Loans receivable:			
Mortgage notes and contracts for deed	20,107,511	23,178,333	3,070,822
Less reserve for losses	334,795	393,147	58,352
Net loans receivable	19,772,716	22,785,186	3,012,470
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	4,619,084	3,846,997	−772,087
Accounts receivable—Other	114,217	160,645	46,428
Total accounts and notes receivable	4,733,301	4,007,642	−725,659
Accrued assets:			
Interest on U. S. Government securities	488,823	489,493	670
Interest on mortgage notes and contracts for deed	232,339	471,253	238,914
Total accrued assets	721,162	960,746	239,584
Land, structures, and equipment:			
Furniture and equipment	1,799,373	[1] 2,080,441	281,068
Less reserve for depreciation	913,225	969,367	56,142
Net furniture and equipment	886,148	1,111,074	224,926
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	14,247,780	38,030,462	23,782,682
Less reserve for losses	2,417,150	6,379,598	3,962,448
Net real estate	11,830,630	31,650,864	19,820,234
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)	5,867,501	13,837,638	7,970,137
Less reserve for losses	1,565,173	2,969,163	1,403,990
Net mortgage notes acquired under terms of insurance	4,302,328	10,868,475	6,566,147
Defaulted Title I notes	42,042,810	47,427,113	5,384,303
Less reserve for losses	23,546,298	27,365,632	3,819,334
Net defaulted Title I notes	18,496,512	20,061,481	1,564,969
Net acquired security or collateral	34,629,470	62,580,820	27,951,350
Total assets	315,182,854	398,923,634	83,740,780
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	2,999,854	[2] 6,545,465	3,545,611
Group account participations payable	1,670,714	1,904,822	228,108
Total accounts payable	4,670,568	8,450,287	3,773,719

[1] Excludes unfilled orders in the amount of $37,573.
[2] Excludes unfilled orders in the amount of $145,063.

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1950, and June 30, 1951*—Continued

	June 30, 1950	June 30, 1951	Increase or decrease (−)
LIABILITIES—continued			
Accrued liabilities: Interest on debentures	$498, 711	$1, 180, 821	$691, 110
Trust and deposit liabilities:			
Fee deposits held for future disposition	1, 641, 700	5, 257, 696	3, 615, 996
Excess proceeds of sale	743, 447	757, 360	13, 913
Deposits held for mortgagors, lessees, and purchasers	404, 472	519, 593	115, 121
Due general fund of the U. S. Treasury	680	5, 185	4, 505
Employees' pay roll deductions for taxes, etc	942, 840	1, 175, 027	232, 187
Total trust and deposit liabilities	3, 733, 139	7, 714, 861	3, 981, 722
Deferred and undistributed credits:			
Unearned insurance premiums	46, 927, 656	52, 120, 514	5, 192, 858
Unearned insurance fees	1, 216, 729	816, 801	−399, 928
Other	43, 958	74, 635	30, 677
Total deferred and undistributed credits	48, 188, 343	53, 011, 950	4, 823, 607
Bonds, debentures, and notes payable: Debentures payable	29, 315, 786	53, 155, 986	23, 840, 200
Other liabilities: Reserve for foreclosure costs—Mortgage notes	20, 392	132, 886	112, 494
Statutory reserves:			
For transfer to general reinsurance account	18, 988, 881	22, 625, 580	3, 636, 699
Net balances of group accounts available for contingent losses, expenses, other charges, and participations	64, 504, 374	75, 250, 504	10, 746, 130
Total statutory reserves	83, 493, 255	97, 876, 084	14, 382, 829
Total liabilities	169, 926, 194	221, 531, 875	51, 605, 681
CAPITAL			
Investment of the U. S. Government:			
Allocations from the U. S. Treasury	21, 000, 000	21, 000, 000	
Appropriations for salaries and expenses	36, 164, 119	36, 164, 119	
Appropriations for payment of insurance claims	8, 333, 524	8, 333, 314	−210
Allocation to Housing Insurance Fund from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	1, 000, 000	1, 000, 000	
Allocation to Title I Housing Insurance Fund from insurance reserve fund of the Title I Insurance Fund	1, 000, 000	1, 000, 000	
Total investment of the U. S. Government	67, 497, 643	67, 497, 433	−210
Earned surplus (deficit −):			
Insurance reserve fund (cumulative earnings) available for future losses and related expenses	68, 887, 859	98, 006, 878	29, 119, 019
General reinsurance reserve fund (cumulative earnings or deficit −) available for future losses and related expenses	8, 871, 158	11, 887, 448	3, 016, 290
Total earned surplus	77, 759, 017	109, 894, 326	32, 135, 309
Total capital	145, 256, 660	177, 391, 759	32, 135, 099
Total liabilities and capital	315, 182, 854	398, 923, 634	83, 740, 780
Contingent liability for certificates of claim on properties on hand	403, 247	1, 146, 625	743, 378

The paid-in capital of $67,497,433 and the earned surplus of $109,894,326 are available for future contingent losses and related expenses. The statutory reserves of $97,876,084 represent the net balances of the group accounts under the Mutual Mortgage Insurance Fund, and are earmarked for participation payments to mortgagors under the mutual

provision of Title II of the National Housing Act after providing for contingent insurance losses, expenses, and related charges.

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

Fund	Capital and statutory reserves
Title I Insurance Fund	$18, 124, 916
Title I Housing Insurance Fund	960, 089
Mutual Mortgage Insurance Fund	151, 757, 627
Housing Insurance Fund	5, 198, 320
War Housing Insurance Fund	90, 817, 238
Housing Investment Insurance Fund	970, 192
Military Housing Insurance Fund	7, 400, 461
Total	275, 267, 843

In addition, the various insurance funds had collected or accrued $816,801 unearned insurance fees and $52,120,514 unearned insurance premiums, as shown below. Since the accounts are on an accrual basis, these fees and premiums have been deferred and will be allocated to income each month as they are earned.

Fund	Deferred fee income	Deferred premium income	Total deferred fee and premium income
Title I Insurance Fund		$18, 923, 494	$18, 923, 494
Title I Housing Insurance Fund		35, 197	35, 197
Mutual Mortgage Insurance Fund		18, 289, 991	18, 289, 991
Housing Insurance Fund	$645, 999	297, 655	943, 654
War Housing Insurance Fund	142, 710	13, 893, 814	14, 036, 524
Military Housing Insurance Fund	28, 092	680, 363	708, 455
Total	816, 801	52, 120, 514	52, 937, 315

Combined Income, Expenses, and Losses, all FHA Funds

Total income from all sources during the fiscal year 1951 amounted to $99,305,617, while total expenses and insurance losses amounted to $35,668,438, leaving net income, before adjustment of valuation and statutory reserves, of $63,637,179. Increases in valuation reserves for the year amounted to $9,244,124, leaving $54,393,055 net income for the period. Cumulative income from June 30, 1934, through June 30, 1951, was $545,728,937, and cumulative expenses were $267,678,151, leaving net income of $278,050,786 before adjustment of valuation reserves.

STATEMENT 2.—*Combined statement of income and expenses for all FHA funds, through June 30, 1950, and June 30, 1951*

	June 30, 1934 to June 30, 1950	July 1, 1950 to June 30, 1951	June 30, 1934 to June 30, 1951
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$26, 766, 458	$5, 913, 951	$32, 680, 409
Interest on mortgage notes and contracts for deed	47, 641	5, 242	52, 883
Interest—Other	4, 974, 751	1, 265, 114	6, 239, 865
Dividends on rental housing stock	3, 047	1, 838	4, 885
	31, 791, 897	7, 186, 145	38, 978, 042
Insurance premiums and fees:			
Premiums	316, 348, 270	74, 674, 076	391, 022, 346
Fees	97, 272, 134	16, 437, 487	113, 709, 621
	413, 620, 404	91, 111, 563	504, 731, 967
Other income:			
Profit on sale of investments	843, 181	977, 572	1, 820, 753
Miscellaneous income	167, 838	30, 337	198, 175
	1, 011, 019	1, 007, 909	2, 018, 928
Total income	446, 423, 320	99, 305, 617	545, 728, 937
Expenses:			
Interest expenses:			
Interest on debentures	3, 106, 532	495, 916	3, 602, 448
Administrative expenses:			
Operating costs (including adjustments for prior years)	213, 421, 766	[1] 31, 264, 504	244, 686, 270
Other expenses:			
Depreciation on furniture and equipment	1, 254, 738	149, 460	1, 404, 198
Miscellaneous expenses	222, 570	18, 900	241, 470
	1, 477, 308	168, 360	1, 645, 668
Losses and charge-offs:			
Loss on sale of acquired properties	3, 791, 031	599, 488	4, 390, 519
Loss (or profit —) on equipment	16, 669	−19, 467	−2, 798
Loss on defaulted Title I notes	10, 196, 407	3, 159, 637	13, 356, 044
	14, 004, 107	3, 739, 658	17, 743, 765
Total expenses	232, 009, 713	35, 668, 438	267, 678, 151
Net income before adjustment of valuation reserves	214, 413, 607	63, 637, 179	278, 050, 786
Increase (—) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−334, 795	−58, 352	−393, 147
Reserve for loss on real estate	−2, 417, 150	−3, 962, 448	−6, 379, 598
Reserve for loss on mortgage notes acquired under terms of insurance	−1, 565, 173	−1, 403, 990	−2, 969, 163
Reserve for loss on defaulted Title I notes	−23, 546, 298	−3, 819, 334	−27, 365, 632
Net adjustment of valuation reserves	−27, 863, 416	−9, 244, 124	−37, 107, 540
Net income	186, 550, 191	54, 393, 055	240, 943, 246

ANALYSIS OF EARNED SURPLUS

	June 30, 1934 to June 30, 1950	July 1, 1950 to June 30, 1951	June 30, 1934 to June 30, 1951
Distribution of net income:			
Statutory reserves:			
Balance at beginning of period		$83, 493, 255	
Net income for the period	$106, 791, 174	22, 257, 746	$129, 048, 920
	106, 791, 174	105, 751, 001	129, 048, 920
Participations in mutual earnings distributed	−23, 297, 919	−7, 874, 917	−31, 172, 836
Balance at end of period	83, 493, 255	97, 876, 084	97, 876, 084
Earned surplus:			
Balance at beginning of period		77, 759, 017	
Net income for the period	79, 759, 017	32, 135, 309	111, 894, 326
	79, 759, 017	109, 894, 326	111, 894, 326
Allocation to Housing Insurance Fund from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	−1, 000, 000		−1, 000, 000
Allocation to Title I Housing Insurance Fund from the insurance reserve fund of the Title I Insurance Fund	−1, 000, 000		−1, 000, 000
Balance at end of period	77, 759, 017	109, 894, 326	109, 894, 326

[1] Excludes unfilled orders in the amount of $108, 089.

Title I: Property Improvement Loans

Loans Insured and Claims Paid

Operations under Section 2 of Title I cover the insurance of qualified institutions against loss on loans made to finance the alteration, repair, and improvement of existing structures, and loans not exceeding $3,000 for the construction of new nonresidential structures.

Loans aggregating 12,871,546 in number and $5,352,761,470 in amount (net proceeds) had been reported for insurance under this section through December 31, 1951. Through that date, 404,982 claims had been paid for $122,593,572, or approximately 2.3 percent of the total net proceeds of loans insured, as shown in Statement 3.

In the calendar year 1951, 1,437,737 loans were insured for an aggregate of $706,962,734, and 35,600 claims were paid for $12,164,740.

STATEMENT 3.—*Summary of Title I notes insured, claims for insurance paid, and recoveries on defaulted notes purchased, by calendar years, 1934–51*

Year	Notes insured (net proceeds)	Claims for insurance paid	Recoveries on defaulted notes purchased			
			Total recoveries	Cash receipts		Proceeds from real property
				On notes	On sales of repossessed equipment	
1934	$27, 405, 525					
1935	201, 258, 132	$147, 448	$9, 916	$9, 916		
1936	221, 534, 922	5, 884, 885	293, 207	272, 694	$20, 513	
1937	54, 344, 338	6, 890, 897	942, 295	913, 758	28, 537	
1938	150, 709, 152	6, 016, 306	1, 552, 417	1, 489, 044	63, 373	
1939	203, 994, 512	4, 728, 346	1, 941, 953	1, 919, 521	22, 429	
1940	241, 734, 821	6, 543, 568	1, 902, 510	1, 888, 681	13, 859	
1941	248, 638, 549	7, 265, 059	2, 539, 496	2, 335, 107	11, 853	$192, 536
1942	141, 163, 398	7, 132, 210	2, 831, 754	2, 795, 685	−1, 524	37, 593
1943	87, 194, 156	3, 718, 643	4, 168, 859	4, 024, 096	717	144, 046
1944	113, 939, 150	1, 939, 261	3, 597, 858	3, 558, 901	−159	39, 116
1945	170, 823, 788	1, 588, 875	2, 851, 513	2, 775, 337	1, 093	75, 083
1946	320, 593, 183	2, 435, 964	3, 058, 351	2, 772, 487	7, 270	278, 594
1947	533, 604, 178	5, 829, 750	2, 346, 108	2, 345, 022	239	847
1948	621, 612, 484	14, 345, 659	2, 503, 044	2, 499, 536	752	2, 756
1949	607, 023, 920	17, 493, 909	3, 414, 216	3, 413, 258	657	301
1950	706, 224, 528	18, 168, 052	5, 208, 863	5, 187, 283		21, 580
1951	706, 962, 734	12, 164, 740	6, 711, 469	6, 510, 589	−50	200, 930
Total	5, 352, 761, 470	122, 593, 572	45, 873, 859	44, 710, 918	160, 559	993, 382

NOTES

In addition to the above recoveries, $3,874,050 interest on outstanding balances of Title I notes, $96,035 interest on mortgage notes, and $377,680 miscellaneous income had been collected through December 31, 1951.

Equipment in the total amount of $4,474,890 (claim amount) had been repossessed by FHA. However, only the cash recovery of $169,559 from sales is shown as a recovery, the balance of $4,305,331 having been treated as a loss. Of this amount, $3,979,654 represents equipment transferred to other Government agencies without exchange of funds; $322,092, loss on sale of equipment; $792, equipment available for transfer; and $2,793, equipment destroyed as worthless.

Recoveries

Upon payment of insurance claims, the notes and other claims against the borrowers become the property of the Federal Housing Administration and are turned over to the Liquidation Section of the Title I Division for collection or other disposition. If it becomes necessary to repossess equipment under a security instrument held in connection with a defaulted note, the General Services Administration is authorized to pick up such equipment and dispose of it for the account of the Federal Housing Administration.

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

Through December 31, 1951, there had been acquired under the terms of insurance a total of 481 real properties with a claim balance of $1,168,179. All but 49 of these, with a claim balance of $201,711, had been sold at a net loss of $61,947, including all expenses (such as taxes, repairs, and sales commissions) incurred by FHA in acquiring, managing, and disposing of the properties.

Insurance losses through December 31, 1951, amounted to $60,492,793. These losses represent 1.13 percent of the total amount of loans insured ($5,352,761,470). A summary of transactions through December 31, 1951, follows:

Summary of Title I transactions for the period June 30, 1934, to December 31, 1951

	Insurance fund	Claims account	Total Title I transactions to Dec. 31, 1951	Percent to notes insured
Total notes insured	$4, 573, 900, 849	$778, 860, 621	$5, 352, 761, 470	100. 000
Total claims paid	91, 104, 858	31, 488, 714	122, 593, 572	2. 290
Recoveries:				*Percent to claims paid*
Cash collections:				
On notes	28, 647, 471	16, 063, 447	44, 710, 918	36. 471
On sale of repossessed equipment	5, 668	163, 891	169, 559	. 138
Total cash	28, 653, 139	16, 227, 338	44, 880, 477	36. 609
Real properties (after deducting losses)	690, 659	302, 723	993, 382	. 811
Total recoveries	29, 343, 798	16, 530, 061	45, 873, 859	37. 420
Net notes in process of collection	16, 174, 591	52, 329	16, 226, 920	13. 236
Losses:				
Loss on sale of real properties	34, 040	27, 907	61, 947	. 051
Loss on repossessed equipment	46, 001	4, 259, 330	4, 305, 331	3. 512
Loss on defaulted Title I notes	14, 452, 489	9, 647, 394	24, 099, 883	19. 658
Reserve for loss on defaulted Title I notes	31, 053, 939	971, 693	32, 025, 632	26. 123
Total losses	45, 586, 469	14, 906, 324	60, 492, 793	49. 344

NOTE.—Included in the loss on repossessed equipment is $3,979,654 representing the cost (claim amount) of equipment repossessed by FHA and subsequently transferred to other Government agencies for their use. Although the Federal Government has received the benefit of the residual value of this equipment, the cost to Title I is shown as a loss, since the equipment was transferred without exchange of funds.

In addition to the above recoveries, $3,874,050 interest on outstanding note balances, $96,035 interest on mortgage notes, and $377,680 miscellaneous income had been collected through December 31, 1951.

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.

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.

Until sufficient funds from premiums and recoveries had accumulated in the Title I Insurance Fund, expenses and insurance claims relating to this title were paid from moneys allocated by the Federal Government. Since July 1, 1940, however, all operating expenses have been paid out of moneys in the Title I Insurance Fund. From July 1, 1940, through June 30, 1944, a portion of the insurance claims was met from income while the remainder was paid from funds advanced by the Federal Government. Since July 1, 1944, all insurance claims have been paid from income and recoveries.

The total capital of the Title I Insurance Fund as of June 30, 1951, as shown in Statement 4, was $18,124,916, of which $8,333,314 represented investment of the United States Government and $9,791,602 was earned surplus.

STATEMENT 4.—*Comparative statement of financial condition, Title I Insurance Fund, as of June 30, 1950, and June 30, 1951*

	June 30, 1950	June 30, 1951	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$11, 065, 627	$15, 565, 087	$4, 499, 460
Loans receivable:			
Mortgage notes and contracts for deed	129, 067	132, 429	3, 362
Less reserve for losses	1, 936	1, 986	50
Net loans receivable	127, 131	130, 443	3, 312
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	3, 037, 989	2, 205, 251	−832, 738
Accounts receivable—Other	20, 985	14, 946	−6, 039
Accounts receivable—Inter-fund	153, 183	141, 342	−11, 841
Total accounts and notes receivable	3, 212, 157	2, 361, 539	−850, 618
Accrued assets: Interest on mortgage notes and contracts for deed	503	519	16
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	11, 651	95, 326	83, 675
Less reserve for losses	1, 748	14, 261	12, 513
Net real estate	9, 903	81, 065	71, 162
Defaulted Title I notes	42, 042, 810	47, 427, 113	5, 384, 303
Less reserve for losses	23, 546, 298	27, 365, 632	3, 819, 334
Net defaulted Title I notes	18, 496, 512	20, 061, 481	1, 564, 969
Net acquired security or collateral	18, 506, 415	20, 142, 546	1, 636, 131
Total assets	32, 911, 833	38, 200, 134	5, 288, 301

STATEMENT 4.—*Comparative statement of financial condition, Title I Insurance Fund, as of June 30, 1950, and June 30, 1951*—Continued

	June 30, 1950	June 30, 1951	Increase or decrease (—)
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	$925, 094	$1, 147, 755	$222, 661
Trust and deposit liabilities: Deposits held for mortgagors, lessees, and purchasers	1, 960	3, 969	2, 009
Deferred and undistributed credits: Unearned insurance premiums	18, 384, 337	18, 923, 494	539, 157
Total liabilities	19, 311, 391	20, 075, 218	763, 827
CAPITAL			
Investment of the U. S. Government: Appropriations for payment of insurance claims	8, 333, 524	8, 333, 314	—210
Earned surplus:			
Insurance reserve fund (cumulative earnings) available for future losses and related expenses	5, 266, 918	9, 791, 602	4, 524, 684
Total capital	13, 600, 442	18, 124, 916	4, 524, 474
Total liabilities and capital	32, 911, 833	38, 200, 134	5, 288, 301

For the fiscal year 1951, Title I Insurance Fund income totaled $13,778,260, while expenses and losses amounted to $5,421,679, leaving $8,356,581 net income before adjustment of valuation reserves. After the valuation reserves were increased by $3,831,897, there remained $4,524,684 net income for the year.

STATEMENT 5.—*Income and expenses, Title I Insurance Fund, through June 30, 1950, and June 30, 1951*

	June 3, 1939 to June 30, 1950	July 1, 1950 to June 30, 1951	June 3, 1939 to June 30, 1951
Income:			
Interest and dividends:			
Interest on mortgage notes and contracts for deed	$47, 641	$5, 242	$52, 883
Interest—Other	1, 374, 223	298, 653	1, 672, 876
	1, 421, 864	303, 895	1, 725, 759
Insurance premiums and fees:			
Premiums	51, 640, 961	13, 444, 809	65, 085, 770
Fees	369, 304		369, 304
	52, 010, 265	13, 444, 809	65, 455, 074
Other income: Miscellaneous income	159, 494	20, 556	180, 050
Total income	53, 591, 623	13, 778, 260	67, 369, 883
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	13, 190, 507	2, 227, 406	15, 417, 913
Other expenses:			
Depreciation on furniture and equipment	115, 177	10, 629	125, 806
Miscellaneous expenses	204, 760	18, 885	223, 645
	319, 937	29, 514	349, 451

STATEMENT 5.—*Income and expenses, Title I Insurance Fund, through June 30, 1950, and June 30, 1951*—Continued

	June 3, 1939 to June 30, 1950	July 1, 1950 to June 30, 1951	June 3, 1939 to June 30, 1951
Expenses—continued			
Losses and charge-offs:			
Loss on sale of acquired properties	$24, 297	$6, 486	$30, 783
Loss (or profit —) on equipment	43, 575	—1, 364	42, 211
Loss on defaulted Title I notes	10, 136, 407	3, 159, 637	13, 356, 044
	10, 204, 279	3, 164, 759	13, 429, 038
Total expenses	23, 774, 723	5, 421, 679	29, 196, 402
Net income before adjustment of valuation reserves	29, 816, 900	8, 356, 581	38, 173, 481
Increase (—) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	—1, 936	—50	—1, 986
Reserve for loss on real estate	—1, 748	—12, 513	—14, 261
Reserve for loss on defaulted Title I notes	—23, 546, 298	—3, 819, 334	—27, 365, 632
Net adjustment of valuation reserves	—23, 549, 982	—3, 831, 897	—27, 381, 879
Net income	6, 266, 918	4, 524, 684	10, 791, 602
ANALYSIS OF EARNED SURPLUS			
Distribution of net income:			
Earned surplus:			
Balance at beginning of period		$5, 266, 918	
Net income for the period	$6, 266, 918	4, 524, 684	$10, 791, 602
	6, 266, 918	9, 791, 602	10, 791, 602
Allocation to Title I Housing Insurance Fund from the insurance reserve fund of the Title I Insurance Fund	—1, 000, 000		—1, 000, 000
Balance at end of period	5, 266, 918	9, 791, 602	9, 791, 602

Title I Insurance Authority

An amendment to Section 2 (a) of the National Housing Act approved April 20, 1950, provides for a revolving type of insurance authorization. This amendment provides that the aggregate amount of obligations that may be outstanding at any one time shall not exceed $1,250,000,000. The status of the Title I Section 2 insurance authorization as of December 31, 1951, is given below:

Status of Title I insurance authority, as of December 31, 1951

Insurance authority		$1, 250, 000, 000
Charges against insurance authority:		
Estimated outstanding balance of insurance in force:		
Amendment of June 3, 1939	$4, 752, 113	
Reserve of July 1, 1944	329, 893	
Reserve of July 1, 1947	170, 271, 194	
Reserve of March 1, 1950 (including 166,432 notes on loan reports in process)	934, 973, 170	
Total charges against authority		1, 110, 326, 370
Unused insurance authority		139, 673, 630

Title I Insurance Liability

The maximum amount of claims that a qualified institution may present for payment is limited to 10 percent of the eligible loans reported by that institution for insurance. As of December 31, 1951, the maximum possible liability of the Title I Insurance Fund for claims was $253,226,321.

Insurance reserves under Title I, established, released, and outstanding at December 31, 1951, as provided under Sections 2 and 6, National Housing Act

Item	Gross reserves established	Reserves released	Claims paid	Outstanding contingent liability
Insurance reserves:				
Section 2:				
20 percent, original act	$66,331,508	$50,769,728	$15,561,780	
10 percent, amendment April 3, 1936	17,257,563	10,647,672	6,609,891	
10 percent, amendment February 3, 1938	27,302,148	18,041,547	9,260,601	
10 percent, amendment June 3, 1939	86,069,549	60,898,611	20,418,825	$4,752,113
10 percent, reserve of July 1, 1944	85,461,529	60,807,974	24,233,662	320,893
10 percent, reserve of July 1, 1947	163,091,684		41,730,122	121,361,562
10 percent, reserve of March 1, 1950	122,767,322		4,722,249	118,045,073
Estimated loan reports in process	8,737,680			8,737,680
Section 6: [1]				
20 percent, amendment April 22, 1937	297,366	246,498	50,868	
10 percent, amendment April 17, 1936	11,913	6,339	5,574	
Total	577,328,262	201,508,369	122,593,572	253,226,321

[1] In effect from Apr. 17, 1936, to June 3, 1939, for disaster loans.

Title I Claims Account

Through June 30, 1951, the Federal Government had advanced a total of $38,243,526 to cover operations under Title I (Section 2) on insurance granted before July 1, 1939. Of this amount, $6,613,811 had been advanced for salaries and expenses, and the remaining $31,629,715 for the payment of insurance claims and loans to insured institutions. In addition, $2,182,989 had been collected as interest and other income, making a total of $40,426,515 accountable funds.

Funds accounted for at June 30, 1951, amounted to $40,301,562: $18,725,227 representing recoveries and interest on claims deposited in the general fund of the Treasury, and $21,576,335 representing expenses and losses, leaving a balance to be accounted for of $124,953. This balance is accounted for by the net assets on hand at June 30, 1951, which consisted of $47,837 cash, $78,254 accounts and notes receivable, and $1,138 liabilities.

STATEMENT 6.—*Title I Claims Account: Statement of accountability for funds advanced as of June 30, 1951*

Advances from RFC for:			
Payment of claims	$31,488,715		
Loans to insured institutions	141,000		
Payment of salaries and expenses	6,613,811		
		$38,243,526	
Income from operations:			
Interest on defaulted notes	1,953,154		
Other income	229,835		
		2,182,989	
Total funds available			$40,426,515
Recoveries on claims and loans to insured institutions deposited in the general fund of the Treasury		$18,725,227	
Salaries and expenses		6,613,811	
Losses including estimated future losses:			
Sale of real property	$28,429		
Repossessed equipment	4,259,330		
Defaulted notes	10,674,765		
		14,962,524	
Total funds used			40,301,562
Balance of funds to be accounted for			124,953
Accountability represented by:			
Assets on hand:			
Cash		$47,837	
Accounts receivable and accrued assets		4,502	
Mortgage notes	$14,807		
Less estimated future losses	222		
		14,585	
Defaulted notes	1,090,065		
Less estimated future losses	1,030,898		
		59,167	
Total assets on hand		126,091	
Liabilities:			
Deposits held for account of mortgagors and lessees		1,138	
Net assets on hand			$124,953

Title I Housing Insurance Fund

An amendment of April 20, 1950, to the National Housing Act (Public Law 475, 81st Congress) created the Title I Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Section 8 of Title I of the Act. This section provides for the insurance of mortgages to assist families of low and moderate income, particularly in suburban and outlying areas. For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of $1,000,000 from the Title I Insurance Fund.

Title I Section 8 Insurance Authority

Section 8 (a) of the National Housing Act provides that the aggregate amount of principal obligations of all mortgages insured and outstanding at any one time shall not exceed $100,000,000, except that with the approval of the President such amount may be increased by $150,000,000.

The status of the Title I Section 8 insurance authority at December 31, 1951, was calculated as follows:

Status of Title I, Section 8 insurance authority, as of December 31, 1951

Insurance authority		$100, 000, 000
Charges against insurance authority:		
Estimated outstanding balance of insurance in force	$29, 498, 559	
Outstanding commitments	33, 277, 600	
Total charges against authority		62, 776, 159
Unused insurance authority		37, 223, 841

Title I Housing Insurance Fund Capital and Net Income

Assets of the Title I Housing Insurance Fund at June 30, 1951, totaled $1,277,886, against which there were outstanding liabilities of $308,797, leaving $969,089 capital. Included in the capital is the sum of $1,000,000 transferred from the Title I Insurance Fund in accordance with Section 8 (h) of the Act, and an operating deficit of $30,911.

STATEMENT 7.—*Comparative statement of financial condition, Title I Housing Insurance Fund, as of June 30, 1950, and June 30, 1951*

	June 30, 1950	June 30, 1951	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$1, 050, 555	$318, 874	−$731, 681
Investments: U. S. Government securities (amortized)		958, 022	958, 022
Accrued assets: Interest on U. S. Government securities		990	990
Total assets	1, 050, 555	1, 277, 886	227, 331
LIABILITIES			
Accounts payable: Inter-fund		37, 713	37, 713
Trust and deposit liabilities: Fee deposits held for future disposition	28, 675	235, 887	207, 212
Deferred and undistributed credits: Unearned insurance premiums		35, 197	35, 197
Total liabilities	28, 675	308, 797	280, 122
CAPITAL			
Investment of the U. S. Government: Allocation to Title I Housing Insurance Fund from insurance reserve fund of the Title I Insurance Fund	1, 000, 000	1, 000, 000	
Earned surplus: Insurance reserve fund (cumulative earnings or deficit −) available for future losses and related expenses	21, 880	−30, 911	−52, 791
Total capital	1, 021, 880	969, 089	−52, 791
Total liabilities and capital	1, 050, 555	1, 277, 886	227, 331

The total income of the Title I Housing Insurance Fund for fiscal year 1951 amounted to $273,200, while expenses and losses totaled $325,991, leaving a net deficit for the year of $52,791.

STATEMENT 8.—*Income and expenses, Title I Housing Insurance Fund, from inception, April 20, 1950, through June 30, 1951*

	April 20, 1950 to June 30, 1950	July 1, 1950 to June 30, 1951	April 20, 1950 to June 30, 1951
Income:			
Interest and dividends: Interest on U. S. Government securities		$17, 039	$17, 039
Insurance premiums and fees:			
Premiums		17, 386	17, 386
Fees	$21, 880	238, 775	260, 655
	21, 880	256, 161	278, 041
Total income	21, 880	273, 200	295, 080
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)		324, 635	324, 635
Other expenses: Depreciation on furniture and equipment		1, 540	1, 540
Losses and charge-offs:			
Loss (or profit −) on equipment		−184	−184
Total expenses		325, 991	325, 991
Net income (or loss −)	21, 880	−52, 791	−30, 911
ANALYSIS OF EARNED SURPLUS (OR DEFICIT −)			
Distribution of net income:			
Earned surplus (or deficit −):			
Balance at beginning of period		$21, 880	
Net income (or loss −) for the period	$21, 880	−52, 791	−$30, 911
Balance at end of period	21, 880	−30, 911	−30, 911

Investments

Section 8 (i) of the Act provides that moneys in the Title I Housing Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under the fund, provided that such purchases are made at a price that will produce an investment yield of not less than the yield obtainable from other authorized investments. During the fiscal year 1951, $950,000 (principal amount) of U. S. Treasury bonds Series 1967–72 were purchased for the account of this fund.

Investments of the Title I Housing Insurance Fund, June 30, 1951

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1967-72. Average annual yield 2.44 percent.	2½	$958,367	$950,000	$958,022

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 $10,000,000 by the Federal Government. It has been credited with all income received in connection with insurance granted under Section 203, and that received with respect to insurance granted before February 3, 1938, under Section 207.

Section 205 of the Act provides that mortgages insured under Section 203 shall be classified into groups in accordance with sound actuarial practice and risk characteristics. Each group account is credited with the income and charged with the expenses and losses of the mortgages in the group. If such income exceeds the expenses and losses, the resultant credit balance is distributed in the form of participation payments to mortgagors of the group upon payment in full of their mortgages, or upon termination of the group account. A group account is terminated when the amounts to be distributed are sufficient to pay off the unpaid principal of the mortgages remaining in the group, or when all outstanding mortgages in the group have been paid.

If the expenses and losses of a group account exceed the income, no participation payments can be made and the deficit balance is absorbed by the general reinsurance account.

The general reinsurance account was established by Section 205 (b) of the Act and, in accordance with this section, was credited with the original allocation of $10,000,000 provided by Section 202 of the Act. In addition, Section 205 (c) of the Act provides for the transfer to this account, upon the termination of each group account, of an amount equal to 10 percent of the total insurance premiums theretofore credited to the group. The general reinsurance account was

provided as a secondary reserve to absorb the ultimate deficits of any group accounts which lack sufficient funds to meet all expenses and losses relating to the mortgages in the group; and to cover general expenses of mutual mortgage insurance not charged against the group accounts.

Title II Insurance Authority

Under the authority contained in Section 217 of the Act, approved September 1, 1951, the aggregate amount of principal obligations of all mortgages insured under Title II outstanding at any one time was raised by the President during 1951 from $9,000,000,000 to $9,400,000,000. This authorization applies to the insurance granted on home mortgages under Section 203, rental project mortgages under Sections 207 and 210, and mortgages on cooperative projects under Section 213. The Title II insurance authority at December 31, 1951, was calculated as follows:

Status of Title II insurance authority, as of December 31, 1951

Insurance authority			$9,400,000,000
Charges against insurance authority:			
Section 203 estimated outstanding balance of insurance in force	$7,500,017,266		
Section 203 outstanding commitments	1,393,770,100		
		$8,893,787,366	
Section 207 estimated outstanding balance of insurance in force	70,818,668		
Section 207 outstanding commitments	46,138,300		
		116,956,968	
Section 213 estimated outstanding balance of insurance in force	75,887,815		
Section 213 outstanding commitments [1]	96,201,000		
		172,088,815	
Total charges against authority			9,182,833,149
Unused insurance authority			217,166,851

[1] Commitments include statements of eligibility.

Mutual Mortgage Insurance Fund Capital

As of June 30, 1951, the assets of the Mutual Mortgage Insurance Fund totaled $190,308,906, against which there were outstanding liabilities of $136,427,363, leaving $53,881,543 capital. Included in the liabilities are the statutory reserves of $97,876,084. This figure includes $22,625,580 for transfer to the general reinsurance account and $75,250,504 available for contingent losses, expenses, other charges, and participation payments to mortgagors under the mutual provision of the Act.

STATEMENT 9.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1950, and June 30, 1951*

	June 30, 1950	June 30, 1951	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$9,924,985	$11,151,092	$1,226,107
Investments: U. S. Government securities (amortized)	146,747,463	172,583,386	25,835,923
Loans receivable:			
Mortgage notes and contracts for deed	1,424,827	2,037,327	612,500
Less reserve for losses	21,372	30,555	9,183
Net loans receivable	1,403,455	2,006,772	603,317
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	751,122	900,356	149,234
Accounts receivable—Inter-fund	863,488	1,732,706	869,218
Total accounts and notes receivable	1,614,610	2,633,062	1,018,452
Accrued assets:			
Interest on U. S. Government securities	384,247	359,028	−25,219
Interest on mortgage notes and contracts for deed	5,910	8,747	2,837
Total accrued assets	390,157	367,775	−22,382
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	221,553	1,822,009	1,600,456
Less reserve for losses	32,270	255,190	222,920
Net acquired security or collateral	189,283	1,566,819	1,377,536
Total assets	160,269,953	190,308,906	30,038,953
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	798	3,118,873	3,118,075
Group account participations payable	1,676,714	1,904,822	228,108
Total accounts payable	1,677,512	5,023,695	3,346,183
Accrued liabilities: Interest on debentures	119,784	169,467	49,683
Trust and deposit liabilities:			
Fee deposits held for future disposition	1,613,025	5,021,809	3,408,784
Excess proceeds of sale	51,237	80,185	28,948
Deposits held for mortgagors, lessees, and purchasers	63,560	65,949	2,389
Total trust and deposit liabilities	1,727,822	5,167,943	3,440,121
Deferred and undistributed credits:			
Unearned insurance premiums	14,484,385	18,289,991	3,805,606
Other	5,306	8,747	3,441
Total deferred and undistributed credits	14,489,691	18,298,738	3,809,047
Bonds, debentures, and notes payable: Debentures payable	7,896,630	9,891,430	1,994,800
Statutory reserves:			
For transfer to general reinsurance reserve	18,988,881	22,625,580	3,636,699
Net balances of group accounts available for contingent losses, expenses, other charges, and participations	64,504,374	75,250,504	10,746,130
Total statutory reserves	83,493,255	97,876,084	14,382,829
Total liabilities	109,404,700	136,427,363	27,022,663
CAPITAL			
Investment of the U. S. Government:			
Allocations from the U. S. Treasury	10,000,000	10,000,000	
Appropriations for salaries and expenses	31,994,095	31,994,095	
Total investment of the U. S. Government	41,994,095	41,994,095	
Earned surplus (deficit −):			
General reinsurance reserve fund (cumulative earnings or deficit −) available for future losses and related expenses	8,871,158	11,887,448	3,016,290
Total capital	50,865,253	53,881,543	3,016,290
Total liabilities and capital	160,269,953	190,308,906	30,038,953
Contingent liability for certificates of claim on properties on hand.	9,230	62,909	53,679

Income and Expenses

During fiscal year 1951 the income to the fund amounted to $48,223,951, while expenses and losses amounted to $22,717,812, leaving $25,506,139 net income before adjustment of valuation reserves. After the valuation reserves had been increased $232,103, the net income for the year was $25,274,036.

The cumulative income of the Mutual Mortgage Insurance Fund from June 30, 1934, to June 30, 1951, amounted to $307,102,040, while cumulative expenses amounted to $164,879,927, leaving $142,222,113 net income before adjustment of valuation reserves. After $285,745 had been allocated to valuation reserves, the cumulative net income amounted to $141,936,368.

STATEMENT 10.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1950, and June 30, 1951*

	June 30, 1934 to June 30, 1950	July 1, 1950 to June 30, 1951	June 30, 1934 to June 30, 1951
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$23,266,232	$3,949,468	$27,215,700
Interest—Other	2,820,287	337,618	3,157,905
Dividends on rental housing stock	156	130	286
	26,086,675	4,287,216	30,373,891
Insurance premiums and fees:			
Premiums	177,514,115	33,013,928	210,528,043
Fees	54,595,049	10,017,080	64,612,129
	232,109,164	43,031,008	275,140,172
Other income:			
Profit on sale of investments	674,286	904,946	1,579,232
Miscellaneous income	7,964	781	8,745
	682,250	905,727	1,587,977
Total income	258,878,089	48,223,951	307,102,040
Expenses:			
Interest expense: Interest on debentures	3,106,532	495,916	3,602,448
Administrative expenses: Operating costs (including adjustments for prior years)	135,837,439	22,075,058	157,913,097
Other expenses:			
Depreciation on furniture and equipment	785,101	105,359	890,460
Miscellaneous expenses	17,710	15	17,725
	802,811	105,374	908,185
Losses and charge-offs:			
Loss on sale of acquired properties	2,426,070	54,402	2,480,472
Loss (or profit −) on equipment	−10,737	−13,538	−24,275
	2,415,333	40,864	2,456,197
Total expenses	142,162,115	22,717,812	164,879,927
Net income before adjustment of valuation reserves	116,715,974	25,506,139	142,222,113
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−21,372	−9,183	−30,555
Reserve for loss on real estate	−32,270	−222,920	−255,190
Net adjustment of valuation reserves	−53,642	−232,103	−285,745
Net income	116,662,332	25,274,036	141,936,368

STATEMENT 10.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1950, and June 30, 1951*—Continued

ANALYSIS OF EARNED SURPLUS (OR DEFICIT –)

	June 30, 1934 to June 30, 1950	July 1, 1950 to June 30, 1951	June 30, 1934 to June 30, 1951
Distribution of net income:			
Statutory reserves:			
Balance at beginning of period		$83,493,255	
Net income for the period	$106,791,174	22,257,746	$129,048,920
	106,791,174	105,751,001	129,048,920
Participation in mutual earnings distributed	−23,297,919	−7,874,917	−31,172,836
Balance at end of period	83,493,255	97,876,084	97,876,084
Earned surplus:			
Balance at beginning of period		8,871,158	
Net income for the period	9,871,158	3,016,290	12,887,448
	9,871,158	11,887,448	12,887,448
Allocation to Housing Insurance Fund from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	−1,000,000		−1,000,000
Balance at end of period	8,871,158	11,887,448	11,887,448

Investments

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

During the fiscal year 1951, $40,250 of Series A 3 percent Mutual Mortgage Insurance Fund debentures matured and were paid, $86,250 of Series E 2¾ percent were purchased from RFC, and $323,400 were called for redemption.

Purchases of United States Treasury bonds made during the year increased the holdings of the fund by $25,867,650 (principal amount). These transactions resulted in a decrease in the average annual yield from 2.48 percent to 2.47 percent. On June 30, 1951, the fund held United States Treasury bonds in the amount of $172,583,386, as follows:

Investments of the Mutual Mortgage Insurance Fund, June 30, 1951

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1952–54	2¼	$2,300,000	$2,300,000	$2,300,000
1962–67	2½	5,000,000	5,000,000	5,000,000
1963–68	2½	4,500,000	4,500,000	4,500,000
1964–69	2½	19,173,672	19,300,000	19,174,014
1965–70	2½	15,568,226	15,650,000	15,568,526
1966–71	2½	10,850,000	10,850,000	10,850,000
1967–72	2½	115,263,337	114,267,000	115,190,816
Average annual yield 2.47 percent		172,655,235	171,867,000	172,583,386

Properties Acquired under the Terms of Insurance

Four hundred and seven homes insured under Section 203 were acquired by the Commissioner during the calendar year 1951 under the terms of insurance. During 1950, 225 foreclosed properties had been transferred to the Commissioner, and in 1949 there had been 37. Through 1951, a total of 4,740 small homes had been acquired under the Mutual Mortgage Insurance Fund, for which debentures and cash adjustments had been issued in the amount of $22,944,934. Statement 11 shows the turnover of Section 203 acquired properties since the acquisition of the first such property in 1936.

STATEMENT 11.—*Turnover of properties acquired under Section 203 of Title II contracts of insurance by years, and cumulative through December 31, 1951*

Properties acquired		Properties sold by calendar years															Properties on hand Dec. 31, 1951
Year	Number	1936–37	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	
1936	13	11	2														
1937	98	13	67	7	5	6											
1938	324		130	99	50	28	6	2	−1	1							
1939	753			278	331	110	28	3	2	1							
1940	1,123				611	448	46	14	3	1							
1941	1,014					754	257	29	2	2							
1942	502						355	139	8								
1943	108							140	27	1							
1944	33								26	7							
1945	8									7	1						
1946	1										1						
1947																	
1948	4												2	2			
1949	37													17	19	1	
1950	225														65	102	58
1951	407															188	219
Total	4,740	24	208	384	997	1,340	692	327	67	20	2		2	19	84	291	277

NOTES

On the 4,463 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 6.10 months.

The number of properties sold has been reduced by 17 properties repossessed because of default on mortgage notes. All 17 reacquisitions had been resold by December 31, 1951.

Through December 31, 1951, 4,463 acquired properties insured under Section 203 had been sold at prices which left a net charge against the fund of $2,545,350, or an average of approximately $570 per case. One Section 207 rental housing project, insured under the Mutual Mortgage Insurance Fund before February 3, 1938, had been acquired and sold in 1941 at no loss to the fund.

STATEMENT 12.—*Statement of profit and loss on sale of acquired properties, Mutual Mortgage Insurance Fund, through December 31, 1951*

Item	Section 203 (4,463 properties)	Section 207 (1 property)	Total Title II (4,464 properties)
Proceeds of sales:[1]			
Sales price	$21,501,671	$1,000,000	$22,501,671
Less commission and other selling expenses	1,012,411		1,012,411
Net proceeds of sales	20,489,260	1,000,000	21,489,260
Income:			
Rental and other income (net)	417,322		417,322
Mortgage note income	2,584,510		2,584,510
Total income	3,001,832		3,001,832
Total proceeds of sold properties	23,491,092	1,000,000	24,491,092
Expenses:			
Debentures and cash adjustments	21,131,898	942,145	22,074,043
Interest on debentures	2,960,964	18,387	2,979,351
Taxes and insurance	424,948	5,012	429,960
Repairs and improvements	746,780		746,780
Maintenance and operating expense	97,350		97,350
Miscellaneous expense	5,154	1,669	6,823
Total expenses	25,367,103	967,213	26,334,316
Net profit (or loss —) before distribution of liquidation profits	−1,876,011	32,787	−1,843,224
Less distribution of liquidation profits:			
Certificates of claim	448,797	31,532	480,329
Increment on certificates of claim	30,770	1,255	32,025
Refunds to mortgagors	189,772		189,772
Loss to Mutual Mortgage Insurance Fund	2,545,350		2,545,350
Average loss to Mutual Mortgage Insurance Fund	570		

[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	769		$4,740,460		$4,740,460
Properties sold for cash and notes (or contracts for deed)	3,688	3,678	2,091,278	$15,608,956	17,700,234
Properties sold for notes only	17	17		60,977	60,977
Total	4,464	3,695	6,831,738	15,669,933	22,501,671

On December 31, 1951, 277 properties insured under the Mutual Mortgage Insurance Fund were held by the FHA. The cost of these properties was:

Mutual Mortgage Insurance Fund, statement of properties on hand at December 31, 1951 (277 properties)

	Section 203 (277 properties)
Expenses:	
Acquisition costs	$1,813,036
Interest on debentures	65,505
Taxes and insurance	36,778
Repairs and improvements	38,472
Maintenance and operating expenses	41,820
Miscellaneous expenses	470
Total expenses	1,996,081
Income. Rental and other income (net)	1,276
Net cost of properties on hand	1,994,805

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 4,463 Section 203 properties which had been acquired and sold through 1951 totaled $1,806,175. The amount paid or to be paid on these certificates of claim totaled $448,797 (approximately 25 percent), while certificates of claim totaling $1,357,378 (approximately 75 percent), had been or will be canceled.

In addition, there were excess proceeds on approximately 14 percent (or 681) of the 4,463 sold properties amounting to $189,772, for refund to mortgagors. The refund to mortgagors on these 681 cases averaged $279.

Mutual Mortgage Participation Payments

In carrying out the mutual provisions of Title II the Administration had established through June 30, 1951, a total of 294 group accounts, of which 162 had credit balances for distribution, and 132 had deficit balances. The 162 group accounts with credit balances included 18 from which participation payments had been made at the time of termination of the group, 14 from which payments will be made, and 130 from which participation shares are being currently disbursed to mortgagors who pay their mortgages in full prior to maturity.

Of the 132 deficit balance groups at June 30, 1951, 67 had been terminated with deficits totaling $147,838, and these deficits had been charged against the general reinsurance account. The income of the remaining 65 groups had not yet been sufficient to offset the expenses and reserves for losses.

The credit balances of the 18 group accounts that had matured and from which participation payments had been made amounted to $193,-574, and these balances were shared by 3,895 mortgagors. Payments to mortgagors ranged from $1.89 to $48.39 per $1,000 of original face amount of mortgage. The credit balances of the 14 groups from which participation payments will be made amounted to $1,172,499 on June 30, 1951, and will be shared by approximately 7,033 mortgagors.

The first participation payments in connection with insured loans prepaid in full were made as of January 1, 1944, and during the 7½ years following that date total payments of $31,172,836 were made or accrued on 293,253 insured loans.

The credit balances of the 130 groups, from which participation payments are being made as insured loans are paid in full, amounted to $59,652,826 on June 30, 1951. On that date there were still in force in these group accounts approximately 301,858 insured mortgages on which the original face amount had been $1,363,455,779.

Title II: Housing Insurance Fund

The insurance risks on rental and group housing insured under Sections 207 and 210 after February 3, 1938, and on cooperative housing insured under Section 213 are liabilities of the Housing Insurance Fund, which was established by an amendment to the National Housing Act approved February 3, 1938.

Section 213, which was added to the Act by an amendment approved April 20, 1950, authorizes the insurance of mortgages on cooperative housing projects. To be eligible for insurance under Section 213, the mortgagor must be a nonprofit cooperative ownership housing corporation, the permanent occupancy of the dwellings being restricted to members, or a nonprofit corporation organized for the purpose of building homes for members. In the latter instance provision is made for the release from the blanket mortgage of individual properties for sale to members and for the insurance of individual mortgages under Section 213 on such released properties.

Appraisal fees, insurance premiums, interest on investments, and income from projects acquired under the terms of insurance are deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund. Foreclosure losses and general operating expenses of the Federal Housing Administration under Sections 207 and 210 since February 3, 1938, and under Section 213 are charged against the fund.

This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments. Any increase in the fund resulting from operations is retained as a general reserve to meet possible insurance losses and future expenses in connection with Sections 207, 210, and 213 insurance. In accordance with Section 207 (h) of the Act, the excess proceeds, if any, from the sale of an acquired project, after deducting all costs incident to the acquisition, handling, and final disposition of such project, are applied to the mortgagee's certificate of claim and increment thereon, and any balance is credited to the Housing Insurance Fund, except that, with respect to individual mortgages insured under the provisions of Section 213 (d), any excess remaining after payment of the certificate of claim and increment thereon is for refund to the mortgagor. Before enactment of the amendments of August 10, 1948, to the National Housing Act, any excess remaining after payment of the certificate of claim and increment thereon was refunded to the mortgagor.

Housing Insurance Fund Capital and Net Income

Assets of the Housing Insurance Fund as of June 30, 1951, totaled $7,738,106, against which there were outstanding liabilities of $2,539,-786. The capital of the fund amounted to $5,198,320, represented by $5,170,024 investment of the United States Government and earned surplus of $28,296. Included in the capital is the sum of $1,000,000, which was transferred in accordance with Section 207 (f) of the Act from appraisal fees collected under the Mutual Mortgage Insurance Fund.

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STATEMENT 13.—*Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1950, and June 30, 1951*

	June 30, 1950	June 30, 1951	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$1, 465, 799	$1, 998, 943	$533, 144
Investments:			
U. S. Government securities (amortized)	2, 436, 614	2, 909, 614	473, 000
Other securities (stock in rental housing corporations)	4, 750	7, 700	2, 950
Total investments	2, 441, 364	2, 917, 314	475, 950
Loans receivable:			
Mortgage notes and contracts for deed	5, 280, 348	2, 817, 299	—2, 463, 049
Less reserve for losses	79, 205	42, 259	—36, 946
Net loans receivable	5, 201, 143	2, 775, 040	—2, 426, 103
Accounts and notes receivable: Accounts receivable—Insurance premiums		38, 643	38, 643
Accrued assets:			
Interest on U. S. Government securities	9, 367	3, 020	—6, 347
Interest on mortgage notes and contracts for deed	13, 041	5, 146	—7, 895
Total accrued assets	22, 408	8, 166	—14, 242
Total assets	9, 130, 714	7, 738, 106	—1, 392, 608
LIABILITIES			
Accounts payable: Inter-fund	—11, 942	112, 576	124, 518
Accrued liabilities: Interest on debentures	47, 300	19, 112	—28, 188
Trust and deposit liabilities:			
Excess proceeds of sale	71, 843	39, 903	—31, 940
Deposits held for mortgagors, lessees, and purchasers	68, 547	34, 541	—34, 006
Total trust and deposit liabilities	140, 390	74, 444	—65, 946
Deferred and undistributed credits:			
Unearned insurance premiums	95, 601	297, 655	202, 054
Unearned insurance fees	453, 861	645, 999	192, 138
Total deferred and undistributed credits	549, 462	943, 654	394, 192
Bonds, debentures, and notes payable: Debentures payable	3, 440, 000	1, 390, 000	—2, 050, 000
Total liabilities	4, 165, 210	2, 539, 786	—1, 625, 424
CAPITAL			
Investment of the U. S. Government:			
Appropriations for salaries and expenses	4, 170, 024	4, 170, 024	
Allocation to Housing Insurance Fund from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	1, 000, 000	1, 000, 000	
Total investment of the U. S. Government	5, 170, 024	5, 170, 024	
Earned surplus (deficit —):			
Insurance reserve fund (cumulative earnings or deficit —) available for future losses and related expenses	—204, 520	28, 296	232, 816
Total capital	4, 965, 504	5, 198, 320	232, 816
Total liabilities and capital	9, 130, 714	7, 738, 106	—1, 392, 608

During the fiscal year 1951 the income of the fund amounted to $1,358,052, while expenses and losses amounted to $1,162,182, leaving $195,870 net income before adjustment of valuation reserves. After the valuation reserves had been decreased by $36,946, there remained $232,816 as net income for the year.

STATEMENT 14.—*Income and expenses, Housing Insurance Fund, through June 30, 1950, and June 30, 1951*

	Feb. 3, 1938 to June 30, 1950	July 1, 1950 to June 30, 1951	Feb. 3, 1938 to June 30, 1951
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$666, 962	$77, 181	$744, 143
Interest—Other	61, 007	61, 528	122, 535
Dividends on rental housing stock	1, 236	55	1, 291
	729, 205	138, 764	867, 969
Insurance premiums and fees:			
Premiums	5, 481, 909	289, 952	5, 771, 861
Fees	645, 382	856, 710	1, 502, 092
	6, 127, 291	1, 146, 662	7, 273, 953
Other income: Profit on sale of investments	15, 942	72, 626	88, 568
Total income	6, 872, 438	1, 358, 052	8, 230, 490
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	6, 915, 106	1, 152, 999	8, 068, 105
Other expenses:			
Depreciation on furniture and equipment	48, 177	5, 486	53, 663
Miscellaneous expenses	100		100
	48, 277	5, 486	53, 763
Losses and charge-offs:			
Loss on sale of acquired properties	34, 532	4, 377	38, 909
Loss (or profit —) on equipment	—162	—680	—842
	34, 370	3, 697	38, 067
Total expenses	6, 997, 753	1, 162, 182	8, 159, 935
Net income (or loss —) before adjustment of valuation reserves	—125, 315	195, 870	70, 555
Increase (—) or decrease (+) in valuation reserves: Reserve for loss on loans receivable	—79, 205	+36, 946	—42, 259
Net income (or loss —)	—204, 520	232, 816	28, 296

ANALYSIS OF EARNED SURPLUS (OR DEFICIT —)

Distribution of net income:			
Earned surplus (or deficit —):			
Balance at beginning of period		—$204, 520	
Net income (or loss —) for the period	—$204, 520	232, 816	$28, 296
Balance at end of period	—204, 520	28, 296	28, 296

Investments

Section 207 (p) of the National Housing Act provides that excess moneys not needed for current operations under the Housing Insurance Fund shall be deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States, or, with the approval of the Secretary of the Treasury, used for the purchase of debentures issued under Section 207 and Section 204. During the fiscal year 1951, \$2,050,000 of Series D 2¾ percent Housing Insurance Fund debentures were called for redemption. Net purchases of Treasury bonds during the year increased the holdings of the fund \$469,250 (principal amount). These transactions resulted in a decrease in the average annual yield from 2.60 percent to 2.48 percent. On June 30, 1951, the fund held United States Treasury bonds in the amount of \$2,909,614, as follows:

Investments of the Housing Insurance Fund, June 30, 1951

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1962-67	2½	\$1,500,000	\$1,500,000	\$1 500,000
1967-72	2½	1,409,844	1,400,000	1,409,614
Average annual yield 2.48 percent		2,909,844	2,900,000	2,909,614

Property Acquired under the Terms of Insurance

No rental housing projects insured under Sections 207–210 or 213 were acquired by the FHA Commissioner under the terms of insurance in 1951. Through December 31, 1951, a cumulative total of 16 rental housing projects and one mortgage note insured under Sections 207–210 of the Housing Insurance Fund had been acquired, in exchange for which debentures and cash adjustments had been issued in the amount of \$14,661,895. The 16 projects and the mortgage note had been sold at an estimated loss to the Housing Insurance Fund of \$43,251.

In addition to the rental housing projects acquired under the Housing Insurance Fund, one Section 207 project insured under the Mutual Mortgage Insurance Fund had been acquired and sold at no loss to that fund.

STATEMENT 15.—*Statement of profit and loss on sale of acquired projects, Housing Insurance Fund, through December 31, 1951*

	Sections 207-210 (1 mortgage note)	Sections 207-210 (16 projects)	Total HI Fund (16 projects and 1 mortgage note)
Proceeds of sales: [1]			
Sales price (or proceeds of mortgage note)	\$2,989,981	\$12,109,904	\$15,099,885
Less commissions		4,538	4,538
Net proceeds of sales	2,989,981	12,105,366	15,095,347
Income:			
Rental and other income (net)		1,667,737	1,667,737
Mortgage note income	428,893	2,061,320	2,490,213
Total income	428,893	3,729,057	4,157,950
Total proceeds of sold properties	3,418,874	15,834,423	19,253,297
Expenses:			
Debentures and cash adjustments	2,930,182	11,731,713	14,661,895
Interest on debentures	300,201	2,505,881	2,806,082
Taxes and insurance		469,595	469,595
Repairs and improvements		214,466	214,466
Maintenance and operating expense		751,524	751,524
Miscellaneous expense	2,501	29,331	31,832
Total expenses	3,232,884	15,702,510	18,935,394
Net profit before distribution of liquidation profits	185,990	131,913	317,903
Less distribution of liquidation profits:			
Certificates of claim	15,728	159,772	175,500
Increment on certificates of claim	1,789	11,576	13,365
Refunds to mortgagors	168,473	3,816	172,289
Loss to Housing Insurance Fund		43,251	43,251
Average loss to Housing Insurance Fund			2,544

[1] Analysis of terms of sales:

Terms of sales	Number	Cash	Mortgage notes	Sales price
Projects sold for cash	2	\$3,062,401		\$3,062,401
Projects sold for cash and mortgage notes (or contracts for deed)	13	228,789	\$10,149,283	10,378,072
Projects sold for mortgage notes or contracts for deed only	2		1,659,412	1,659,412
Total	17	3,291,190	11,808,695	15,099,885

Certificates of Claim and Refunds to Mortgagors

Certificates of claim issued in connection with the 16 projects and one mortgage note which had been sold under the Housing Insurance Fund through December 31, 1951, totaled \$290,400. The amount paid or to be paid on these certificates totaled \$175,500, and the amount canceled, \$114,900. In addition, excess proceeds on 3 projects had been refunded to mortgagors in the amount of \$172,289, in accordance with provisions of the Act before amendment of August 10, 1948.

The certificate of claim issued in connection with the only rental housing project acquired under the Mutual Mortgage Insurance Fund amounted to \$31,532. This certificate of claim had been paid in full, with increment thereon in the amount of \$1,255.

Title VI: War Housing Insurance Fund

The insurance risks on privately financed emergency housing loans insured under Title VI are liabilities of the War Housing Insurance Fund, established by an amendment of March 28, 1941, to the National Housing Act. Section 603 of Title VI authorizes 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 War Housing Insurance Fund was originally allocated the sum of $5,000,000 by the Federal Government. It has been credited with all income received in connection with insurance granted under Title VI, and has been charged with all expenses and losses relating to such insurance.

This is not a mutual fund, and any balance remaining in the fund after all Title VI expenses and insurance claims have been met will revert to the general fund of the Treasury.

Title VI Insurance Authority

As of December 31, 1951, Section 603 (a) of the National Housing Act provided that the aggregate amount of principal obligations of mortgages insured under Title VI should not exceed $7,150,000,000. This limitation applied to insurance granted on home mortgages insured under Section 603 and rental housing project mortgages insured under Section 608.

In addition to the above authorization, the Act provided that the aggregate amount of principal obligations of all mortgages insured pursuant to Sections 609, 610, and 611 should not exceed $750,000,000.

The status of the Title VI insurance authority at December 31, 1951, was calculated as follows:

Status of Title VI insurance authority as of December 31, 1951

	Sections 603 and 608	Sections 609, 610, and 611
Insurance authority	$7,150,000,000	$750,000,000
Charges against insurance authority:		
Mortgages insured	7,056,303,537	39,102,048
Less: Mortgages reinsured	107,078,540	15,200
Net mortgages insured	6,949,314,997	39,086,848
Commitments for insurance [1]	59,867,000	7,374,650
Total charges against authority	7,009,181,997	46,461,498
Unused insurance authority	140,818,003	703,538,502

[1] Commitments include statements of eligibility.

War Housing Insurance Fund Capital

Assets of the War Housing Insurance Fund as of June 30, 1951, totaled $149,030,657, against which there were outstanding liabilities of $58,183,419. The fund had capital of $90,847,238, consisting of $5,000,000 invested by the United States Government and $85,847,238 earned surplus.

STATEMENT 16.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1950, and June 30, 1951*

	June 30, 1950	June 30, 1951	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$9,031,469	$6,777,644	−$2,853,825
Investments:			
U. S. Government securities (amortized)	61,965,258	81,643,072	19,677,814
Other securities (stock in rental housing corporations)	320,135	398,180	78,045
Total investments	62,285,393	82,041,252	19,755,859
Loans receivable:			
Mortgage notes and contracts for deed	13,273,269	18,191,278	4,918,009
Less reserve for losses	232,282	318,347	86,065
Net loans receivable	13,040,987	17,872,931	4,831,944
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	829,973	659,679	−170,294
Accounts receivable—Other	6,702	26	−6,676
Accounts receivable—Inter-fund	1,872	234,478	232,606
Total accounts and notes receivable	838,547	894,183	55,636
Accrued assets:			
Interest on U. S. Government securities	91,042	116,351	25,309
Interest on mortgage notes and contracts for deed	212,885	456,841	243,956
Total accrued assets	303,927	573,192	269,265
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	14,014,576	36,113,127	22,098,551
Less reserve for losses	2,383,132	6,110,147	3,727,015
Net real estate	11,631,444	30,002,980	18,371,536
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)	5,867,501	13,837,638	7,970,137

STATEMENT 16.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1950, and June 30, 1951*—Continued

	June 30, 1950	June 30, 1951	Increase or decrease (—)
ASSETS—continued			
Acquired security or collateral—Continued Less reserve for losses	$1,565,173	$2,969,163	$1,403,990
Net mortgage notes acquired under terms of insurance	4,302,328	10,868,475	6,566,147
Net acquired security or collateral	15,933,772	40,871,455	24,937,683
Total assets	102,034,095	149,030,657	46,996,562
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	27,605	19,923	—7,682
Accrued liabilities: Interest on debentures	331,627	1,001,242	669,615
Trust and deposit liabilities: Excess proceeds of sale Deposits held for mortgagors, lessees, and purchasers	 620,366 270,406	 637,272 415,134	 16,906 144,728
Total trust and deposit liabilities	890,772	1,052,406	161,634
Deferred and undistributed credits: Unearned insurance premiums Unearned insurance fees Other	 13,755,920 698,839 38,652	 13,893,814 142,710 65,888	 137,885 —556,129 27,236
Total deferred and undistributed credits	14,493,420	14,102,412	—391,008
Bonds, debentures, and notes payable: Debentures payable	17,979,150	41,874,550	23,895,400
Other liabilities: Reserve for foreclosure costs—Mortgage notes	20,392	132,886	112,494
Total liabilities	33,742,966	58,183,419	24,440,453
CAPITAL			
Investment of the U. S. Government: Allocation from the U. S. Treasury	5,000,000	5,000,000	
Earned surplus: Insurance reserve fund (cumulative earnings) available for future losses and related expenses	63,291,129	85,847,238	22,556,109
Total capital	68,291,129	90,847,238	22,556,109
Total liabilities and capital	102,034,095	149,030,657	46,996,562
Contingent liability for certificates of claim on properties on hand	394,017	1,083,716	689,699

Income and Expenses

During the fiscal year 1951 the fund earned $33,154,754 and had expenses of $5,381,575, leaving $27,773,179 net income before adjustment of valuation reserves. After the valuation reserves had been increased by $5,217,070, the net income for the year amounted to $22,556,109, which was added to the insurance reserve fund.

The cumulative income of the War Housing Insurance Fund from its establishment March 28, 1941, to June 30, 1951, amounted to $159,483,629, while cumulative expenses were $64,238,734, leaving $95,244,895 net income before adjustment of reserves. Valuation reserves of

$9,397,657 were established, leaving cumulative net income of $85,847,238.

STATEMENT 17.—*Income and expenses, War Housing Insurance Fund, through June 30, 1950, and June 30, 1951*

	Mar. 28, 1941 to June 30, 1950	July 1, 1950 to June 30, 1951	Mar. 28, 1941 to June 30, 1951
Income:			
Interest and dividends: Interest on U. S. Government securities Interest—Other Dividends on rental housing stock	 $2,796,378 719,234 1,655	 $1,729,236 567,315 1,653	 $4,525,614 1,286,549 3,308
	3,517,267	2,298,204	5,815,471
Insurance premiums and fees: Premiums Fees	 81,619,919 41,038,356	 27,180,462 3,676,088	 108,800,381 44,714,444
	122,658,275	30,856,550	153,514,825
Other income: Profit on sale of investments Miscellaneous income	 152,953 380		 152,953 380
	153,333		153,333
Total income	126,328,875	33,154,754	159,483,629
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	57,261,703	4,827,338	62,089,041
Other expenses: Depreciation on furniture and equipment	305,337	23,313	328,650
Losses and charge-offs: Loss on sale of acquired properties Loss (or profit —) on equipment	 1,306,132 —16,013	 534,223 —3,299	 1,840,355 —19,312
	1,290,119	530,924	1,821,043
Total expenses	58,857,159	5,381,575	64,238,734
Net income before adjustment of valuation reserves	67,471,716	27,773,179	95,244,895
Increase (—) or decrease (+) in valuation reserves: Reserve for loss on loans receivable Reserve for loss on real estate	 —232,282 —2,383,132	 —86,065 —3,727,015	 —318,347 —6,110,147
Reserve for loss on mortgage notes acquired under terms of insurance	—1,565,173	—1,403,990	—2,969,163
Net adjustment of valuation reserves	—4,180,587	—5,217,070	—9,397,657
Net income	63,291,129	22,556,109	85,847,238

ANALYSIS OF EARNED SURPLUS

Distribution of net income:			
Earned surplus: Balance at beginning of period Net income for the period	 $63,291,129	 $63,291,129 22,556,109	 $85,847,238
Balance at end of period	63,291,129	85,847,238	85,847,238

Investments

Section 605 (a) of Title VI contains a provision similar to that under Title II with respect to investment of moneys not needed for current operations by the purchase of United States Government securities or the retirement of debentures.

During the fiscal year 1951, excess funds not needed for current operations were used to retire $10,964,100 Series H 2½ percent and $1,115,350 Series J 2½ percent War Housing Insurance Fund debentures for a total retirement of $12,079,450, of which $8,440,300 were called for redemption and $3,639,150 were purchased from RFC.

During the fiscal year 1951, net purchases of $19,600,000, principal amount, of United States bonds increased the investment in United States securities held by the fund as of June 30, 1951, to $81,643,072. These transactions resulted in a decrease in the average annual yield from 2.39 percent to 2.36 percent.

Investments of the War Housing Insurance Fund, June 30, 1951

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1955	2	$6,600,000	$6,600,000	$6,600,000
1952–54	2½	400,000	400,000	400,000
1966–71	2½	4,000,000	4,000,000	4,000,000
1967–72	2½	70,723,047	69,600,000	70,643,072
Average annual yield 2.36 percent		81,723,047	80,600,000	81,643,072

Properties Acquired under the Terms of Insurance

The Federal Housing Administration acquired title in 1951, under the terms of insurance, to 735 properties (838 units) insured under Section 603 and sold 964 (1,022 units). Through December 31, 1951, a total of 9,109 Section 603 properties (11,880 units) had been acquired at a cost of $50,124,868 (debentures and cash adjustments), and 7,918 properties (10,533 units) had been sold at prices which left a net charge against the fund of $1,977,442, or an average of $250 per case. There remained on hand for future disposition 1,191 properties having 1,347 living units.

During 1951, 52 rental housing projects (3,085 units) and 30 mortgage notes (1,229 units) insured under Section 608 were assigned to the FHA Commissioner under the terms of insurance. Through December 31, 1951, a total of 100 projects (6,091 units) and 67 mortgage notes (2,702 units) had been assigned to the Commissioner. Nine projects (1,012 units) and 1 mortgage note (42 units) had been settled with no loss to the War Housing Insurance Fund, leaving 91 projects (5,079 units) and 66 mortgage notes (2,660 units) still held by the FHA.

There were no additional manufacturers' or purchasers' notes insured under Section 609 assigned to the FHA Commissioner during the calendar year 1951. Through December 31, 1951, 2 manufacturers' notes and 64 discounted purchasers' notes had been assigned.

All 64 discounted purchasers' notes and 1 manufacturer's note had been settled in full with a resultant loss to the fund of $413,761, leaving 1 manufacturer's note on hand at December 31, 1951.

STATEMENT 18.—*Statement of profit and loss on sale of acquired properties, War Housing Insurance Fund, through December 31, 1951*

	Section 603 (7,918 properties)	Section 608 (9 projects and 1 mortgage note)	Section 609 [2] (65 notes)	Total Title VI (7,993 properties)
Proceeds of sales: [1]				
Sales price (or proceeds of mortgage notes)	$45,637,507	$3,963,585	$212,300	$49,813,392
Less commissions and other selling expenses	1,655,314	391		1,655,705
Net proceeds of sales	43,982,193	3,963,194	212,300	48,157,687
Income:				
Rental and other income (net)	4,046,043	374,813		4,420,856
Mortgage note income	3,499,859	48,328	28,260	3,576,447
Total income	7,545,902	423,141	28,260	7,997,303
Total proceeds of sold properties	51,528,095	4,386,335	240,560	56,154,990
Expenses:				
Debentures and cash adjustments	43,029,930	4,058,838	641,907	47,730,675
Interest on debentures	4,523,244	135,617	12,414	4,671,275
Taxes and insurance	1,218,111	46,215		1,264,326
Repairs and improvements	1,296,578	7,725		1,304,303
Maintenance and operating expense	1,837,376	16,834		1,854,210
Miscellaneous expense	2,793	7,226		10,019
Total expenses	51,908,032	4,272,455	654,321	56,834,808
Net profit (or loss −) before distribution of liquidation profits	−379,937	113,880	−413,761	−679,818
Less distribution of liquidation profits:				
Certificates of claim	594,913	77,345		672,258
Increment on certificates of claim	64,014	1,574		65,588
Refunds to mortgagors	938,578			938,578
Loss to War Housing Insurance Fund	1,977,442	[3] −34,961	413,761	2,356,242
Average loss to War Housing Insurance Fund	250			

[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	2,110		$11,489,333		$11,489,333
Properties sold for cash and notes (or contracts for deed)	5,764	4,322	2,634,954	$34,239,410	36,874,364
Properties sold for notes only	120	4		1,449,695	1,449,695
Total	7,993	4,326	14,124,287	35,689,105	49,813,392

[2] Represents 64 discounted purchasers' notes and 1 manufacturer's note settled in full.
[3] Excess remaining to credit of War Housing Insurance Fund in accordance with the Act.

STATEMENT 19.—*Statement of properties on hand, War Housing Insurance Fund, as of December 31, 1951*

	Section 603, 1,191 properties, 1,347 units	Section 608: 91 properties, 5,079 units	Section 608: 66 mortgage notes,[1] 2,660 units	Section 609, 1 note,[2] 100 units	Total 1,282 properties, 67 notes, 9,186 units
Expenses:					
Acquisition costs	$7,004,938	$32,778,441	$19,483,814	$473,900	$59,831,093
Interest on debentures	334,313	1,554,888	639,109	9,851	2,538,161
Taxes and insurance	229,017	877,381			1,106,398
Repairs and improvements	237,678	500,314			737,992
Maintenance and operating	206,217	903,433			1,199,650
Miscellaneous	2,586	30,670	1,672		34,928
Total expenses	8,194,740	36,645,127	20,124,595	483,751	65,448,222
Income and recoveries:					
Rental and other income (net)	502,530	2,771,131	619,191		3,892,852
Collections on mortgage notes			105,433		105,433
Total income and recoveries	502,530	2,771,131	724,624		3,998,285
Net cost of properties on hand	7,692,219	33,873,996	19,390,971	483,751	61,449,937

[1] Acquired in exchange for debentures. [2] Manufacturer's note acquired in exchange for debentures.

The turnover of Section 603 and 608 properties acquired and sold, by calendar year, is given below:

STATEMENT 20.—*Turnover of properties acquired under Section 603 of Title VI through December 31, 1951*

Properties acquired: Year	Number	Sold 1943	1944	1945	1946	1947	1948	1949	1950	1951	Properties on hand Dec. 31, 1951
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	6
1949	507							93	243	74	97
1950	1,635								421	431	783
1951	735									441	294
Total	9,109	29	256	982	2,798	1,010	732	384	763	964	1,191

NOTE.—The number of properties sold has been reduced by three properties repossessed because of default on mortgage notes and resold by December 31, 1951.

STATEMENT 21.—*Turnover of properties acquired and mortgage notes assigned under Section 608 of Title VI, through December 31, 1951*

Properties and notes acquired: Year	Number	Sold 1943	1944	1945	1946	1947	1948	1949	1950	1951	Properties and notes on hand Dec. 31, 1951
1943	1			1							
1944	1		1								
1945											
1946	1										1
1947											
1948											
1949	16										16
1950	66									7	59
1951	82									1	81
Total	167		1	1						8	157

Certificates of Claim and Refunds to Mortgagors

Section 604 (f) of the Act provides that, if the net amount realized from any property conveyed to the Commissioner under Section 603, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee and any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim in the total amount of $1,312,315 had been issued through 1951 in connection with the 7,918 properties that had been acquired and subsequently sold. The proceeds of sale were sufficient to provide for payment in full or in part on these certificates in the amount of $594,913, or approximately 45 percent. Certificates of claim canceled or to be canceled amounted to $717,402, or approximately 55 percent. In addition, the proceeds of sale were sufficient to pay refunds of $938,578 to 3,394 mortgagors, or an average of $277 per case.

With respect to the excess proceeds, if any, from the sale of an acquired project insured under Section 608, the Act provides that any amount remaining after the payment of the certificate of claim shall be credited to the War Housing Insurance Fund.

Certificates of claim totaling $78,041 had been issued in connection with the 10 Section 608 acquisitions that had been disposed of by December 31, 1951. The proceeds of sale were sufficient to provide $77,345 for payment in full or in part on these certificates. Certificates of claim canceled or to be canceled amounted to $696. Excess proceeds of $34,961 had been credited to the fund, as provided in the Act.

Title VII: Housing Investment Insurance Fund

The Housing Investment Insurance Fund was created by Section 710 of the National Housing Act as amended August 10, 1948 (Housing Act 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 administrative expenses in connection therewith.

Section 710 further provides that the Secretary of the Treasury shall make available to the Commissioner such funds as the Commissioner may deem necessary, but not to exceed $10,000,000, which amount is authorized to be appropriated out of any money in the Treasury not otherwise appropriated.

One million dollars has been allocated to the fund by the Secretary of the Treasury pursuant to the request of the Federal Housing Commissioner, and the remaining $9,000,000 is being retained in the United States Treasury. Up to December 31, 1951, no applications for insurance under Title VII had been submitted.

Housing Investment Insurance Fund Capital and Net Income

Assets of the Housing Investment Insurance Fund at June 30, 1951, totaled $970,192, and, since there were no outstanding liabilities, the capital also amounted to $970,192. Included in the capital is $1,000,000 that was transferred from the United States Treasury in accordance with Section 710 of the Act, and an operating deficit of $29,808.

STATEMENT 22.—*Comparative statement of financial condition, Housing Investment Insurance Fund, as of June 30, 1950, and June 30, 1951*

	June 30, 1950	June 30, 1951	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$972, 947	$260, 995	−$711, 952
Investments: U. S. Government securities (amortized)		704, 807	704, 807
Accounts and notes receivable: Accounts receivable—Inter-fund	52	3, 661	3, 609
Accrued assets: Interest on U. S. Government securities		729	729
Total assets	972, 999	970, 192	−2, 807
CAPITAL			
Investment of the U. S. Government: Allocation from the U. S. Treasury	1, 000, 000	1, 000, 000	
Earned surplus (deficit −): Insurance reserve fund (cumulative earnings or deficit −) available for future losses and related expenses	−27, 001	−29, 808	−2, 807
Total capital	972, 999	970, 192	−2, 807

The total income for fiscal year 1951 was $8,691, consisting entirely of interest on United States Government securities, while expenses amounted to $11,498, resulting in a net deficit for the year of $2,807.

STATEMENT 23.—*Income and expenses, Housing Investment Insurance Fund, through June 30, 1950, and June 30, 1951*

	Aug. 10, 1948 to June 30, 1950	July 1, 1950 to June 30, 1951	Aug. 10, 1948 to June 30, 1951
Income:			
Interest and dividends: Interest on U. S. Government securities		$8, 691	$8, 691
Total income		8, 691	8, 691
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	$26, 883	11, 451	38, 334
Other expenses: Depreciation on furniture and equipment	116	55	171
Losses and charge-offs: Loss (or profit −) on equipment	2	−8	−6
Total expenses	27, 001	11, 498	38, 499
Net income (or loss −)	−27, 001	−2, 807	−29, 808
ANALYSIS OF EARNED SURPLUS (OR DEFICIT −)			
Distribution of net income:			
Earned surplus (or deficit −):			
Balance at beginning of period		−$27, 001	
Net income (or loss −) for the period	−$27, 001	−2, 807	−$29, 808
Balance at end of period	−27, 001	−29, 808	−29, 808

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 that will produce an investment yield of not less than the yield obtainable from other authorized investments. During the fiscal year 1951, $700,000 (principal amount) of United States Treasury bonds, Series 1967–72, were purchased for the account of this fund.

Investments of the Housing Investment Insurance Fund, June 30, 1951

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1967–72 Average annual yield 2.45 percent.	2½	$704, 922	$700, 000	$704, 807

Title VIII: Military Housing Insurance Fund

An amendment to the National Housing Act approved August 8, 1949 (Pub. Law 211, 81st Cong.), created the Military Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Title VIII of the Act, the newly created title providing for the insurance of military housing mortgages. For the purposes of this fund, the Act authorized to be appropriated the sum of $10,000,000, of which $5,000,000 was made available by the Supplemental Appropriation Act, 1950 (Pub. Law 358, 81st Cong.).

This is not a mutual fund, and any balance remaining in the fund after all Title VIII expenses and insurance claims have been met will revert to the general fund of the Treasury.

Title VIII Insurance Authority

Section 803 (a) of the National Housing Act provides that the aggregate amount of principal obligations of all mortgages insured under Title VIII shall not exceed $500,000,000, except that with the approval of the President such amount may be increased to $1,000,000,000. The President increased the authorization from $500,000,000 to $700,000,000 on October 16, 1951.

The status of the Title VIII insurance authority at December 31, 1951, was calculated as follows:

Status of Title VIII insurance authority, as of December 31, 1951

Insurance authority		$700, 000, 000
Charges against insurance authority:		
Mortgages insured	$340, 775, 460	
Commitments for insurance [1]	121, 723, 500	
Total charges against authority		462, 498, 960
Unused insurance authority		237, 501, 040

[1] Commitments include statements of eligibility.

Investments

Section 804 (a) of the Act provides that moneys not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States, or, with the approval of the Secretary of the Treasury, used to purchase debentures issued under this title. During the fiscal year 1951, $3,200,000 (principal amount) of United States Treasury bonds were purchased for the account of this fund. These transactions resulted in an increase in the average annual yield from 2.29 percent to 2.39 percent. On June 30, 1951, the fund held United States Treasury bonds in the amount of $7,307,014, as follows:

Investments of the Military Housing Insurance Fund, June 30, 1951

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1964–69	2½	$485, 078	$500, 000	$485, 162
1966–71	2½	200, 860	300, 000	290, 864
1967–72	2½	6, 539, 531	6, 400, 000	6, 530, 988
Average annual yield 2.39 percent		7, 315, 469	7, 200, 000	7, 307, 014

Military Housing Insurance Fund Capital and Net Income

As of June 30, 1951, the assets of the Military Housing Insurance Fund totaled $8,493,104, against which there were outstanding liabilities of $1,092,643, leaving $7,400,461 capital. Included in capital is $5,000,000 allocated from the United States Treasury and $2,400,461 earned surplus.

STATEMENT 24.—*Comparative statement of financial condition, Military Housing Insurance Fund, as of June 30, 1950, and June 30, 1951*

	June 30, 1950	June 30, 1951	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$1, 679, 551	$1, 126, 847	−$552, 704
Investments:			
U. S. Government securities (amortized)	4, 122, 830	7, 307, 014	3, 184, 184
Other securities (stock in rental housing corporations)	2, 100	6, 800	4, 700
Total investments	4, 124, 930	7, 313, 814	3, 188, 884
Accounts and notes receivable: Accounts receivable—Insurance premiums		43, 068	43, 068
Accrued assets: Interest on U. S. Government securities	4, 167	9, 375	5, 208
Total assets	5, 808, 648	8, 493, 104	2, 684, 456
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies		292, 856	292, 856
Inter-fund	−2, 238	91, 332	93, 570
Total accounts payable	−2, 238	384, 188	386, 426
Deferred and undistributed credits:			
Unearned insurance premiums	207, 404	680, 363	472, 959
Unearned insurance fees	64, 029	28, 092	−35, 937
Total deferred and undistributed credits	271, 433	708, 455	437, 022
Total liabilities	269, 195	1, 092, 643	823, 448
CAPITAL			
Investment of the U. S. Government:			
Allocation from the U. S. Treasury	5, 000, 000	5, 000, 000	
Earned surplus:			
Insurance reserve fund (cumulative earnings) available for future losses and related expenses	539, 453	2, 400, 461	1, 861, 008
Total capital	5, 539, 453	7, 400, 461	1, 861, 008
Total liabilities and capital	5, 808, 648	8, 493, 104	2, 684, 456

Total income of the Military Housing Insurance Fund during the fiscal year 1951 amounted to $2,508,709, while expenses and losses amounted to $647,701, leaving a net income of $1,861,008.

STATEMENT 25.—*Income and expenses, Military Housing Insurance Fund, through June 30, 1950, and June 30, 1951*

	Aug. 8, 1949 to June 30, 1950	July 1, 1950 to June 30, 1951	Aug. 8, 1949 to June 30, 1951
Income:			
Interest on U. S. Government securities	$36, 886	$132, 336	$169, 222
Insurance premiums and fees:			
Premiums	91, 366	727, 539	818, 905
Fees	602, 163	1, 648, 834	2, 250, 997
	693, 529	2, 376, 373	3, 069, 902
Total income	730, 415	2, 508, 709	3, 239, 124
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	190, 128	645, 017	835, 145
Other expenses: Depreciation on furniture and equipment	830	3, 078	3, 908
Losses and charge-offs: Loss (or profit —) on equipment	4	−394	−390
Total expenses	190, 962	647, 701	838, 663
Net income	539, 453	1, 861, 008	2, 400, 461

ANALYSIS OF EARNED SURPLUS

Distribution of net income:			
Earned suplus:			
Balance at beginning of period		$539, 453	
Net income for the period	$539, 453	1, 861, 008	$2, 400, 461
Balance at end of period	539, 453	2, 400, 461	2, 400, 461

Title IX: National Defense Housing Insurance Fund

The National Defense Housing Insurance Fund was created by Section 902 of the National Housing Act, as amended September 1, 1951 (Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Congress), which provides that this fund shall be used by the Commissioner as a revolving fund for carrying out the provisions of Title IX of the Act. This new title of the Act provides for the insurance of mortgages in areas that 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 $10,000,000, of which $1,000,000 had been transferred at December 31, 1951.

Title IX Insurance Authority

Section 217 of the National Housing Act, which was added by Public Law 139, 82d Congress, approved September 1, 1951, provides that the

aggregate dollar amount of mortgages insured under Title IX shall be prescribed by the President. Section 217 further provides that the President may increase the aggregate insurance authorization of any other title of the National Housing Act (except Title VI), with the limitation that the total increase to all titles, including Title IX, shall not exceed $1,500,000,000. On October 16, 1951, the President prescribed that the aggregate amount of principal obligations of all mortgages insured under Title IX be initially established at $400,000,000.

The status of the Title IX insurance authority at December 31, 1951, was calculated as follows:

Status of Title IX insurance authority, as of December 31, 1951

Insurance authority		$400, 000, 000
Charges against insurance authority:		
Mortgages insured		
Commitments for insurance	$30, 964, 400	
Total charges against authority		30, 964, 400
Unused insurance authority		369, 035, 600

Administrative Expense Account

A separate account, entitled Salaries and Expenses, Federal Housing Administration, is maintained for the purpose of handling all transactions with respect to the payment of salaries and other expenses involved in operating the FHA. Moneys for such expenses and for the purchase of furniture and equipment required in the operations of the Administration are allocated to this fund, and all disbursements for these purposes are made from it. Until the income of the insurance funds was sufficient to cover salaries and expenses, allocations were made to this account from the United States Treasury through the RFC in accordance with provisions contained in the National Housing Act and subsequent appropriation acts. Since July 1, 1937, a portion of the allocations, and since July 1, 1940, all allocations to salaries and expenses have been made from the various FHA insurance funds.

STATEMENT 26.—*Comparative statement of financial condition, Administrative Expense Account (salaries and expenses), as of June 30, 1950, and June 30, 1951*

	June 30, 1950	June 30, 1951	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$3,049,974	$3,760,089	$710,115
Accounts and notes receivable: Accounts receivable—Other	86,530	145,673	59,143
Land, structures, and equipment:			
Furniture and equipment	1,709,373	[1] 2,080,441	281,068
Less reserve for depreciation	913,225	969,367	56,142
Net furniture and equipment	886,148	1,111,074	224,926
Total assets	4,022,652	5,016,836	994,184
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	2,046,357	[2] 1,966,058	−80,299
Inter-fund	1,032,775	1,870,566	837,791
Total accounts payable	3,079,132	3,836,624	757,492
Trust and deposit liabilities:			
Due general fund of the U. S. Treasury	680	5,185	4,505
Employees' pay roll deductions for taxes, etc	942,840	1,175,027	232,187
Total trust and deposit liabilities	943,520	1,180,212	236,692
Total liabilities	4,022,652	5,016,836	994,184

[1] Excludes unfilled orders in the amount of $37,573.
[2] Excludes unfilled orders in the amount of $145,663.

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