FIFTH ANNUAL REPORT

OF THE

FEDERAL HOUSING ADMINISTRATION

STEWART McDONALD, *Administrator*

FOR THE YEAR ENDING DECEMBER 31, 1938

FIFTH ANNUAL REPORT

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LETTER

FROM

THE ADMINISTRATOR OF THE FEDERAL HOUSING ADMINISTRATION

TRANSMITTING

THE FIFTH ANNUAL REPORT OF THE FEDERAL HOUSING ADMINISTRATION

APRIL 27, 1939.—Referred to the Committee on Banking and Currency and ordered to be printed with illustrations

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CONTENTS

TABLES, CHARTS, AND STATEMENTS

TABLES AND CHARTS ON INSURING OPERATIONS

STATEMENTS

LETTER OF TRANSMITTAL

FEDERAL HOUSING ADMINISTRATION,
Washington, D. C., April 25, 1939.

To the Congress of the United States:

In accordance with the provisions of section 5 of the National Housing Act, I herewith transmit the fifth annual report on the operations of the Federal Housing Administration for the calendar year 1938.

The year was featured by a great increase in the Administration's activities resulting from the enlarged responsibilities placed upon it by the National Housing Act amendments approved February 3, 1938.

The gross volume of business transacted by the Administration during the year exceeded one and one-quarter billion dollars. This total includes small home mortgages selected for examination and appraisal amounting to $1,011,000,000; commitments to insure $74,000,000 of mortgages on large-scale housing projects; and property improvement loans insured under title I amounting to $173,000,000.

The sharp rise in these credit-insurance activities was largely instrumental in the vigorous revival in the residential construction industry which was one of the earliest and strongest forces acting for recovery in business and employment from the recession in late 1937 and early 1938.

Residential building was more active than in any other year since 1929, with an estimated total of 347,000 dwelling units commenced, of which 262,000 were in one-family structures. This volume of building was at a rate more than sufficient to house a year's increase in population and also to replace houses destroyed and torn down. It is estimated that the dwellings built or improved with loans insured by this Administration since it began operations provide quarters for at least 7,500,000 persons.

A grand total of 312,000 small-home mortgages for $1,300,000,000 had become premium paying by December 31, 1938, and in my opinion the mutual mortgage-insurance system, within less than 4 years, has established a new epoch in home financing in this country. It makes the long-term, fully amortized mortgage for a high percentage of the value a suitable form of investment for the principal types of financing institutions that serve as custodians of long-term-savings funds. In turn, it makes such credit available to small borrowers throughout the country at the lowest rate of interest ever generally available.

Through a policy of insuring only such mortgages as meet reasonable tests of economic soundness, and of rejecting all others, home ownership is aided on a basis where the borrower assumes an obligation within his reasonable capacity to pay, and where the home that he purchases meets high standards of construction and neighborhood.

The Administration's efforts in this direction, especially in insisting on competent lay-out and reasonable neighborhood protection for new subdivisions, have been more effective than ever before, because of the large increase in the number of new homes financed with insured mortgages.

Thus, the Federal Housing Administration provides for the first time in our history an unbiased agency to which the inexperienced layman may go for guidance and protection when he buys or builds a home. Mortgage insurance protects the buyer and builder against expensive and unsound financing, second-mortgage rackets, high interest rates, hidden commissions, and other discredited devices which contributed so largely to the real-estate collapse of the early 1930's.

In each of the 48 States the Federal Housing Administration has established standards to eliminate jerry building. Through its land-planning activities, the Administration is assisting in setting up effective barriers against neighborhood blight and the development of future slums. These activities, carried on for the purpose of protecting the mutual interests of the borrowers, the lenders, and the mortgage-insurance fund, are largely responsible for the insistent and constantly increasing demand for the services of the Federal Housing Administration.

The mutual mortgage insurance system has reached a point where current receipts, chiefly from appraisal fees and mortgage insurance premiums, are approximately equal to operating expenses. During the next fiscal year, it is estimated that income will exceed operating costs and leave a substantial balance to be added to the mortgage-insurance fund to meet possible losses.

Mortgages insured in 1938 on rental projects under sections 207 and 210, amounting to $47,500,000, were more than three times as great as during the 3 preceding years combined. Such projects, with a financial set-up stressing long-range security of returns on the mortgage and equity investments had been initiated in 33 States and the District of Columbia.

Insurance on property improvement loans, a recovery measure under the 1938 amendments, amounted to $173,000,000 and was at a rate greater than during the last 9 months of 1936, when similar regulations were in effect.

The Administration's operating or administrative expenses of less than $11,400,000 in 1938 were 23 percent higher than in 1937, while the gross volume of business increased approximately 85 percent. Losses under all forms of insurance have continued low.

The year 1939 has opened with a substantial increase in volume of business as compared with the corresponding period of 1938.

Respectfully,

STEWART MCDONALD, *Administrator.*

FIFTH ANNUAL REPORT OF THE FEDERAL HOUSING ADMINISTRATION

GENERAL REVIEW

The National Housing Act amendments signed by the President on February 3, 1938, included several temporary emergency provisions as well as permanent changes. As a result of both types of amendments, the Federal Housing Administration transacted a gross volume of credit-insurance business during the year 1938 amounting to $1,258,000,000, more than double that in 1937, and making a grand total of $3,258,000,000 since the inception of the act in 1934.

These totals include small home mortgages selected for appraisal, commitments to insure mortgages on large-scale housing projects, and property-improvement loans insured, as shown in table B, page 11. The increased business was achieved in spite of the falling off in employment and in personal incomes that in itself was a definite detriment to residential building during the first months of 1938. Jobs were created at the very time when they were most needed.

The increased volume of mortgage insurance has placed the Administration on a favorable basis in regard to operating expenses and current income. It is estimated that for the fiscal year which ends June 30, 1940, income will be approximately $17,000,000, while total operating expenses are estimated at $12,500,000. Under the Budget submitted to Congress in January 1939, it was proposed that $9,000,000 of the Federal Housing Administration's own income be used to offset its operating expenses, leaving $3,500,000 to be paid by the Reconstruction Finance Corporation by congressional appropriation.

The 1938 amendments did not alter the basic policy and procedure of the Federal Housing Administration, which lends no money. The principle of providing insurance for loans made by private lending institutions was fully maintained. Essentially, the amendments widened the limits previously established for insurable mortgage loans, both on one- to four-family houses, and on rental housing projects, and revived the authority to insure property-improvement loans, which had expired on April 1, 1937.

From the borrower's point of view, terms were liberalized and charges were substantially reduced.

Under regulations which took effect at the time of the amendments, the lending institutions were limited to a flat 5-percent-interest rate on insured mortgages on small homes. The former service charge of one-half of 1 percent was discontinued, and the Federal National Mortgage Association, organized by the Reconstruction Finance Corporation, under the revised title III, provided a secondary market that was instrumental in assuring Nation-wide availability of insured mortgage loans under the new terms.

On December 13, 1938, the President of the United States, in accordance with authority contained in section 203 (a) of the National

Housing Act, approved an increase of $1,000,000,000 in the amount of outstanding balance on mortgages which may be insured by the Administration, bringing the aggregate to $3,000,000,000. Announcement of this action brought a spontaneous and widespread response from the press, commending the Administration's program as a constructive factor in business and employment, and in making better homes available to people of small and moderate incomes.

Mutual Mortgage Insurance.

Home mortgage loans, accepted for insurance under section 203, during the calendar year 1938 numbered 149,702, with a principal amount of $650,160,101. This amount was 45 percent more than the total for 1937.

The number of mortgages accepted by the Federal Housing Administration on *new* homes increased 82 percent, and hence of all the new homes built in the United States during the year, a greatly increased proportion were financed with insured mortgages.

It has been generally recognized that the 1938 amendments, especially that raising the maximum eligible ratio of loan to value from 80 to 90 percent for new, low-priced, owner-occupied homes, were instrumental in effecting the 19 percent increase in number of 1- and 2-family houses built during the year. Sixty-three percent of the mortgages accepted on new homes were above the old limit of 80 percent, and 41 percent of them were for terms of 20 to 25 years, or in excess of the maximum duration permitted under the old act. The reduction, by regulation, of the effective permitted interest rate from 5½ to 5 percent through elimination of the former one-half of 1 percent service charge, represented a direct saving to the borrowers.

While the 1938 amendments were under consideration, fears were expressed that the more liberal terms might be used as a basis for homeseekers generally to incur larger debts on more expensive houses, and thus offset the substantial reductions in the monthly charges for a given amount of debt. Happily, these fears were not realized. Good sense was exercised by the greater part of the home-buying public, and by the lending institutions. This greatly lightened the burden of the mutual mortgage insurance system which, with its careful valuations and scrutiny of each case, was alert to forestall any abuses. The data on this subject may be summed up as follows:

TABLE A.—*Comparison of mortgages on new homes insured in 1937, and under 1938 amendments*

	Percentage change from 1937 to 1938 [1]		
	Average property value	Average amount of mortgage	Average amount of monthly mortgage payment
Borrowers with annual incomes—	*Percent*	*Percent*	*Percent*
Less than $2,500	−2	+9	−10
$2,500 to $4,999	−5	+4	−12
$5,000 and above	−9	−4	−16

[1] Since the table is designed to show changes in obligations assumed by families with identical incomes in the 2 years, allowance has been made for slight changes in average incomes reported within each income group, in computing the percentages shown.

For every income group the average property value of new homes acquired was less in 1938 than in 1937.

For families with incomes below $2,500—the ones most affected by the amendments—the average mortgage increased about 9 percent. However, this tendency gradually diminished as income increased and, for the borrowers with incomes above $5,000, the average mortgage was less in 1938 than in 1937.

For each income group from $1,000 to $20,000, the average monthly payment decreased by from 10 to 16 percent.

From the point of view of the mutual mortgage-insurance fund, this last factor should tend to diminish the number of defaulting borrowers, since mortgage payments take a smaller share of current income.

In spite of predictions to the contrary, neither the reduction of the maximum effective return from 5½ to 5 percent per annum, nor the 90 percent loan-value ratio, nor the 25-year term permitted for mortgages on new small homes, deterred lending institutions generally from taking part in the program. As it turned out, 869 institutions became active mortgagees under the insurance program for the first time in 1938, and a total of 4,895 were active during the year as compared with 4,643 in 1937. Mortgage companies, many of which act as loan correspondents for life insurance companies, substantially increased their share of the total business.

The Federal National Mortgage Association, which was established by the Reconstruction Finance Corporation shortly after the amendments took effect, and the RFC Mortgage Co. played an important part by undertaking to purchase insured mortgages. Although their total acquisitions of small-home mortgages from private mortgagees amounted to only $56,450,385 during the entire year, the fact that they were in the background, as a dependable secondary market, ready at all times to acquire insured mortgages, undoubtedly encouraged many local institutions to lend more actively. This was particularly the case in areas where some of the lending institutions had hesitated about making loans for more than 80 percent of the value or for terms above 20 years.

Mortgages on farm properties.—The 1938 amendments provided for insurance of mortgages on farms in cases where the construction of substantial improvements of buildings was involved. Regulations covering this phase of the act were promulgated during the early spring, following consultations with other Federal and private agencies specializing in farm financing. A total of 2,307 mortgages selected for appraisal amounting to $9,888,103 had been received by December 31, 1938, of which 574 for $2,122,400 had been accepted for insurance.

Rental Housing.

Mortgage insurance on rental housing projects expanded rapidly under the 1938 amendments, which were essentially technical in character. The basis for this growth had been laid through 3 years of pioneering efforts in this field, during which the soundness of the basic concepts involved was demonstrated in several projects that won high praise for their attractive layout, skillful planning, and long-range financing, featuring investment security both for the lenders and for the equity owners.

On rental housing projects mortgages were closed in 1938 on 91 new projects with a total of 11,048 dwelling units, involving insured mortgages of $44,364,050 and a total valuation of $57,747,885. Thus the volume of work started under this portion of the act was approximately three times as great as that during the 3 preceding years combined.

Of the new projects on which mortgages were insured in 1938, 67, with mortgages amounting to $42,442,550, came under section 207 while 24, with mortgages amounting to $1,921,500 came under the provisions of the new section 210, which offers certain alternative, simplified procedures for projects involving mortgages of from $16,000 to $200,000.

The preceding totals do not include the blanket mortgages insured under sections 207 and 210, and used to finance so-called "release clause" projects. These projects consist of one-family houses, which may be either rented or sold to individual purchasers. Whenever a house in such a project is sold, a specified portion of the blanket mortgage is retired.

Mortgages were insured during the year on 26 such release clause projects with houses for 857 families and mortgages amounting to $3,129,100.

Property Improvement Loans.

Under title I of the National Housing Act, 378,015 property improvement loans amounting to $172,824,291, all made by private lending institutions, were reported for insurance during the year, bringing the grand total to $733,350,548. The general authority for insuring such loans has been granted under temporary emergency legislation and covered the periods from June 27, 1934, to April 1, 1937, and from February 3, 1938, to July 1, 1939. Although the new limitations upon insurable notes were, on the whole, more strict, the volume of such loans insured from April 1 to December 31, 1938, exceeded that during the same period of 1936, a period when business and employment generally were substantially more active.

Underwriting Experience.

Mutual mortgage insurance on small homes.—Underwriting experience continued satisfactory. Up to December 31, 1938, 435 properties out of those securing the 311,983 home and farm mortgages insured under section 203 had been foreclosed and title transferred to the Administrator under the insurance contracts. The net worth of the Mutual Mortgage Insurance Fund, which had been established with an initial Federal contribution of $10,000,000 in 1934, was $22,637,622.84 on December 31, 1938. This amount was reached in spite of the transfer of $1,000,000 to the Housing Insurance Fund established in connection with sections 207 and 210, under the 1938 amendments, and withdrawals up to December 31, 1938, of $8,000,000 to meet operating expenses. Current credits to the fund averaged more than $900,000 monthly during the last quarter of the year, of which approximately 37½ percent came from renewal premiums. While it is yet too early to forecast total anticipated losses, the preceding data do confirm the great care taken by the underwriting staff in scrutinizing each mortgage accepted for insurance.

Rental housing.—No large-scale rental housing project had been foreclosed or was in default by the end of 1938, and the percentage of occupancy was generally excellent.

The net worth of the housing insurance fund, which was established on February 3, 1938, for projects insured after that date under sections 207 and 210, stood at $1,529,644.49 on December 31. Of this amount

$1,000,000 represents the original transfer of funds under the 1938 amendments.

Title I.—Property improvement loans have been insured under an emergency measure which did not provide for charging insurance premiums, but established a reserve of public funds to cover losses. The regulations were designed to keep losses at the lowest point consistent with making insured credit available, with a minimum of delay and red tape, to solvent borrowers throughout the country. Claims on defaulted loans amounting to $19,239,537 had been paid up to December 31, 1938; against these same loans recoveries of $6,232,843 have already been made subsequent to their assignment to the Federal Housing Administration, leaving a net amount of $13,006,694 in unrecovered claims paid at that date.

Administrative Expenses.

Total administrative expenses during the calendar year were $11,371,427. For the same period, premium and appraisal fee receipts from mortgage insurance operations amounted to $9,440,542.96 (of which $8,930,263.75 was deposited to the mutual mortgage insurance fund and $510,279.21 to the housing insurance fund). The preceding figures are exclusive of the mutual mortgage insurance fund payments of claims, and of receipts from sale and rental of repossessed properties. They likewise exclude payments and collections in connection with claims on title I loans.

General Results of Operations.

The general results of the Federal Housing Administration's activities have been far-reaching.

Home mortgage insurance, for example, has accomplished the following: (1) Established the single, high-percentage, long-term, amortized mortgage as the standard form of home financing; (2) relegated the second mortgage to the background; (3) reduced home mortgage interest rates to the lowest point ever attained throughout the country; (4) provided for a regional inflow of home mortgage funds to areas where they were needed; (5) given the home mortgage superior investment qualities from the point of view of lending institutions; (6) raised home mortgage lending practices through its underwriting organization and through its emphasis on the borrower's ability to pay, the character of the neighborhood, and the quality of design and construction; (7) stimulated active construction, as well as greater activity in business and employment generally; (8) raised standards for the lay-out, design, and construction of low-priced homes, and discouraged jerry building; (9) made home ownership more practical, safer, and more economical for the average family.

The rental housing mortgage insurance program has been instrumental in: (1) Demonstrating the soundness of rental projects planned and financed with a view to gradual amortization of the mortgage and steady returns on the equity investment over a period of years; (2) rendering obsolete by force of example, the type of rental project planned primarily to make a showing in the first year or two of operation, but with little or no regard to longer range factors; (3) developing attractive examples of well-planned dwellings, with open surroundings, built to be rented at the outset to families with small incomes and affording a striking contrast to the dreary, ill-arranged, and closely crowded quarters usually built in the past directly for the low rental market.

The 1,833,185 property improvement loans insured have been used to improve dwellings inhabited by more than 6,500,000 people, in addition to betterments to more than 200,000 farms, business, and institutional properties.

All in all, the 4½ years' credit insurance activities have created employment for millions of workers and have thereby reduced the burden on the Public Treasury for relief, contributed to improved living standards, and made home ownership easier and more secure. All this has been accomplished by a constructive use of private credit, and thereby has put men, money, and organizations to work in producing the better housing that the American people so urgently need.

Residential Building and Market Conditions in 1938.

Building.—New residential building in 1938 amounted to approximately 347,000 family units, exclusive of farm homes—the largest number since 1929. Approximately 270,000 one-family houses were included, about 10 percent more than in 1937 and approximately 75 percent as many as in 1929.

The quarters provided by the year's construction were more than sufficient to house a year's increase in population, or about 900,000 to 1,000,000 persons, and also to replace houses destroyed and torn down.

The year's volume of residential building was impressive in view of the decline in new building that had set in during the late spring of 1937, and that had been accentuated by the sharp slump in business and employment during the later months of 1937. Especially notable was the fact that new home building moved sharply upward during March and April, thus preceding the upward turn that took place later in general business, employment, and personal incomes.

Market conditions.—This rise in building activity was, in part, evidence of growing strength in the residential real-estate market, resulting from the accumulated deficit in new residential building during the depression. Also, the insured-mortgage system, during its first 4 years' operation had been a constructive force in making home mortgages a suitable form of investment for all types of institutions that serve as custodians of the peoples' savings, including national and State banks and trust companies, and in providing for the regional interflow of home financing capital. The early start of the rise, and its extent were due in large measure to the more liberal home-financing terms available under the 1938 amendments.

The upward movement in building took place although the movement of housing rentals was slightly down—a nearly level plateau following an almost uninterrupted rise that had lasted from 1934 to 1937.

Residential vacancies were up in some cities and down in others, without any marked general trend. Reports from individual cities continue to indicate shortage of adequate quarters for self-sustaining families in the lower-income groups; many thousands of such families have continued to double up, or been forced to occupy run-down and insanitary quarters.

Foreclosures in 1938 were the lowest in a decade. At the same time, reports on resales of repossessed properties by the Home Owners' Loan Corporation and lending institutions in a number of large metropolitan areas showed the most active market for repossessed houses of any year during the recovery movement.

The most widely published indexes of building costs showed a slight decrease from the preceding year; material prices averaged lower, while hourly earnings in the building trades averaged about the same.

The most striking change in conditions affecting the home real-estate market was achieved when the National Housing Act amendments of 1938 were put into effect with their more liberal terms to the borrower, and reduction in rate of monthly payments to a new low figure for home-financing credit.

It appears conservative to state that the number of one- and two-family structures that were commenced in 1938 would probably have decreased instead of increased if it had not been for the additional homes whose construction and sale were made possible by the liberalized terms permitted for insured mortgages.

Building Outlook for the Coming Year.

At the opening of the year 1939 the principal factors that make for more active home building appear generally favorable. The old year closed with a less than seasonal falling off in new home building, and with the trend in general business and employment still satisfactory. Vacancies in most cities were low, especially for medium-priced houses most directly competitive with the bulk of new construction.

Notwithstanding these favorable factors, there is still a substantial volume of repossessed properties, held by lending institutions, that are held for sale. Further, the market for new dwellings gives every appearance of being still highly sensitive. It may be recalled that 2 years ago, in the spring of 1937, the rise in home-building activity was definitely reversed by a general increase in building costs; and that the decline was accelerated by falling employment during the autumn of that year. There is no proof that the market is less sensitive to such influences this year than it was in 1937.

In scores of cities during the past 2 years this Administration has had the opportunity to observe rises and falls in the amount of home building activity in various price ranges. In many cases marked changes in the rate of building activity have been accompanied by only minor changes in prices, rental rates, and vacancies.

The picture of a sensitive market has its other side. Financial institutions and the Federal Government, working jointly in the operation of the insured mortgage system, have made a major contribution in expanding the market for homes, by reducing the costs, and liberalizing the terms, for home mortgage credit. The next steps lie in the hands of the building industry, and of State and local governments. Granted reasonable economic stability, there is every evidence that insofar as that industry finds ways and means of giving better values in return for the home-building dollar, the market for new homes will be enlarged. Technical progress in planning, improved use of materials and equipment, and better business management are all making marked strides.

It is to be hoped that all types of legal expenses connected with building and mortgage financing may be reduced, wherever they are now excessive, through revisions in existing State legislation.

Local as well as State governments have the responsibility of revising and maintaining their building codes to permit the use of the best modern practices and eliminate wastes occasioned by antiquated requirements.

Likewise, there are widespread opportunities for State and local governments to offer greater protection to home owners through improved city planning, subdivision control, and zoning measures.

ORGANIZATION, PERSONNEL, AND RELATIONS WITH OTHER AGENCIES

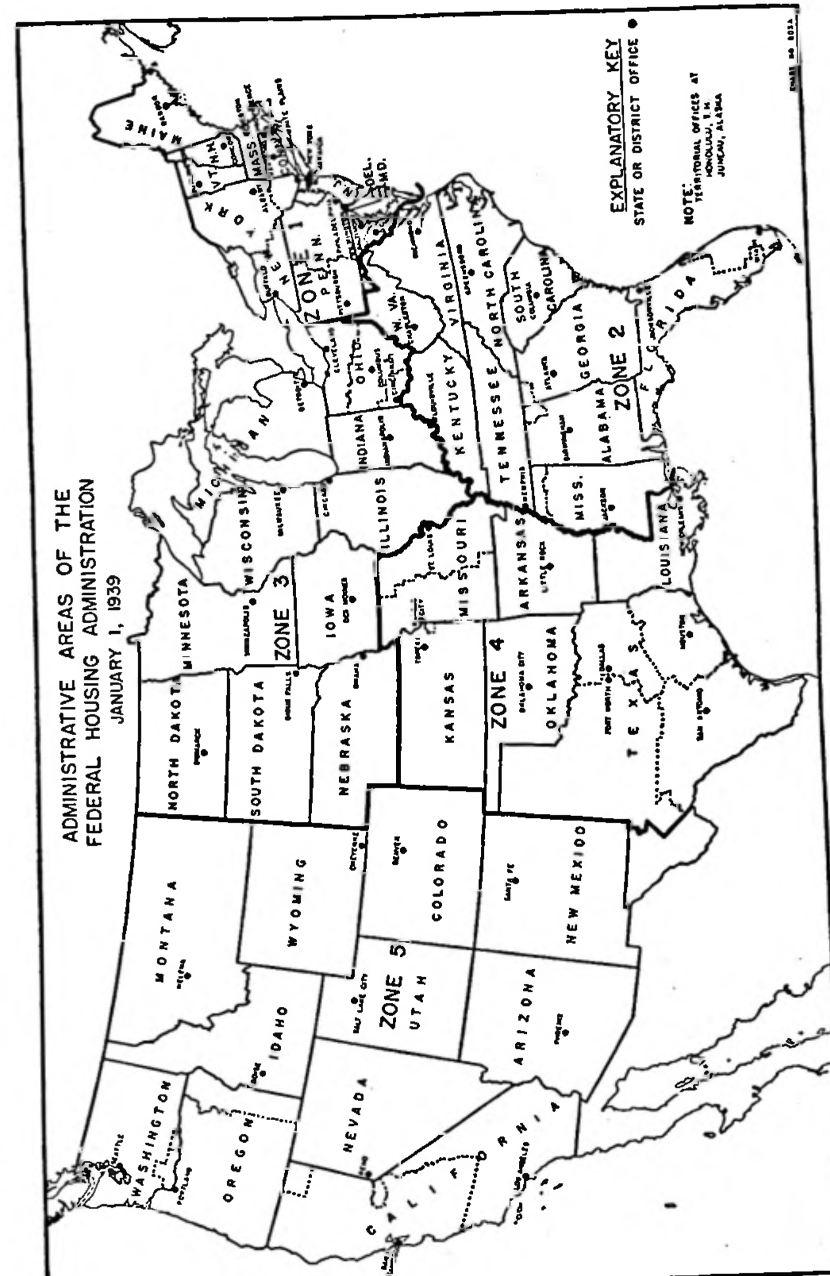
To carry out its activities the Federal Housing Administration maintains its headquarters in Washington and has established one or more offices in each State; one in Hawaii; and one in Alaska; altogether offices have been established in 104 important cities throughout the United States.

For administrative purposes, the country has been divided into five zones, each under the general supervision of a deputy administrator responsible for the administration, control, and coordination of activities within his zone. These deputy administrators divide their time between Washington and the field. The areas covered by the zones and the location of insuring offices are shown on the map on page 9. The greatest part of the work of the field offices is that of insuring mortgages on small homes under section 203. With respect to this activity, 65 are complete insuring or underwriting offices and 39 are receiving or service offices. The service offices, which are in the nature of branch offices, and have a limited personnel, have been set up within the jurisdiction of insuring or underwriting offices where they are required for efficient service in certain areas in which the volume of business is sufficient to warrant them.

A number of changes in the location and status of field offices were made. One new underwriting office was established in Oakland, Calif., and 18 new service offices established in the following cities: Evansville and Fort Wayne, Ind.; Wichita, and Salina, Kans.; Shreveport, La.; Grand Rapids, Mich.; Tulsa, Okla.; Amarillo, Austin, Beaumont, Corpus Christi, Lubbock, and El Paso, Tex.; Tallahassee, Fla.; Rochester and St. Paul, Minn.; Appleton and Madison, Wis. One service office was closed. Four offices were increased in grade from underwriting to insuring offices, one service office was increased in grade to underwriting office and two insuring offices were reduced in grade to service offices. The net effect of these changes was to increase from 86 to 104 the number of cities in which field offices are maintained. Farm Review offices were established in Baltimore, Md.; Columbia, S. C.; New Orleans, La.; Columbus, Ohio; St. Louis, Mo.; St. Paul, Minn.; Omaha, Nebr.; Wichita, Kans.; Houston, Tex.; Oakland, Calif.; Spokane, Wash.; and Springfield, Mass. In addition, farm sections are attached to regular insuring offices in five other cities: Greensboro, N. C.; Jacksonville, Fla.; Little Rock, Ark.: Los Angeles, Calif.; and Portland, Oreg.

Five zone rental housing offices were established in 1938 to review and report with recommendations on the project folders containing applications for mortgage insurance on large-scale rental housing projects forwarded by the State or district offices. These zone offices are located in New York City; Atlanta, Ga.; Chicago, Ill.; St. Louis, Mo.; and San Francisco, Calif.

After a trial period an economist carrying the designation of "housing market analyst" was stationed in each of the above zones to collect statistical and other data and make them available to the



administrative officers within the zone, as described in greater detail in a subsequent section of this report.

The organization in the Washington office remained substantially as before. However, there were a limited number of transfers of functions among the principal administrative officers; the Land Planning Unit, formerly under the Technical Division, was designated as a division, and the Municipal Housing Division was established under the assistant administrator in charge of rental housing. Certain functions within the scope of the Legal, Rental Housing, and Economics and Statistics Divisions were decentralized from Washington to the field.

At the beginning of the year there were 1,120 regular employees on the staff of the Washington office and 1,567 regular employees in the field, a total of 2,687 employees.

With the passage of the amendments to the National Housing Act of February 3, 1938, which restored title I insurance activities and liberalized the provisions of title II, it was necessary to increase the personnel to meet the large increase in the volume and variety of business transacted. On December 31, 1938, the number of regular employees in the Washington office had increased to 1,501 and in the field to 2,554, a total of 4,055 employees.

To supplement the work of the regular personnel, inspectors, valuators, and others were employed on a per diem basis, when the volume of business was too great to be handled by the permanent staff.

The policy of allowing only 4 cents per mile for travel by automobile (1 cent per mile less than the maximum authorized by law) was continued during 1938, resulting in a considerable saving in travel expense.

During the year 12 field offices have moved from rented space to Government space. The annual rent thus saved was $21,604. Every effort is being made to obtain Government space wherever practicable.

Congressional Hearings.

Although several officers of the Administration were requested to attend executive sessions of the House and Senate Committees on Banking and Currency, during January while the National Housing Act amendments of 1938 were under consideration, testimony at open congressional committee hearings during the year was confined to that relating to budget matters before the House Committee on Appropriations, Subcommittee on Independent Offices, on December 19, 1938.

Relations with other Government Agencies.

The Federal National Mortgage Association and the RFC Mortgage Co., both controlled by the Reconstruction Finance Corporation, played an instrumental part in the success of the 1938 amendments, as described in a later section of this report.

Much assistance was obtained from the Farm Credit Administration, the Farm Security Administration, and several other bureaus of the Department of Agriculture in setting up the procedure and personnel for handling applications for insurance on farm mortgages under the 1938 amendments.

Special acknowledgment is due also to the Works Progress Administration for its cooperation in furnishing the labor necessary for the housing project sponsored by the Fort Wayne, Ind., Housing Authority

There has been constant collaboration with a considerable number of other Government agencies in regard to technical matters and

exchange of information. A considerable number of agencies have also rendered specialized services of one type or another, as provided by general provisions of the law. The efficient manner in which such services have been rendered has greatly aided this Administration during a period in which its resources have been put to a severe test.

In accordance with requests received through the Procurement Division of the Treasury Department and the Navy Department several appraisals of important properties were made during the year by members of the underwriting staff.

SUMMARY OF INSURING OPERATIONS

The Federal Housing Administration, under the terms of the National Housing Act, has insured privately made loans of the following types:

(*a*) Long-term mortgages on homes.

(*b*) Mortgages on large scale rental housing projects and also on large scale projects consisting of single family houses that may be either rented or sold.

(*c*) Short-term character loans made for the repair and modernization of homes and other buildings. (The general authorization to insure such loans covered the periods from June 27, 1934, to April 1, 1937, and from February 3, 1938, to July 1, 1939.)

The following data summarize these insurance operations:

TABLE B.—*Insuring operations under titles I and II summary, 1934–38*

AMOUNTS EXPRESSED TO NEAREST MILLION

Type of operation	Year					
	1934	1935	1936	1937	1938	Total
Premium paying small home mortgages, section 203	(1)	$94,000,000	$309,000,000	$424,000,000	$473,000,000	[2] $1,300,000,000
Premium paying rental housing mortgages, sections 207 and 210 [3]	(1)	2,000,000	2,000,000	11,000,000	48,000,000	63,000,000
Property improvement loans insured under title I	$30,000,000	224,000,000	246,000,000	60,000,000	173,000,000	733,000,000
Total insurance written	30,000,000	320,000,000	557,000,000	495,000,000	694,000,000	2,096,000,000
Gross business transacted [4]	30,000,000	498,000,000	791,000,000	681,000,000	1,258,000,000	3,258,000,000

NUMBER OF LOANS

Type of operation	1934	1935	1936	1937	1938	Total
Premium paying small home mortgages, section 203	(1)	23,397	77,231	102,076	109,279	311,983
Premium paying rental housing mortgages, sections 207 and 210	(1)	2	4	15	117	[5] 138
Property improvement loans insured under title I	72,658	635,747	623,244	123,521	378,015	1,833,185

[1] Not in operation due to necessary legislative changes.
[2] Commitments were outstanding on Dec. 31, 1938 for $229,000,000, bringing the net mortgages accepted for insurance as of that date to $1,520,000,000.
[3] Includes release clause projects.
[4] Includes all small home mortgages selected for appraisal, including rejections, expirations, and cases still open on Dec. 31, 1938; also commitments outstanding under sections 207 and 210, as of Dec. 31, 1938.
[5] These projects include dwelling units to accommodate 16,299 families.

MUTUAL MORTGAGE INSURANCE ON SMALL HOMES, SECTION 203

When the 1938 amendments to the National Housing Act became law on February 3, 1938, home-building activity was at a low ebb, both seasonally and because of the uncertainties created by the rapid falling off in business and employment that had taken place during the preceding months. The amendments had been prepared and enacted with this situation in mind and with the hope that they would be instrumental in bringing a large volume of new home-building activity into being and thus enable the home-building industry to act as a force for recovery. Hence, it was imperative that the Administration should make the new terms for mutual mortgage insurance available at once. This involved the completion and promulgation of new regulations, informing the lending institutions and the public generally in regard to the changes, and expansion in the underwriting organization to handle a vertical rise in the volume of business. These tasks were made even more difficult because of the fact that certain features of the amendments, particularly the authority to insure mortgages for up to 90 percent of the value for new small houses, were regarded as subject to abuses unless administered with the greatest care.

Fortunately, a sound foundation for the growth in responsibility had been laid. During the preceding 3 years in which the mortgage insurance system was placed in active operation, it had been instrumental in thawing out the home mortgage-money market, and had played an essential part in the revival of new dwelling construction. The system had become recognized as an integral part of the home-building and home-financing system of the country, and had demonstrated its ability to discriminate between sound and unsound mortgage risks. Particularly, the Administration's high standards for the design and construction of houses, and for the layout of home neighborhoods, had attracted much attention through actual demonstration in new subdivisions.

The worth placed upon the protection and service which the system renders in return for the annual premiums charged was indicated not only by the large volume of mortgages insured, but also by the high character of the institutions submitting them.

Summary of Amendments Relating to Small-Home Mortgages.

Prior to February 3, 1938, certain general limitations were established for all small-home mortgages eligible for insurance. The maximum ratio of loan to value was established at 80 percent, the maximum maturity at 20 years, and the minimum mortgage-insurance premium at one-half of 1 percent on the original principal amount of the loan. These conditions applied to all mortgages, whether on new or existing homes, and regardless of the amount, within the maximum limitation of $16,000.

The 1938 amendments reduced the general minimum annual mortgage insurance premium to one-half of 1 percent on outstanding balances. They retained the 80 percent, 20-year limits on all mortgages secured by existing houses, and also on mortgages on new houses, in all cases where the principal amount is over $8,600.

For new construction of single-family houses, where commitments to insure are made prior to construction, and the home is owner-occupied, the amendments permitted loans up to 86 percent on houses

valued at $10,000, the permitted ratio gradually increasing to 90 percent in the case of new houses valued at $6,000 and less.

For mortgages of $5,400 or less, on new, owner-occupied, one-family homes, accepted for insurance prior to construction, and insured prior to July 1, 1939, several special provisions were made: In addition to allowance of loan-value ratios up to 90 percent (1) a maximum term of up to 25 years was permitted; (2) a mortgage-insurance premium of one-fourth of 1 percent premium on outstanding balances was provided; (3) in cases of foreclosure the debentures issued by the Administrator were permitted to include an amount to cover actual foreclosure expenses not exceeding 2 percent of the unpaid principal of the mortgage, nor over $75 in any event, in case of foreclosure before the principal amount of the mortgage has been amortized to 80 percent of the initial valuation.

Of all the mortgages accepted for insurance in 1938, 42 percent had loan-value ratios of 81 to 90 percent, while the remaining 58 percent were for 80 percent or less and therefore within the limitation in effect prior to the 1938 amendments.

The amendments also permitted insurance of mortgages on farm homes.

Previously, the National Housing Act had provided a Government guarantee of debentures issued in exchange for defaulted properties only if such mortgages were insured prior to July 1, 1939. The amendments removed this limitation, but at the same time provided that mortgages on existing houses generally would not be insured after July 1, 1939.

The amendments also reduced the maximum rate of interest on debentures issued by the Federal Housing Administration in exchange for defaulted properties from 3 to 2¾ percent, but exempted them from all taxes, except surtaxes and estate, inheritance, and gift taxes.

When the amendments came into effect, the service charge of one-half of 1 percent on outstanding balances, previously permitted, was eliminated by regulation for all mortgages on which commitments were subsequently made. This reduced the maximum allowable interest rate, computed on outstanding monthly balances, to 5 percent flat.

To here.

The Revolution in Home Financing Terms.

The revolution that the home mortgage insurance system has wrought in home-financing terms is best demonstrated by an example. The largest group of borrowers under the Federal Housing Administration plan have incomes from $2,000 to $2,500 a year. In 1938 a typical family in that group, with an income of about $2,230 a year, paid approximately $4,900 for a new house and assumed a mortgage for $4,100, or 84 percent of the total. On that mortgage its monthly payment was $26, or 14.1 percent of its monthly income.

Prior to the mortgage-insurance system, such a transaction could not have been financed, apart from exceptional cases, without resorting to a second mortgage, or a land contract. When such financing was used, the purchase price was customarily padded to cover discount on the second mortgage, and the payments would have been not less than $40 to $50 a month. In other words, an equivalent house would not have been available to a family with such an income, without unwarranted sacrifice, and excessive danger of losing its equity. Further, a family buying such a house, even with a larger income, would have been subject to hazards and expenses in connection with renewing the financing, if it had not been lucky enough to obtain a fully amortized mortgage running for perhaps 10 or 12 years.

"Ninety-percent mortgages" appeared in the headlines and have come almost universally into the vocabulary of builders, mortgage lenders, and the home-buying public. The immediate effect of making mortgages up to 90 percent available was to bring into the housing market large numbers of families that met other qualifications except that they lacked ready cash amounting to 20 percent of the value of the house they might wish to occupy. As a result of the widespread losses in savings during the depression, there are many families in this category.

In the aggregate, installment credit to families with small and medium incomes has proved to have exceptional investment qualities. The moral and practical risks have been shown by the records to be less than those involved in loans to families with large incomes or to many classes of corporations. The 90-percent mortgage loan has appeared radical largely because of the almost exclusive attention that has been given to the salvage theory—the theory that regarded the collateral as more important than the borrower.

Volume and Character of Insured Mortgages.

The following brief analysis of statistics relating to insured mortgages will serve as an introduction to the succeeding discussion of administrative activities and policies. These data are summarized from the more complete data given in the later portion of this report entitled "Statistics of Insuring Operations." Information of this type is essential for an understanding of the extent to which the mutual mortgage insurance system on the one hand, is rendering direct service to borrowers and, on the other hand, making home mortgages a more secure investment for the savings and trust funds of financial institutions, and helping to develop sound real-estate conditions and a healthier home-building industry.

There were 224,000 mortgages selected for examination during the year, an increase of 63 percent over the total during 1937. However, the number of mortgages on new houses accepted on the basis of plans submitted prior to construction was more than doubled, or 110 percent greater than in 1937, and this class of mortgages requires more time and expense to handle than mortgages on existing houses. Examination of plans prior to construction and compliance inspections during the course of construction are required in addition to the regular valuation and inspection of the property, review of the borrower's credit standing, and other operations entering into the risk rating of every mortgage.

Of the mortgages selected for examination, about 43,000 were rejected either because the borrower did not appear reasonably able to meet the proposed obligation, or because of the difficulties in the property itself, or in the character of its location that made it inadequate as security for the loan. In another 10,000 cases, the applications were withdrawn. The number of commitments outstanding at the end of the year was approximately 26,000 greater than at the beginning. This was occasioned by the larger number of new houses under construction at the latter date.

The small-home mortgages accepted for insurance in 1938 were submitted by 4,895 private lending institutions distributed throughout the country.

The 150,000 mortgages which the Federal Housing Administration accepted for insurance were for a face amount of $650,000,000, an amount 45 percent greater than in 1937. Some of the accepted applications were allowed to expire by the applicants. During the year 110,000 mortgages with a principal amount of $475,000,000 became premium paying. This brought the total premium-paying mortgages as of December 31, 1938, up to 312,000 valued at $1,300,000,000, an average of $4,168 per mortgage. Of the total number, about 4 percent had been paid off in full, leaving approximately 300,000 in the hands of more than 7,000 lending institutions.

Monthly mortgage payments covering interest, principal, and mortgage-insurance premiums average about $30, and the gross payments including taxes and hazard insurance average about $40. Thus, under the insured mortgage system, as of December 31, approximately 300,000 monthly payments for an aggregate amount of about $11,000,000 were being received by the lending institutions, which apportion them among interest, premium, taxes, special assessments, and hazard-insurance premium. The lending institutions, or servicing institutions acting in their behalf, remit the annual mortgage insurance premium to the Federal Housing Administration and pay the local property taxes and hazard insurance premiums as they come due. Further, they have to make adjustments in the stated monthly payments whenever changes are made in the amount of taxes. The collection and payment, on or before the due date, of local taxes amounting to millions of dollars annually on homes financed with insured mortgages is of material aid to local authorities by eliminating delinquency and thus reducing collection expense.

Mortgage characteristics.—Of all the mortgages accepted for insurance in 1938, about 69 percent were for less than $5,000.

Mortgages accepted on new homes constituted 69 percent of the total amount during 1938, as compared with 55 percent during 1937.

Ninety-six percent of the mortgage loans were secured by one-family houses in 1938. Five- and six-room houses comprised 77 percent of the new one-family homes. The five-room homes, with 48 percent of the total, were most numerous, as in 1937. The average number of rooms in new one-family houses financed with Federal Housing Administration-insured mortgages tends to be lower than the average for all existing homes, as shown by real-property inventories in various cities. However, the new homes generally are much better equipped with such features as central heating, bathrooms, and garages. The typical lot was about 7,000 square feet in area, and the percentage of land covered by the house was most commonly from 15 to 19 percent. This indicates a high standard of practice for low-priced new homes. Fifty-five percent of all borrowers purchased homes valued at less than two times their annual income, and 47 percent had incomes of less than $2,500 a year. Sixty-two percent of the borrowers paid less than $30 a month for amortization of principal, interest, and mortgage-insurance premium. The monthly mortgage payment amounted to less than 20 percent of the borrower's income in 97 percent of the cases.

Geographical distribution.—The properties securing insured mortgages are to be found in 2,724 of the 3,098 counties in the country as well as in Alaska and Hawaii. The counties not included are predominantly agricultural in character.

Of the total number of mortgages accepted for insurance in 1938, slightly over 40 percent were in cities of 100,000 or more population, while the remainder were about evenly divided between (*a*) the environs of these larger cities and (*b*) the smaller cities, towns, and rural areas located elsewhere. About 7 percent of the total were in towns of less than 2,500 population, that were also outside of the 96 metropolitan areas.

As might be anticipated, the homes securing insured mortgages are most numerous in the areas where the nonfarm population and the rate of population growth are the greatest. Thus, seven States—California, Ohio, Pennsylvania, New York, Illinois, Michigan, and New Jersey—have accounted for 56 percent of the total number of insured mortgages. In 1930, these same States included 49.5 percent of the nonfarm population of the country.

Again, the seven States leading with respect to new homes financed with insured mortgages—this list includes Texas and omits Illinois—which accounted for 56 percent of the number of insured mortgages secured by new construction, were those which included 55 percent of the Nation's total gain in population from 1920 to 1930.

However, even within the first few leading States, varying local conditions are indicated by difference in ranking according to whether number or amount of mortgages on new or existing homes is used. In some of them a substantial majority are on existing homes, while in others mortgages on new homes are preponderant.

Underwriting of Home-Mortgage Insurance.

The largest single item in the administrative expenses of the Federal Housing Administration is represented by the field-office activities involved in passing upon applications for insurance of mortgages on homes for from one to four families, under section 203 of the National Housing Act. Although the basic nature of these underwriting operations was not changed, the 1938 amendments did place additional burdens and responsibilities on the underwriting organization. Of these, the most obvious was the large increase in number of applications to be passed upon. The increase was greatest in the case of requests for mortgage-insurance commitments based on plans. The applications of this type in March 1938 were more than twice as great as those recorded in the highest previous month, April 1937.

The growth in such applications brought with it an increasing growth in the number of subdivisions for which the lay-out, street and utility improvements, financing, and other features had to be reviewed, and in the number of house plans to be checked, and compliance inspections to be made.

Although some phases of underwriting are simplified in the case of new developments where many houses are built as part of a single operation, the making of commitments on new construction involves more steps and greater expense than in the case of the mortgages on existing structures. With mortgages up to 90 percent of the value permitted under the revised section 203 (b) (2) (B), accuracy and ease of determining construction costs became of even greater importance than formerly, for reproduction cost sets a top limit upon valuation.

The revised edition of the underwriting manual, which had been substantially completed in 1937, was brought in line with the new amendments, and was made available in February 1938. The prin-

Wethersfield, Connecticut
FHA valuation, $6,300
Mortgage, $5,400
Average monthly payment, $32.29
Twenty-five years

Greensboro, North Carolina
FHA valuation, $5,750
Mortgage, $4,600
Average monthly payment, $31.46
Twenty years

Jacksonville, Florida
FHA valuation, $4,900
Mortgage, $4,400
Average monthly payment, $26.31
Twenty-five years

Silver Spring, Maryland
FHA valuation, $6,125
Mortgage, $5,400
Average monthly payment, $31.59
Twenty-five years

THE AVERAGE MONTHLY PAYMENT INCLUDES INTEREST, PRINCIPAL, AND MORTGAGE INSURANCE PREMIUM.

Dallas, Texas
FHA valuation, $4,450
Mortgage, $4,000
Average monthly payment, $26.88
Twenty years

Memphis, Tennessee
FHA valuation, $4,900
Mortgage, $4,400
Average monthly payment, $26.31
Twenty-five years

Charlotte, North Carolina
FHA valuation, $3,250
Mortgage, $2,900
Average monthly payment, $19.49
Twenty years

Little Silver, New Jersey
FHA valuation, $7,800
Mortgage, $6,600
Average monthly payment, $45.14
Twenty years

Examples of Recently Constructed Homes Financed With FHA-Insured Mortgages.

cipal changes in the revised edition were the result of constant efforts to refine procedure in the interest of greater accuracy. Descriptions in greater detail, and embracing new ideas, were given of methods of estimating values of residential properties, namely, the capitalization method, and the amenity comparison method. The former is used for properties of a type commonly available for rental purposes, and the latter for "amenity" income properties, that is, properties of a type usually desired for owner-occupancy on account of the satisfactions or amenities they are capable of giving to prospective owner-occupants. Special attention was given in the new manual to methods of recording data subject to frequent reference, and especially to the compilation of construction cost data prepared for use in various localities. The initial time and expense involved in obtaining this material is repaid not only in terms of greater accuracy but through reducing the time required in certain parts of valuation work.

In order to minimize delays in processing applications, the field office staffs were increased as rapidly as possible, in many cases through rehiring employees who had been laid off or placed on a per diem basis when Federal Housing Administration operations declined during the latter part of the year 1937. Whenever it could be done, higher positions were filled by promotions, but a considerable number of new appointments had to be made, and the men trained as rapidly as possible in Federal Housing Administration procedure. Needless to say, an especially heavy burden fell on the personnel already on the staff; they showed great devotion and loyalty in working to the limit of their physical capacity.

Under the circumstances, there was a minimum of delay in the handling of cases, while, at the same time, there was no relaxation of standards in the thoroughgoing examination of each mortgage. The procedure involves a systematic consideration and weighing of all relevant factors pertaining to the borrower, the amount and stability of his income, any other financial obligations for which he may be liable, his character, associates, and his dependability. Likewise close attention is given not only to the valuation of the property and the structural soundness of the house but to every detail of design and construction, the relation of the house to the neighborhood, and neighborhood trends that might affect its economic life and its value during the term of the mortgage.

In a number of cities where new building was especially active, special analyses of the local real-estate market were made with the aid of the Division of Economics and Statistics. Much attention also was devoted to procedures for determining the relative stability of specific neighborhoods, and to perfecting methods of determining the financial responsibility of operative builders obtaining mortgage commitments.

Housing and subdivision developments.—A substantial addition to the administrative duties involving a high degree of judgment and responsibility resulted from the increased number of large-scale housing projects that had to be passed upon during the planning stage. The increase in this type of business was the result of several factors: (1) The provision in the 1938 amendments that mortgages above 80 percent of the value would be insurable only in the case of houses on which the commitments to insure were made prior to the commencement of construction; (2) the fact that housing developments on new or only slightly developed subdivisions, as distinguished from the filling in of vacant lots in existing settled areas, were more prominent in many cities than in any years since the depression; and (3) the coming into effective operation of the so-called release-clause provisions under sections 207 and 210.

Responsibility for administering the latter provisions was placed in the hands of the Mutual Mortgage Insurance and the Underwriting Divisions as described in a later section of this report. Release-clause projects, as is explained on page 26, represent only a small percentage of the total small-house developments reviewed during the year.

Mortgages on farm homes.—Inauguration of mortgage insurance to cover loans on farm homes involved a difficult and time-consuming administrative task. The amended act expressly authorized the Administrator to insure "any mortgage which (A) covers a farm upon which a farm house or other farm buildings are to be constructed or repaired," and which would meet other general requirements covering insurable mortgages on other homes with the special provision "that the construction and repairs to be undertaken on such farm shall involve the expenditure for materials and labor of an amount not less than 15 percent of the total principal obligation of said mortgage."

At the outset, a careful analysis was made of this provision in relation to farm lending facilities provided by other agencies of the Government, especially the Farm Credit Administration and the Farm Security Administration. It appeared that the provisions of the National Housing Act duplicated in many respects the existing credit facilities sponsored by other Governmental agencies. On the other hand it was felt that certain borrowers interested in certain types of farm properties might derive advantages under the National Housing Act which would not be available to them elsewhere.

The Administration developed and established a system of farm valuation and farm-mortgage risk rating similar to the one used to analyze mortgages on nonfarm properties. Cooperation was sought and obtained from the Farm Credit Administration, the Farm Security Administration, and various bureaus of the Department of Agriculture in every phase of preparing and administering the regulations governing mutual mortgage insurance on farm properties.

In the administrative rules the term "farm" was defined as:

real estate which in the judgment of the Administrator—

(*a*) is capable of producing an annual gross income of $350 in kind, cash, or rent from agricultural uses; or

(*b*) derives 25 percent or more of its rental value from agricultural uses; or

(*c*) derives 25 percent or more of its capital value from its agricultural capacity.

The administrative rules and regulations were issued and made effective as of May 16. In the meantime, a procedure for valuation of farm properties and risk rating of farm mortgages had been established and a force of farm underwriters selected and trained.

Although applications for insurance of mortgages on farm homes have been received from every State, the total of 2,307 such mortgages selected for examination and of 504 definitely accepted for insurance, indicates that this section of the National Housing Act is still in a developmental stage and it cannot yet be said that it has become a significant item, from a quantitative point of view, to the farm mortgage structure of the country.

Developments in underwriting practice.—As in preceding years, systematic training of the members of the underwriting staff was continued. Consistency in methods and procedure was assured as far as possible by the periodic field trips made by members of the Washington staff.

Special training schools for farm underwriters were held in Washington during 1 week in May and 1 week in August.

The underwriting system continued to receive high commendation from officers of lending institutions and independent associations for the fairness of its valuations and the careful scrutiny given to all features of the mortgages presented for insurance.

Interflow of Insured Mortgage Credit.

During the year, sales of insured mortgages amounting to $199,268,160 were made among lending institutions, excluding resales between the RFC Mortgage Co. and the Federal National Mortgage Association. This brought the net total amount of such transfers from the inception of the mortgage-insurance program to $379,415,032. The sales have been made by 1,647 institutions and the purchases by 2,000. Although the value figures include mortgages that have changed hands more than once, they do indicate that mortgage insurance has achieved one of its major purposes; namely, that of making small home mortgages a readily salable form of investment.

That this development is helping to encourage the free flow of investment funds to meet the needs of areas where mortgage money is scarce, is shown by the detailed data presented on pages 79 to 81 in regard to mortgages made in each State by out-of-State lending institutions and interstate sales of mortgages. By adding to the security and salability of small home mortgages, the mortgage insurance program has thus in fact made small home mortgages available throughout the country under the liberal terms set forth in the National Housing Act, even in areas where interest rates were notoriously high, and other terms were especially disadvantageous to the borrower.

Mortgage companies were the most active sellers, both as to gross sales and excess of sales over purchases, with State banks in second place. Insurance companies were the largest net purchasers, having purchased mortgages amounting to approximately $123,000,000 and having sold them in the amount of $13,000,000.

Financial Relations.

The confidence of lending institutions in mortgage insurance, and their cordial relations with the Federal Housing Administration, were demonstrated by their response to the 1938 amendments. The elimination of the service charge of one-half of 1 percent, which was effected at the time of the amendments, created no great difficulties. Detailed calculations made during the year indicated the relative attractiveness, in regard to over-all net return over a period of years, of insured mortgages as compared to bonds affording a similar degree of security.

The widespread participation of lending institutions was made possible not only by the amendment permitting national banks and other members of the Federal Reserve System to make any mortgage carrying Federal Housing Administration insurance, but by similar State legislation, much of which had been passed in view of the possibility of such amendments as were made. Further, the Federal Home Loan Bank Board amended its regulations covering Federal savings and loan associations and associations affiliated with the

Federal Savings and Loan Insurance Corporation, permitting such associations, when authorized by the Board, to make and hold any insured mortgages on houses for from one to four families and on combined home and business properties, not only locally but more than 50 miles from their place of business.

At the close of the year, 11,847 separate lending institutions were approved as mortgagees under the Federal Housing Administration's home-mortgage program, an increase of 1,112 over the corresponding number a year earlier. Including the branches of these institutions there were 15,247 lending offices qualified to make small home mortgages under the insurance system.

At the same date, 6,849 separate lending institutions had made small home mortgages which the Federal Housing Administration had accepted for insurance. This was a gain of 869 institutions, all of which actively participated in the program for the first time during 1938. There were 4,895 lending institutions that submitted mortgages in 1938 as compared with 4,643 in 1937. These last figures do not include institutions that added to their holdings of insured mortgages during the year solely by purchases.

The fact that 869 new lending institutions became active mortgagees under the plan for the first time during 1938 indicates that the problem of acquainting lending institutions with the different aspects of mutual mortgage insurance will continue for some time in the future. The Insured Mortgage Portfolio, a monthly publication, continued as the principal means of keeping the lending institutions informed of mortgage-insurance activities. The institutions themselves have devoted much attention to training their staffs. A work of basic importance is being accomplished through the courses conducted by local chapters of the American Institute of Banking, using the textbook on Home Mortgage Lending that was prepared by the Division of Economics and Statistics. That course has been given in 33 cities with a total attendance of more than 1,435 students, almost all officers and employees of lending institutions.

The maintenance of other than strictly routine relationships with financial institutions involves constant attention to local needs and conditions. Thus in some areas there are institutions with plenty of funds available for investment, but that hesitate because they have not previously had experience in home-mortgage lending. In others, where high interest rates on home mortgages have prevailed, there is sometimes reluctance to see the interest rate reduced to that permitted with insured mortgages. Elsewhere, the principal problem may be to secure an inflow of mortgage funds from outside sources.

Builders and Related Business Groups.

The 110-percent increase in mortgage insurance commitments made from plans prior to construction resulted in a corresponding increase in direct contacts between the Federal Housing Administration field office staffs and operative builders. Such varied matters as subdivision lay-out, the price range of the houses contemplated, plans and specifications, assurances that street and utility improvements will be installed as planned, and many other matters that affect the attractiveness and stability of the neighborhood were among the subjects on which views were exchanged and decisions made. These items are fundamental to the underlying security of mortgages insured, and for protecting the equities of prospective buyers.

Contacts with land developers, builders, manufacturers, and distributers of building materials, in regard to improved practices generally, are described in the sections of this report dealing with technical problems and land planning.

The great majority of new homes financed with insured mortgages continued to come under the provisions of section 203 which provides for a separate mortgage insurance commitment for each house in a development. However, the application of blanket mortgages under sections 207 and 210 to provide for the financing of developments with 10 or more houses was used in 26 projects embracing 892 houses, and is described later in this report.

Mortgagor Relations.

The Federal Housing Administration does not deal directly with the great majority of mortgagors whose home mortgages are insured. However, it is responsible for seeing that present and potential home-owners are acquainted with the terms of FHA insured mortgages and with the protection afforded to the borrower under such a mortgage.

The Administration aims that no home owner or home-seeker should, through ignorance of the insured mortgage plan, (1) pay more for the same type of credit, nor (2) incur unnecessary risks through the use of a short-term mortgage, nor (3) enter a transaction without having the benefit of a careful disinterested examination of the property and its neighborhood and review of his own capacity to pay. A major advance toward this goal was achieved through the widespread discussions of the 1938 amendments that were printed and broadcast from the time that they were suggested by the President in his message to Congress of November 27, 1937, until after the passage of the amendments.

At the same time the Administration with the cooperation of many business and professional groups concerned, as well as the motion picture industry and radiobroadcasting stations has sought to acquaint the public with the importance of good quality of construction and neighborhood stability, and with the necessity of review by experts in order to supplement their own judgment.

Mutual Mortgage Insurance Fund.

The mutual mortgage insurance fund was started with an initial Federal contribution of $10,000,000. Its principal receipts have been derived from mutual mortgage insurance premiums and appraisal fees, together with interest on funds invested in Government bonds. The chief expenditures that may be made from the fund comprise such charges as may be made to meet operating expenses and net losses on insured mortgages.

For accounting purposes, foreclosed properties presented for payment of insurance are credited to the fund, and the debentures issued in payment of the claim are debited against the fund. When the repossessed properties are sold by the Administrator, it has been the policy to pay off or retire a corresponding amount of debentures and to charge the fund at that time with any net loss that may be occasioned by the transaction.

During the calendar year, $7,000,000 was transferred from the fund for "salaries and expenses," and $1,000,000 was transferred to establish the housing insurance fund. After making these and all other deductions, the net worth of the fund, as of December 31, was

$22,637,622.84 as shown in the accounting statement on page 171. This sum represented an increase of $1,305,775.62 over the net worth of $21,331,847 a year earlier.

During the year 324 foreclosed properties were accepted by the Administration, bringing the total to 435. The Administration sold 208 of the properties, bringing the total disposed of to 232. Of the 203 properties remaining unsold on December 31, 1938, only 18 had been on hand for more than 12 months. One hundred and thirty-nine of the properties acquired in 1938 were sold during the same year. In accordance with current conditions the policy has been to dispose of properties promptly after acquisition. Forty-two of the properties were sold for all cash, 185 for cash and mortgage notes, and 5 for notes only.

On the 232 properties sold, the value of debentures issued, and of cash adjustments covering fractional sums, was $956,615.55. A net loss of $160,707.59 was charged to the mutual mortgage insurance fund, after adjustments for reconditioning to place the properties in marketable condition, payments for taxes and maintenance, commissions, and rental income receipts.

Among the 232 properties sold there were 61 which resulted in no loss to the fund. The remaining 171 cases resulted in net losses to the fund and in complete cancelation of the certificates of claim. Of the 61 cases that occasioned no loss to the fund, there were 22 in which the net receipts were sufficient to fully cover the certificates of claim covering the mortgagees' foreclosure expenses and interest after default, and also to cover refunds totaling $2,579.61 for the account of the original mortgagors. The other 39 resulted in partial payments or credits on the certificates of claim.

The total certificates of claim issued in connection with the 232 sold properties amounted to $76,412.02. Of this sum 15 percent has been paid or conditionally credited to the mortgagees. The remaining 85 percent has been canceled, of which 38 percent represents interest canceled, and 47 percent represents actual costs involved in effecting foreclosures.

In connection with the mutual mortgage insurance fund it may be noted that the outstanding principal amount of the mortgages is being reduced continually by the monthly amortization payments, and by payments in full of some of the mortgages, in advance of their maturity date.

INSURANCE OF MORTGAGES ON RENTAL HOUSING AND RELEASE CLAUSE PROJECTS UNDER SECTIONS 207 AND 210

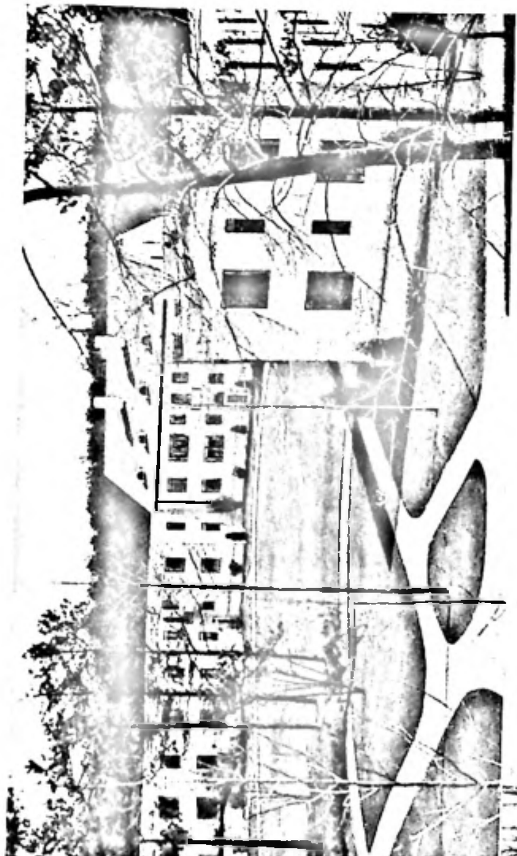
The volume of mortgage-insurance operations on rental housing projects and on other large scale developments under the amended section 207 and the new section 210 was several times as large during 1938 as that attained during the entire three-year period preceding.

This expansion was possible chiefly because during the preceding years certain basic principles were demonstrated in pioneer projects that commanded wide attention.

Briefly, these principles include: (1) Use of a single long-term amortized mortgage, usually from 70 to 80 percent of the value, with no other obligation standing between it and the owner's equity, and

RIVER OAKS
Houston, Texas
A well-planned shopping center adjacent to the River Oaks Gardens large-scale housing project at Houston, Texas.

BRENTWOOD VILLAGE
Washington, D. C.
A rental housing project, financed with an FHA-insured mortgage, containing 440 family units. The total capitalization was $2,090,000, and the mortgage loan of $1,650,000 was financed by a life insurance company.



COUNTRY CLUB APARTMENTS
Greensboro, North Carolina
A large-scale rental housing project containing 86 family units. A mortgage loan of $365,000, financed by a life insurance company, was insured by the FHA. Total capitalization is $471,000.

GREEN TREE MANOR
Louisville, Kentucky
A large scale rental housing project containing 265 family units. A mortgage loan of $1,000,000, financed by a life insurance company, was insured by the FHA. Total capitalization is $1,397,000.

with insurance for the mortgagee of his investment; this represents the first well-recognized effort to introduce the principle of complete amortization into mortgage lending on income-producing property; (2) a long-range financing program that builds up the owner's equity from the outset as a means of safeguarding the mortgage and of assuring the owner of a continued investment return on his equity over a long period of years; this is in contrast to the all-too-common practice of attempting to withdraw the greatest possible cash return in the shortest possible time; (3) careful site planning, and protection for the site, as a means of preserving the character of the neighborhood against deterioration; (4) professional management for large scale projects as an aid in achieving financial success.

The changes included in the 1938 amendments that had the greatest effect in the increase in the dollar volume of business did not materially alter the basis of the insurance, nor the character of the projects insured. Although the addition of section 210 did provide a modified set-up for optional use with projects involving mortgages of from $16,000 to $200,000, that section provided only 7 percent of the year's new premium-paying mortgages under the two sections.

First in importance among the changes was that which fixed a maximum limit of $1,350 on the amount of mortgage per room for mortgages insured under section 207. This limit replaced the former general limitation specifying "housing for persons of low income." Doubts as to possible judicial interpretation of the term "housing for persons of low income" had led to much hesitancy on the part of lending institutions, and had constantly burdened the Federal Housing Administration with providing interpretations.

Next in importance was a clear and specific statement in regard to the items to be used in computing the amount of debentures to be issued to the lending institution in case of default, together with permission to the mortgagee, in case of any default in payments on the mortgage, to assign all rights and interests, arising under the mortgage so in default, to the Administrator at once in return for debentures from which 2 percent of the unpaid amount of the principal obligation is to be deducted. However, if the mortgagee so elects, it may obtain debentures without such deduction by obtaining, through foreclosure or otherwise, full and clear title to the property and assigning such title to the Administrator.

The amendments to section 207 involved a general expansion of the former text, making it more specific, in line with the practices established during 3 years of operation of the section. The former limit of $10,000,000 as the maximum insurable mortgage on any one project was reduced to $5,000,000 and the maximum ratio of loan to Federal Housing Administration valuation was definitely set at 80 percent. Express provision was made to cover projects in which occupants of homes might make monthly payments covering both current rental and the gradual building up of a fund to be used in due course in acquiring title under a home-ownership plan.

The new section 210 provides alternative conditions available to sponsors for mortgages ranging from $16,000 to $200,000 in amount. Section 210 may be elected in the case of mortgages within these limitations, and "covering property upon which there is located, or upon which there is to be constructed, one or more multifamily dwellings, or a group of not less than 10 single-family dwellings: *Provided,* That the property shall be approved for mortgage insurance prior to the beginning of construction." The amount of mortgage under section 210 may not exceed $1,150 per room, and the period for complete amortization may not exceed 21 years.

However, against these limitations, which are more restrictive than those set forth in section 207, section 210 does not require that the owner be a corporation restricted by the Administrator, or by a local housing authority, as to rents or sales, charges, capital structure, rate of return and methods of operation.

The new section was designed to permit a simpler form of organization where relatively small projects were involved, whether intended for rent or for sale.

In practice, sponsors of a considerable proportion of projects for which the option between the two sections was available have chosen to operate under section 207.

Interest rates.—Acting within the maximum limitation of 5 percent, stated in the act for insured mortgages on large-scale rental projects, the Administrator established 4½ percent as the highest rate permitted under section 207 and 5 percent under section 210.

These rates have been well received both by the borrowers or equity owners and by the lending institutions. The 4½ percent rate had been generally used in connection with rental housing mortgages insured prior to the amendments, and there have been occasional projects where the rate has been 4¼ percent, and in one case 4 percent.

Comparative mortgage terms.—Insured mortgages on large-scale projects are liberal in comparison with previous standards in regard to the three essentials of (1) interest rate, (2) duration, and (3) ratio of loan to valuation.

(1) Under section 207 mortgages, the effective maximum interest rate to the borrower of 4½ percent plus ½ percent mortgage insurance premium, a total charge of 5 percent, formerly was available only at times in a small number of cities, and even then only under conditions that relatively few rental projects could meet. Rates of 6 to 8 percent or more were not uncommon, considering the over-all cost of mortgage financing, on a mortgage loan or loans on typical rental projects.

(2) A long-term mortgage loan running from 21 to 30 years is in some ways the most radical and significant contribution of mortgage insurance to the rental housing field. Under shorter term mortgages, with or without partial amortization, the problem of refinancing properties loomed as a distinct speculative hazard, a hazard that in many instances encouraged the owner to make large cash withdrawals from the project even though its long-range earning capacity and financial security might thereby be impaired. The long-term insured mortgages under section 207 provide for complete amortization and for application of earnings above debt charges and moderate dividends, to accumulation of surplus and anticipation of amortization payments. These features help to create a unity of interest between the borrower, the lender, and the housing insurance fund, in maintaining the long-range earning capacity of the project and in retiring the debt.

(3) The provision that insured mortgage loans may cover up to 80 percent of the total valuation of the project probably appears more radical on its face than in practice. Formerly, most lending institutions in a position to make mortgage loans on large scale-rental projects were limited by law to first mortgage loans not exceeding 50,

60, or at the most 66⅔ percent of the appraised valuation. The use of second and third mortgages (which are not permitted in connection with projects financed under the Federal Housing Administration plan), and inflated appraisals were two of the devices frequently employed in the promotion of the projects. Now the high-percentage first-mortgage loans are frankly dealt with, and the fixed obligations against the project are not padded to include exorbitant initial financing charges.

Although the mortgagee grants more liberal terms than formerly, it is protected both by mortgage insurance and by the safeguards inherent in the procedure followed.

Administrative controls.—The administration of sections 207 and 210 has required careful development of procedure and technique in respect to the acceptance and insurance of mortgage loans on large-scale projects.

Under section 207, the housing insurance fund, and the Government's interest in it, are safeguarded by controls such as the following:

No mortgage is insured which exceeds the Administrator's estimate of the cost of the physical improvements, so that in the minimum the equity must represent the land free and clear and all the miscellaneous costs for interest, taxes, and insurance during construction, organization, financing, legal expense, etc.

No mortgage is insured which does not permit a drop in rental below the appraisal estimates of at least 20 percent before default on the mortgage occurs.

No liens secondary to the insured mortgage are permitted and no indebtedness of any sort may be incurred by the corporation except as approved by the Administrator.

Rentals must be established in accordance with a schedule approved by the Administrator as being proper, and no other charges for service to the tenants may be made without the Administrator's approval.

No dividends may be paid on the stock of the owning corporation except as approved by the Administrator and only after all operating expense, interest, and amortization charges have been paid, and after reserves for working capital, for repairs and replacements, and for at least one-half year's debt service have been established and maintained. Any excess earnings above the dividends and reserves above stated must be paid to the mortgagee as additional amortization of the loan.

No salaries in excess of $1,800 may be paid except with the approval of the Administrator.

The corporation is required to maintain the property in a satisfactory condition.

The corporation must at all times permit the Administrator to examine its property and records.

The books of the corporation must be kept in accordance with the system of accounts prescribed by the Administrator.

In addition to these regulations which prevail during the entire period in which the mortgage-insurance contract is in force, certain other regulations are enforced during the construction period, as follows:

Funds representing a substantial part of the cash equity are required to be deposited by the owning corporation in an account subject to the control by the Administrator.

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No funds may be paid on account of the mortgage loan except with the approval of the Administrator.

While endeavoring to do everything essential to determine the safety of a loan, all procedures except those necessary to protect the Government's position as insurer have been eliminated.

The examining procedure includes housing market analysis, architectural consultation, and valuation. No proposal is accepted which does not serve a market found by the Administration to represent a real housing need in the community, and which does not promise a building which will provide for that market in a satisfactory way. The valuation process itself is exhaustive and includes in it the safeguards of using several methods and of obtaining several independent judgments in arriving at a final determination. In October 1938, the whole procedure was submitted for review and comment to a 2-day conference of representatives of six of the principal life insurance companies and savings banks of the country. No material improvement or change was suggested by this group, which unanimously approved the procedure followed.

Under section 210 initial requirements and examination are similar to those established under section 207. However, since projects under section 210 are not subject to supervision by the Administrator after construction is completed, greater reliance must be placed upon the relationship between the mortgagee and the mortgagor as set forth in the mortgage agreement. Also, in conserving the earning capacity of the project, the more rapid building up of the borrower's equity which results from the shorter duration of the loans is a means of preserving a basis of mutual interest between the borrower and lender and the housing insurance fund.

Release clause projects.—One practical effect of the 1938 amendments was to facilitate the use of blanket, or "release clause" mortgages to finance home-building developments during the period of construction and sale. It has long been recognized that for many home-building projects, the cost of financing during construction and up to the point of sale has been excessive, and handicaps have arisen from considering each house as a separate enterprise from a legal and business point of view. A mass of legal forms, repetition of legal steps, subdivision of orders for material and equipment in complying with provisions of mechanics' lien laws, etc., often have been involved in that system Where such conditions have prevailed, substantial economies and simplification of procedure are possible where a group of houses is financed with a single mortgage. Such a mortgage covers the increasing financing required as construction proceeds, and later is adjusted downward as each house is sold to an individual owner. Assured financing for an initial project or group of houses facilitates mass production and buying of material in quantities, and eliminates many incidental expenses.

In view of these considerations, it has been the policy of the Administration to encourage use of the release-clause mortgage only where such savings are anticipated or where the financing of construction is otherwise impossible. In the vast majority of instances mortgagees and builders have found that construction can be safely, conveniently,

and economically financed for a temporary period without direct Federal Housing Administration insurance, provided that the mortgage involved in the purchase by the ultimate borrower would be insurable. In other words, the Federal Housing Administration is requested to analyze the value and soundness of the proposed dwellings and to issue a series of separate commitments each conditioned upon the completion of the house and upon the presentation of a borrower with reasonable ability and willingness to repay. This procedure avoids the difficulties incurred in the direct insurance of the mortgage financing during construction, and still assures the mortgagee and builder of adequate refinancing of the temporary loan with an insured mortgage. Thus it enables the builder to quote definite financing terms to prospective purchasers, and permits a dependable financial procedure from the commencement of the project to final sales.

As a result of this policy conditional commitments to insure mortgages on small homes, where the identity of the prospective borrower is unknown, were issued in 1938 under the terms of section 203 in a much greater volume than commitments under the release-clause plan in effect under sections 207 and 210.

Housing insurance fund.—Financially, insurance of mortgages on housing projects insured subsequent to February 3, 1938, under sections 207 and 210 was established on a basis separate from operations under section 203, through the establishment of the housing insurance fund, which was set up with an initial allocation of $1,000,000 transferred from appraisal fees previously received and paid into the mutual mortgage insurance fund. Debentures that may be issued by the housing fund in exchange for defaulted mortgages are guaranteed by the Federal Government.

Results of Operations.

During 1938, loans were closed and initial premiums paid on 117 new large-scale housing projects with mortgages insured under sections 207 and 210. This number compares with 21 projects commenced during the preceding 3 years combined.

The dollar amount of large-scale mortgages that became premium paying during the year was $47,493,150. This was more than three times as much as during the 3 preceding years combined, and brought the cumulative total to $62,498,150.

In all, these projects are designed to accommodate 16,299 families and have a total valuation of $81,578,493.

The outstanding commitments to insure mortgages, including cases where financing had been arranged, amounted to $53,453,250 as of December 31, 1938, compared with $26,689,250 at the end of 1937.

The carry-over of applications in process of examination was likewise greater than a year earlier. The following table indicates the distribution of the mortgages insured during 1938 under sections 207 and 210, and under rental and release clause classifications. In connection with the latter items, it should be noted that many large-scale home-building developments have continued to go forward with financing arranged on the basis of commitments to insure individual mortgages on the completed houses under section 203.

TABLE C.—*Classification of mortgages insured on large scale projects in 1938 under secs. 207 and 210*

Section	Rental projects			Release clause projects			Total		
	Number	Amount of mortgages	Percent of total amount	Number	Amount of mortgages	Percent of total amount	Number	Amount of mortgages	Percent of total amount
207	67	$42,442,550	89.4	3	$1,529,000	3.2	70	$43,971,550	92.6
210	24	1,921,500	4.0	23	1,600,100	3.4	47	3,521,600	7.4
Total	91	44,364,050	93.4	26	3,129,100	6.6	117	47,493,150	100.0

NOTE.—Mortgages on rental projects under sec. 207 have amounted to $57,447,550, or 92 percent of the grand total of $62,498,150 mortgages insured on rental and release clause projects under the 2 sections including those insured during the years 1935, 1936, and 1937.

Financing of Large-Scale Projects.

Rental projects.—Sponsors of large-scale rental projects found that mortgage financing was made materially easier because of the 1938 amendments.

At the close of the year the 112 premium-paying mortgages on rental projects had been financed by 34 lending institutions as compared with only 9 institutions at the beginning of the year. Life-insurance companies continued to be leading lenders in this field and at the end of the year had made 64 percent of all the premium-paying mortgages on rental projects, with 79 percent of the total amount. The increased number of smaller projects made it possible for more of the smaller life companies and other lending institutions to participate.

Of the total of $59,369,050 in mortgages on rental projects that had become premium paying up to December 31, 1938, the Federal National Mortgage Association had undertaken to loan $2,500,000 and the RFC Mortgage Co. $2,664,000, these two agencies thus accounting for 9 percent of the total.

The creation of the Federal National Mortgage Association with express authority to initiate as well as to purchase insured mortgages on projects under sections 207 and 210, was of greater significance than the preceding figures might indicate. In a number of cases sponsors went ahead with projects in the belief that if their proposals were approved for mortgage insurance by the Federal Housing Administration they could turn to the association in case they should not be able to find a private lending institution able and willing to make the mortgage loan.

Lack of equity funds on the part of sponsors has been the chief reason for the failure of many proposed projects to materialize. There is still a need for wider recognition on the part of equity investors of rental housing projects as a source of good and dependable returns over a period of years. Heretofore, short-range speculative prospects often have been the dominant element in the rental housing field. Thus far, each year's experience has helped to demonstrate that well-planned, soundly financed, and well-managed rental housing provides a high expectation of stability of return for the equity invested.

There may be noted the growth of a new type of organization devoted to sponsoring, building, and permanently operating rental housing projects, sometimes in several cities.

Release clause projects.—The 26 release-clause mortgages insured during the year had a principal amount of $3,129,100 and were divided among 22 lending institutions. Eight of these were life-insurance companies, which made 10 such loans, representing 65 percent of the total dollar amount. Only two of the release-clause mortgages were for more than a quarter of a million dollars, and several of the smaller- and middle-sized life insurance companies, as well as banks and local mortgage companies, were represented among the mortgagees.

The release-clause mortgages were all taken by private lending institutions, none having been taken, for want of a private source of funds, by the Federal National Mortgage Association or the RFC Mortgage Co.

Administrative Developments.

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The increase in volume of rental operations under sections 207 and 210 following the amendments of 1938, made it necessary for staff members stationed in the field to handle much of the examination work involved in the projects submitted for mortgage insurance. This field work is supervised by five zone rental managers. On February 15, it was ruled that all applications for mortgage insurance under sections 207 and 210 should be made through the State or district office. The local office transmits the application with a preliminary report to the appropriate zone rental manager, who in turn submits the case with his recommendations to the Rental Housing Division in Washington. It is then passed upon by a board of review, for recommendation as to final action by the Administrator.

At all times, certain phases of the "release clause" projects, consisting of one-family homes built for potential sale, have been passed on by the Mutual Mortgage Insurance and the Underwriting Divisions, which also have carried out the necessary compliance inspections during construction. On May 31, the complete handling of such projects was definitely assigned to the Underwriting Division, which follows essentially the same procedures and policies in passing on them as in the case of the greater number of small house developments submitted under section 203.

Under a change in procedure effected as of December 15, it is required that sponsors of rental projects under section 207 submit their applications through an approved mortgagee. The mortgagee indicates, either by signing the application or by forwarding an accepting letter, its interest in making the loan in the event that the Federal Housing Administration issues a commitment for insurance. It sets forth also the terms under which it proposes to make the loan—the interest rate, the term of the mortgage, the initial service charge, if any, and other conditions. Under this new procedure, projects are examined by the Administration at the same time that they are being considered by the mortgagee.

A similar procedure was put into effect for projects submitted under section 210 in accordance with the administrative rules and regulations promulgated as of February 15.

The policy of submitting applications through mortgagees, with concurrent examination, affords an opportunity for exchange of views and adjustments of policy between the Federal Housing Administration and the lending institution concerned. Further, it establishes the interest rate and such initial service charges as are to be made by the mortgagee. Thus, it provides a settled basis on which these financing outlays are to be computed. The result is generally to reduce the time and expense of the transaction. The plan makes available to the Administration the practical knowledge and experience which has been gained by the mortgage-lending institutions through many years of activity in the mortgage investment field.

Under the new system a commitment for insurance under section 207 or section 210 is of effect during its life, only to the mortgagee to whom issued, except when the mortgagee's interest is released in writing.

The change in procedure in submitting applications was made in recognition of the widespread interest aroused by the first projects financed under section 207, in which the principle of the long-term amortized insured mortgage was applied for practically the first time to rental housing projects.

During the earlier pioneer phases of the program, when the methods of financing were essentially novel and many details had yet to be worked out, it was deemed desirable for the Rental Housing Division to collaborate with the sponsors in developing the plans and the financial aspects of the projects in some detail. As the result of such procedure, the projects were more likely to command the attention of financial institutions able to lend the sums required. Under the new procedure the lender, from the beginning, is definitely a party to the transaction, with the obligation to participate in the appraisal of its economic soundness.

The Current Rental Housing Market.

Much attention has been directed during recent years to the latent opportunities for constructing new rental housing for families in the middle income ranges. Recent field studies of real estate market conditions in various cities indicate that the potential market is large. The reports of real property inventories which have been made in many cities during the past few years by workers furnished by the Works Progress Administration and its predecessors contain much detailed supporting material.

This conclusion is stated with full regard to various limitations upon the immediate market for rental housing. On the one hand, the market for apartments in the high rental ranges is limited at all times, but has been especially restricted during the post-depression years. This is due, in part at least, to overbuilding of this type of accommodations during the 1920's. On the other hand, in most cities, a substantial number of families have incomes so small that it is out of the question to build new quarters for them on a commercial basis, and at the same time meet decent minimum standards and provide modern conveniences.

From another angle, it is evident that demand for new rental housing is limited because the average incomes of home owners are higher than those of tenants, and consequently they tend to occupy newer and higher-priced homes. In a city with 45 percent of owner-occupants and 55 percent of tenant families, the aggregate value of the owner occupied homes would ordinarily exceed the aggregate value of the rented dwellings.

Notwithstanding such conditions, present rental accommodations for families in the middle income groups in most cities include a large percentage of structures that are undesirable as to location,

equipment, servicing, or other features. Many of these defects are inherent in the existing structures, many of which are houses that have been converted, after a fashion, into two or more dwelling units. Many others originally built in small units for rental use, fail to meet decent standards of privacy, or light and air. Further, vacancies in most cities are relatively low, and the number of families that are seeking rental quarters is growing from year to year.

"Hand-me-down" houses, passing out of the ownership class are not alone sufficient to meet the demand because, even apart from questions of quantity, many families seeking rental quarters want modern, up to date, and attractive features not found in those older dwellings that are available to them.

In various cities a moderate amount of construction of apartments renting at $40 or $50 and up, has gone forward during the last few years. Generally speaking, this has met with a good demand. In a number of these cities, however, these buildings have substantially satisfied the local market in their rental range for the time being. In such localities further construction of rental housing on a sound basis depends partly on actual growth in demand in the upper rental ranges, but more largely on the ability of the construction industry and those who finance rental housing projects to provide new dwelling units at lower figures.

To meet the latent market there must be a satisfactory product at a satisfactory price. Already the application of mortgage insurance to rental housing projects has brought annual financing charges, one of the most important items entering into the determination of rents, to a new low figure. With most mortgages insured under section 207 an annual charge of about 7 percent a year on the original principal amount covers interest, amortization, and mortgage-insurance premium. The mortgage usually ranges from 70 to 80 percent of the appraised value, and carries a term of from 26 to 30 years.

The revolution in financing terms expressed in these figures affords an additional incentive for housing projects embodying comfort, amenity, and conveniences realistically related to cost and demand. Several of the large-scale projects initiated under section 207 during 1938 afford striking indications of progress along these lines.

The extent to which housing developments are carried in the years just ahead, into the rental range where large expansion is possible, will depend in no small degree on the facilities that may be available for research in design and construction. The problem is difficult, because practices that command a current acceptability may not rest on a sound basis, and it is necessary to anticipate the demands that will be current in the future. At the same time, new features must make an immediate appeal to tenants at the outset.

Under market conditions likely to develop during the next few years, the alternative, in case private enterprise fails in its task, is likely to be in the form of hastily improvised, substandard construction, which has already come into evidence in and around a number of cities during the past year or two. Badly planned and closely crowded dwellings for one, two, three, four, or more families, with shocking disregard of fire hazards, and neglect of other fundamental standards are characteristic results of these conditions, along with building of shacks, make-shift conversion of existing houses to accommodate additional families, and doubling up. While substandard dwellings may tide over urgent needs during an emergency, they later become a troublesome heritage, a blight on the community, and a financial burden on investors and taxpayers alike.

Rental projects like those financed with Federal Housing Administration insured mortgages, as well as developments of low-priced single family houses such as are fostered by mutual mortgage insurance, are serving as a partial counter to substandard developments.

Municipal Housing.

Insurance of mortgages on housing projects owned by public authorities is authorized under section 207. From the time the National Housing Act was first passed, many conferences in regard to this provision have been had with local authorities and with Federal agencies set up primarily to deal with them.

Two public-housing projects financed with insured mortgages were actually consummated prior to 1938. One is at Chicopee Falls, Mass., operated by a corporation controlled by the Massachusetts Housing Commission. This project comprises a group of dwellings from 80 to more than 100 years old that were soundly built, and adequate from the point of view of light and air, but badly in need of modernization. The renovated dwellings, with accommodations for 216 families, rent at an average of about $4 per room per month. The second is at New Albany, Ind., where a project of 40 single-family houses was undertaken by the local housing authority to meet a need arising from the destruction of houses by flood. They are situated on land donated by the American Red Cross, and the Works Progress Administration assisted in the grading and installation of utilities.

Project at Fort Wayne, Ind.—A third public project, commenced in 1938 in Fort Wayne, Ind., embraced a number of novel features. In May, the chairman of the Fort Wayne Housing Authority asked the Federal Housing Administration to cooperate in working out a plan that would make available to the lowest income families in that city decent minimum shelter at a rental such families could afford to pay.

A real-property inventory and survey already made by the housing authority showed that of some 25,000 dwelling units in Fort Wayne, 890 were without running water, 4,935 without private bathing facilities, and 2,642 without private indoor toilets. It was concluded that if the families occupying the worst quarters, and accounting for the greatest social and relief costs in the city's budget were to be helped, rentals must not be in excess of $15 per month and should average $10 per month.

The low-cost house erected in Indianapolis by the division of housing research of Purdue University was studied. It was found that an adequate, fully insulated, three-room house, of simple construction, and consisting of two bedrooms, a complete bathroom, and a large combination living-dining room and kitchen could be reproduced in quantity with a total material cost, including overhead, of less than $900. It was also determined that such houses on suitable lots would furnish security for economically sound mortgage loans at the rate of $900 per unit with complete amortization in 20 years, and that a rental of $2.50 per week per shelter unit would provide sufficient earnings to meet the necessary mortgage payments, and provide for all necessary maintenance costs and overhead charges, assuming exemption from local taxes.

The problem of land acquisition was solved by the housing authority through the purchase of vacant lots at a price of $1 per lot, under a repurchase option. That option permitted the owner to reacquire the property for $1 at any time after 5 years, or before that time by paying the cost of moving the house to another lot. The lot owners were thus able to retain such chances of profitable return on the lots as might appear in the future, in return for being relieved of taxes in the interval. In any cases where the sellers exercise their right to repurchase, the plan provides that the collateral security behind the mortgage will be maintained by removal of the house to another lot, the new property being substituted for the old under the covenant.

From the point of view of the city and the housing authority, it was concluded that the amount of municipal income foregone through the removal of the lots involved from the tax roll would be small in relation to the direct and indirect benefits to the community and to the city treasury from the improved and sanitary housing provided for families previously housed under conditions that contributed to ill-health, delinquency, and distress calling for public relief.

Since members of many of the families whose needs the project was designed to meet were Works Progress Administration workers, it seemed appropriate that they be used on a project through which they could help to improve their own housing. Arrangements were accordingly made with the Works Progress Administration for a local work-relief project to take care of the entire amount of labor involved.

The type of construction employed obviously had to be adapted to the situation, and also permit economical removal of the houses from one site to another. The system of prefabrication, using phenol-resin bonded plywood panel units, employed by Purdue University in the construction of the Indianapolis low-cost house above-mentioned was found to meet these requirements.

To achieve the final result of a 50-house project, it was necessary to develop a practical basis for the cooperation of four separate agencies namely: (1) The city government as represented by the local housing authority which acquired the sites and sponsored and operates the project; (2) three local lending institutions, which made mortgage loans aggregating $45,000 to the housing authority for the purpose of financing the entire material and overhead cost; (3) the Federal Works Progress Administration, which through its local organization furnished all the labor and; (4) the Federal Housing Administration, which insured the mortgage loans under section 207 of the National Housing Act, using the same procedure as that used in insuring loans on privately sponsored rental housing projects; also the Administration, because of its interest in the potentialities of this experiment, provided the housing authority with the technical assistance required to set up and supervise the prefabricated construction system.

This project was subsidized by the furnishing of Works Progress Administration labor. However, this imposed no new burden on either the national or the local economy, but rather the shifting of an existing subsidy to the specific problem of providing safe, decent, and adequate shelter for portions of the population whose minimum housing needs have never before been satisfactorily met.

The Fort Wayne project, which at the outset, was frankly regarded as an experiment, developed in such a satisfactory way, and aroused so much interest throughout the country, that the Administrator established a new division to explore further the possibility of applying the basic principles on a wider scale. This division is now engaged in intensive study of the many problems involved, and in extending to municipalities and local housing authorities that request it, cooperation in developing projects to meet their local housing problems for families in the income levels where the need is most acute.

THE FEDERAL NATIONAL MORTGAGE ASSOCIATION AND THE RFC MORTGAGE CO.

Federal National Mortgage Association.

The Federal National Mortgage Association was incorporated on February 4, 1938, under the provisions of title III of the National Housing Act. The Association, the first and only one chartered, is owned and operated by the Reconstruction Finance Corporation.

This action was taken in accordance with the recommendations of the President of the United States as outlined in his message to Congress on November 27, 1937, in which the National Housing Act amendments of 1938 were proposed.

The Association, formed with an initial paid-in capital of $10,000,000 and surplus of $1,000,000 furnished by the Reconstruction Finance Corporation, is empowered to purchase and sell any mortgages insured by the Federal Housing Administration. In addition, it is authorized to initiate mortgages insured under sections 207 and 210; the law prohibits it from initiating small-home mortgages insured under section 203. Its authorized capitalization is $50,000,000, and it is empowered to obtain funds with which to acquire mortgage loans by selling notes or bonds to an amount not exceeding 20 times its paid-in capital.

The association not only purchases small-home mortgages, but makes advance firm commitments to purchase pending mortgages, subject to their consummation and insurance by the Federal Housing Administration. All the mortgages that it purchases are secured by houses, the construction of which was commenced not earlier than January 1, 1937.

The Federal National Mortgage Association customarily permits the selling institution to service small-home mortgages insured under section 203, and for mortgages insured under the present regulations, allows the servicor three-fourths of 1 percent of the 5-percent interest rate usually named in the mortgage. In the case of loans under sections 207 and 210 it reserves the right to handle the servicing itself. Circulars pointing out the specific conditions under which it does business have been issued.

According to the records of mortgage transfers maintained by the Federal Housing Administration, the association had purchased 6,886 small-home mortgages with a principal amount of $28,963,700 from private lending institutions. In addition, it had purchased 8,213 mortgages with a principal amount of $32,199,165 from the RFC Mortgage Co. Transfers are recorded on the Federal Housing Administration books only after required reports are received from both the buyer and the seller. Such reports must be made within 30 days of the actual transfer.

In the following detailed statement of the association showing the condition at the close of December 31, it will be noted that the amount of mortgages reported as assets is in excess of the purchases recorded by the Federal Housing Administration for the reasons already indicated; also the mortgages on large-scale projects insured under sections 207 and 210, listed as assets, indicate amounts disbursed under construction-loan provisions, but not the total amount of the mortgages involved.

The 2-percent notes due May 16, 1943, listed among the liabilities, were many times oversubscribed at the time the offering was announced.

TABLE D.—*Statement of condition of the Federal National Mortgage Association, Dec. 31, 1938*

ASSETS		
Cash on deposit with Reconstruction Finance Corporation		$987,858
Mortgages insured under National Housing Act:		
Under sec. 203	$79,777,974	
Under sec. 207	388,245	
Under sec. 210	44,728	
		80,210,947
Accrued interest receivable		406,158
Real estate acquired by deed in lieu of foreclosure		3,488
Other assets		14,763
Total		81,623,214
LIABILITIES AND CAPITAL		
Series A 2-percent notes due May 16, 1943		$29,748,000
Notes payable to Reconstruction Finance Corporation		38,710,064
Accrued interest payable		223,815
Deposits for taxes, insurance, etc		986,336
Accounts payable		242,525
Commitment fees, to be refunded on delivery of mortgages		139,718
Suspended credits		35,395
Undivided profits		537,361
Paid-in surplus		1,000,000
Capital stock		10,000,000
Total		81,623,214

Combined Activities of Federal Agencies.

From the point of view of the Federal Government's efforts to provide a secondary market for insured mortgages on small homes, the activities of the Association and of the RFC Mortgage Co. may be considered together. The latter agency commenced purchasing mortgages on new homes in 1935 and continued to do so until the association was fully able to take over this activity in 1938. Further, the RFC Mortgage Co., in 1938, undertook to purchase mortgages on homes built prior to 1937, thus complementing the activities of the association.

The purchases and sales of the small-home mortgages by these two Federal agencies, excluding transactions between themselves, but including $42,700 worth of mortgages acquired by the Federal Deposit Insurance Co. in 1938 and sold during the same year, are summarized in the following tabulation:

TABLE E.—*Consolidated summary of Federal agencies' purchases and sales of insured home mortgages (interagency sales excluded)*

Period	Principal amounts as recorded by the Federal Housing Administration: Bought	Sold	Net increase in portfolio
1935-37	$38,964,805	$6,502,560	$32,462,245
1938	56,450,385	10,492,171	45,958,214
Total	95,415,190	16,994,731	78,420,459

It will be noted that the net purchases of $56,407,685 during the year represented 12 percent of the total mortgages that became premium paying during the year, and 28 percent of the total recorded transfers during the year. The acquisitions by the Federal agencies during 1938 were smaller than those of the life insurance companies as a group. Further, the net holdings as of December 31, 1938, amounted to $78,420,459, or approximately 6 percent of the total of $1,300,446,241 in premium-paying small-home mortgages.

Through these relatively limited operations, a dependable secondary market for insured mortgages has been maintained, thus fulfilling the primary purpose of title III of the National Housing Act.

This added to the desirable qualities of insured mortgages as an investment and played an essential part in assuring the general availability of insured loans under the amended legislation. This was particularly important in a number of States where capital for home mortgage lending purposes is relatively scarce.

In the field of large-scale projects coming within the scope of sections 207 and 210 the RFC Mortgage Co. and the Federal National Mortgage Association have made a number of commitments to insure mortgages that later were taken over by other lending institutions. As of December 31, 1938, these two agencies had advanced, or had outstanding commitments to advance, a total of $5,164,000, involving mortgages on 10 projects.

It may be noted that the Federal National Mortgage Association and the RFC Mortgage Co. are equipped to operate throughout the United States on an economical basis, because of the arrangements made for them to use Reconstruction Finance Corporation personnel in their operations, on the basis of time spent on Association affairs. The advantages derived from that fact and from the tax-exemption privileges accorded to the securities of the Association and of the Reconstruction Finance Company all accrue to the Public Treasury.

Effects of 1938 Amendments on Title III.

It became apparent early in the operation of the insured-mortgage system that the formation of a national mortgage association by private capital was unlikely in the immediate future. One reason was that such an orgnization, operating on a narrow margin between the rates of interest received and paid on its obligations would have to do business on a larger scale than would have been possible at the time. A second was that certain title III provisions were too restrictive, particularly the one limiting the amount of notes or bonds that might be issued by the association to 10 (later, under an amendment, 12) times its paid-in capitalization. This ratio was raised to 20 times under the 1938 amendments.

The 1938 amendments also permitted national mortgage associations to make, as well as to purchase, mortgage loans insured under sections 207 and 210. They provided limited tax exemption for notes and bonds issued by national mortgage associations, and also permitted such associations, if not owned or controlled by Government agencies, to initiate small-home mortgages eligible under section 203.

TECHNICAL DIVISION

The Technical Division serves as consultant to the Administration on matters relating to the physical aspects of its credit insurance activities. It is particularly concerned with the dual problem of

improving the quality and reducing the cost of low-priced homes. In that field both the need and the potential market are greatest, and the practical difficulties of achieving high standards within rigid price limitations are the most exacting.

Property Standards Under Title II.

During the year 1938 the Division carried on an intensified development of the physical standards established for planning and constructing single-family dwellings financed with insured mortgages, and expanded its activities to cover similar standards for rental housing properties with mortgages insured under sections 207 and 210.

These standards aim to raise the quality of the properties securing insured mortgages and assure their providing adequate security during the life of the mortgage. This helps to protect the insurance funds by lessening the risk in case of eventual foreclosure. Further, the construction industry and the public have become widely acquainted with these standards, and this enlarges the volume of acceptable mortgages and heightens public confidence in the insured mortgage system.

The Division maintains constant contact with manufacturers of building materials and equipment distributors and building contractors in regard to the standards and requirements.

The 1938 amendments, by permitting longer-term mortgages and higher ratios of loan to value, for one- to four-family dwellings, increased the importance of sound, durable, and well-planned houses as collateral security. Also, the growth in the rental housing program, together with more decentralized administration, made it necessary to codify the physical standards. This should simplify the initial preparation of plans and specifications, and their subsequent review by the Administration, and assure the consistent attainment of high standards.

Single-family dwellings.—Certain general principles and basic requirements were set forth in a circular entitled "Property Standards," applying to both new and existing houses in communities of all sizes and in all geographical locations. As rapidly as possible, minimum construction requirements adapted to meet local customs and climatic conditions in the different areas of the United States were drawn up to apply to all new houses financed with insured mortgages. In 1938 first editions of minimum construction requirements were issued for 15 offices, and existing requirements were revised and reprinted for 50 offices. The requirements now cover all districts except Hawaii and Alaska.

Revisions are occasioned by the fact that continual progress is being made in improvements of products, changes in manufacturing processes, the development of new methods, and formulation of trade standards.

Rental housing.—A master form for property standards, and regional minimum construction requirements for rental housing projects were drafted during the year. In this work it was necessary to establish criteria for the planning and construction of such projects, and it is planned to put the standards into formal effect in the various zone rental offices at an early date.

Building Codes.

The Division has continued to aid in the movement to modify local building codes to permit the use of new materials and new methods of construction on the basis of performance and also to bring about greater uniformity in such codes. Members of the Division have served on several of the sectional committees of the building code correlating committee of the American Standards Association, which is preparing a uniform building code.

Cooperation With Research Agencies.

Although the Technical Division has no laboratory facilities for research work, it maintains close contact with various Government and private laboratories active in this field, especially the National Bureau of Standards of the Department of Commerce and the Forest Products Laboratory of the Department of Agriculture.

New Materials, Equipment and Methods of Construction.

During the course of the last year the Engineering Section of the Technical Division examined 161 new methods of construction. These methods ranged from complete assemblies of houses to minor variations from conventional construction, and involved many different types of materials and equipment. The examinations involved the analysis of detailed working drawings and laboratory test data, as well as inspections at the site, and study of small scale models.

Ten general rulings applying on a Nation-wide basis were made as well as 102 special rulings to the Underwriting Division in regard to limited local use of new methods for demonstration purposes.

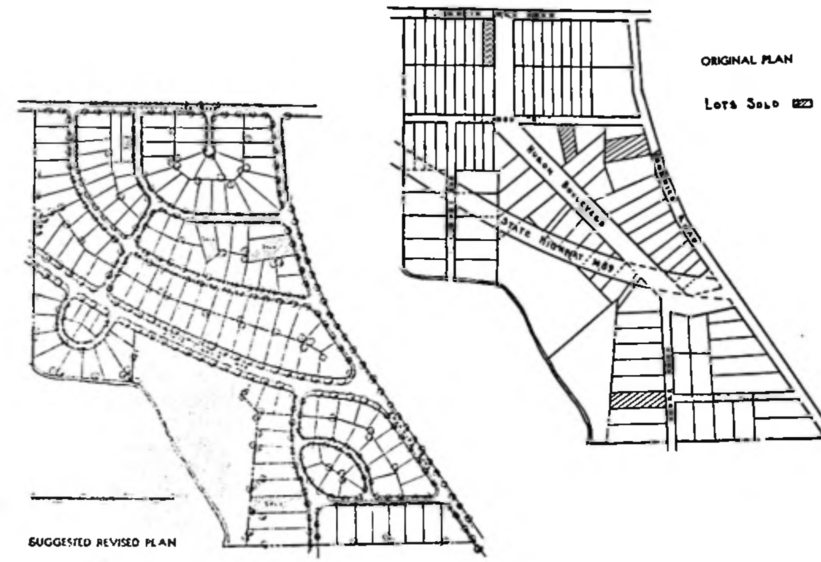
IMPROVED LAND PLANNING

Before the Federal Housing Administration established its present method of measuring mortgage risk, one of the major factors influencing the value of residential properties had been ignored to a very great extent. This was the risk inherent in neighborhood deterioration. Experience shows that poorly planned neighborhoods depreciate and disintegrate at a faster rate than do houses. In recognition of this situation, this Administration established a Land Planning Unit in the Technical Division. The work of this unit grew in volume and increased in importance so that in November 1938, it was given the rank of a division. It comprises a small administrative staff in Washington, and a field organization of experienced land planning consultants stationed in seven key cities from which they cover the entire country.

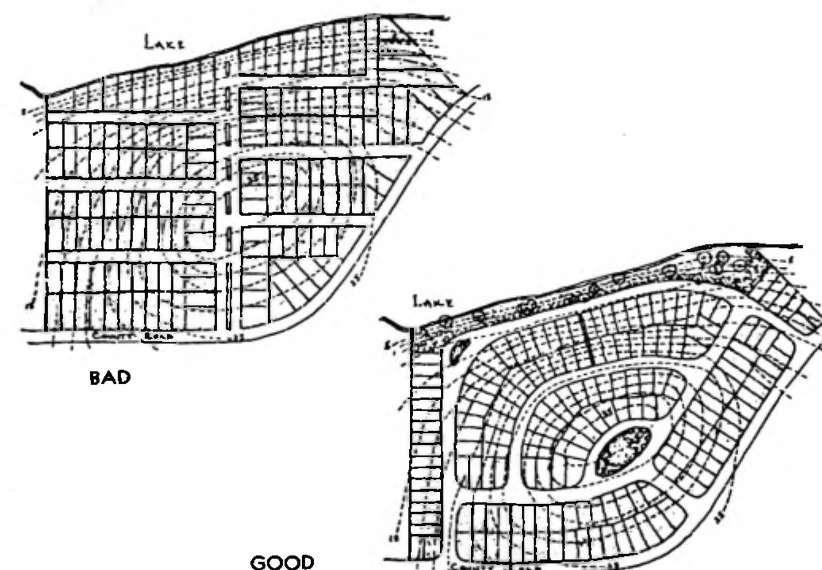
The activities of the Division are directed toward the decrease of mortgage risk, better business for the developers and mortgagees, and a safe investment for the home buyer in attractive and stable communities.

At the inception of the mortgage-risk rating system, a method of measuring neighborhood quality was established. It was found much easier to rate an established neighborhood than a new or undeveloped one. This is due to the fact that the conditions environing an established neighborhood are clearly evident, whereas those which will affect an undeveloped area must, to a great extent, be assumed. Thus the Federal Housing Administration found it necessary to establish neighborhood standards for new areas in which requests for insured loans had been received. It is the function of the Land Planning Division to formulate these standards and to cooperate with the Underwriting and Rental Housing Divisions in applying them.

EXAMPLES OF SUBDIVISION LAYOUTS



The revised plan corrects the errors in the original. Lots are more uniform in size, and there is an opportunity to develop separate units of the tract in accordance with the demand for new building. Original plan, 103 lots; revised plan, 158 lots.



A subdivision plan based upon the topography of the site not only makes possible a better designed development, but also makes the installation of utilities more economical.

No loans are insured in new or undeveloped areas until the location has been carefully analyzed and a report received from the land-planning consultant, outlining the standards which the developer must meet. This analysis covers such matters as suitability of the site from the standpoint of topography, soil, and transportation; accessibility of schools, shopping and recreational areas; suitability of utilities and street improvements, adequacy of such protective measures as zoning and restrictive covenants and the suitability of the subdivision plan. As these requirements and recommendations are made by experienced consultants after a careful study of the property, they have proved to be of great practical value.

In addition to its administrative and advisory work, and in order to comply with one of the major objectives of the National Housing Act, that of improving housing conditions, the Land Planning Division holds numerous conferences with developers, builders, and mortgagees to outline the manner in which sound profitable communities may be created, and partially developed areas rehabilitated.

Summary of activities in 1938.—During the past year the land planning staff has analyzed and made complete reports on 927 subdivisions, comprising 29,000 acres and 96,000 lots. In addition to the subdivisions that were formally reviewed, over 1,000 site inspections or preliminary consultations were held with sponsors of developments. One of the services rendered by the Land Planning Division is to discourage premature or unneeded subdivisions by pointing out the probable lack of a market.

As consultant on rental housing projects it has made over 600 reports and reviews on such matters as the suitability of the proposed site, the landscape features, and the estimated cost of landscape construction work.

Throughout the year land-planning conferences were held in 38 cities, attended by subdivision developers, builders, bankers, and city officials. This brings the total of such conferences which have been held by the land-planning consultants for the last 3 years to 80, with a total attendance of over 15,000. In addition to the land-planning conferences, 74 meetings have been held with such groups as planning boards, real estate conventions, and conferences of technical organizations interested in housing and planning.

During the year a bulletin on "Planning Profitable Neighborhoods," was prepared and published. This contains illustrations of good and bad planning, and outlines in a practical and graphic way the benefits to buyer and seller of following sound principles of design and of meeting suitable standards. It has also filled requests for numerous articles to be published in technical magazines outlining the benefits of well-planned communities.

Problems and progress.—One conclusion that has been firmly established from the study of thousands of cases is that only those subdivisions located with correct reference to city growth and population trends, business and industrial centers, and other facilities are profitable ventures of benefit both to the buyer and the seller. The influence of the insured mortgage program has been to strengthen the increasing tendency for real-estate developers to break away from speculative lot selling. Such sales have been an almost unmitigated evil and source of loss to small investors, particularly when the lots were undeveloped. Further, the practice has entailed enormous needless expense to local governments and public utilities.

However, there is also a tendency for more and more buyers to inquire if lots offered for sale are eligible for Federal Housing Administration insured loans. The result of all this is that a large number of home real-estate developments being offered for sale today have been carefully analyzed by this Administration.

It will be noted that in the subdivisions reviewed there are approximately three and one-third lots to the gross acre. This indicates a trend toward larger lots which is clearly evident in all parts of the United States.

There is also evident a growing understanding on the part of developers of the need and advantages of keeping through traffic off residential streets; of providing parks and recreational areas, particularly for preschool children; and of grouping local stores at convenient points with provision for automobile parking.

Builders and developers have welcomed all phases of the advisory land planning service, and have cooperated wholeheartedly in this phase of the Administration's program.

Local zoning and rezoning.—In its mortgage-insurance underwriting work, this Administration has found that in many communities high percentage loans are excessively hazardous due to the neglect of the municipality to provide a satisfactory method of land-use control and protection against adverse influences. The danger of insuring high-percentage, long-term loans on homes which in a few years may be surrounded by gas stations, factories, stores, or junk yards is obvious. With the object of making the full benefits of mortgage insurance available in all communities, the Land Planning Division encourages communities which lack adequate zoning ordinances to set up such regulations, and thereby provide the necessary protection.

Revision of zoning ordinances of many cities to reduce the proportion of commercially zoned property in favor of larger residential areas is receiving more consideration in nearly every part of the country. The large vacancies, or use for other purposes, of land in commercially zoned areas has led city officials to realize that estimates of possible future commercial and industrial expansions were unduly optimistic. At the same time added impetus has been given to rezoning activities during recent years by the unwillingness of lending institutions to advance mortgage money for the purchase or construction of homes located in areas zoned for commercial use. This attitude has been fostered by the Federal Housing Administration's underwriting practice, which attaches great weight to hazards to residential investment resulting from this condition.

ECONOMIC PROBLEMS

The Federal Housing Administration has a twofold responsibility for obtaining the best information possible in regard to the financing of homes and rental housing, and for analyzing its own operations in relation to current local conditions throughout the country. First, the Administration must conduct its mortgage insurance operations with due regard to the security of the mortgage insurance funds. Secondly, the National Housing Act provides in section 209 that—

> The Administrator shall cause to be made such statistical surveys and legal and economic studies as he shall deem useful to guide the development of housing and the creation of a sound mortgage market in the United States, and shall publish from time to time the results of such surveys and studies.

The work of the Administration which is directed toward these objectives is carried on by the Division of Economics and Statistics, under the direction of the economic adviser.

Some of the subjects in the field of this Division can be dealt with constructively either on the basis of limited samples, or on a general, Nation-wide basis.

On the other hand, many of the most important factors relating to home-mortgage lending are of a distinctly local character and, therefore, require the assembly and current maintenance of statistics on a local basis.

Field Market Analysis.

From the point of view of mortage-insurance underwriting, it is important to know when unsound residential real-estate situations may be developing, even if only in a single city, or part of a city, and to know, for example, whether or not the market is absorbing new construction satisfactorily in the various price ranges. All of this requires constant alertness to danger signals and thoroughgoing investigations of local situations as occasion may arise.

With the increased volume of operations under the 1938 amendments, the enlarged responsibilities occasioned by the liberalization of terms under section 203 and the expansion in projects submitted under sections 207 and 210, the need of the field offices for current data in regard to local real estate market conditions became more pressing. Accordingly, in the late spring a member of the staff of the Division of Economics and Statistics was stationed in each of the five administrative zones for a trial period of 3 months. Each of these men reported on special problems arising in cities throughout his zone, and was available for consultation with the deputy administrator in charge of the zone and the district office directors.

This plan worked out well during the trial period, and men from the Division were permanently assigned to the field zones with the designation "real estate market analyst." All of these men have engaged in studies of the phenomena of local real estate cycles, and they serve as a direct channel for making the experience of the Economics and Statistics Division available to the underwriting officials in the field. They are serviced by the Washington office with statistical material in regard to the cities and towns in their zones, and add such materials as they can obtain through the district offices of the Federal Housing Administration and other local sources.

This current material aids in determining the time at which it becomes advisable to make a thorough real estate market analysis of a city or metropolitan area. It also helps to reduce the amount of work required for an analysis by providing part of the necessary data at the start.

The technique for testing intensively the various elements in local real estate and mortgage markets that had been developed during 1937, was further refined and used in a number of cities in 1938. Many of the materials used in this analytical work, such as time series for various types of economic and business activity in the area, employment and wages, unemployment and relief, incomes and living costs, real estate subdivision and building activity, construction costs and mortgage activity had never before been brought together for study in relation to one another. The systematic assembly and

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analysis of such data have been found to provide for more rational exercise of judgment than is possible by relying solely on personal impressions or generalizations drawn from a limited number of cases.

These local studies have provided the basis for determining Administration policies in regard to its underwriting operations. The studies themselves have demonstrated a method of utilization of research material and also have shown a great need for more adequate information.

Studies of Other Administrative Problems.

One of the Division's principal activities consists in determining what statistics should be compiled in regard to the Administration's own credit insurance operations and in analyzing the resulting data. Thus it is considered vital to have comparative records from year to year, and from one section of the country to another, of the obligations assumed by families in the different income groups.

Again, it is important to obtain data to permit comparisons between the prices of small houses prevailing in different cities, and the relative amount of building activity in those cities.

Operating statistics bearing on these and other subjects are presented in the Insuring Operations Section of this report, which contains a number of tables with data for the 96 leading metropolitan areas, as well as for the States.

During the year a system was devised to account currently for all terminations and delinquencies among the rapidly growing volume of insured mortgages. This provides a starting point for determining the characteristics of mortgages that get into trouble. This in turn provides a constant check on underwriting practices, and will provide guidance in matters of policy.

A number of studies were made in regard to the actuarial problems involved in handling the mortgage insurance funds and in regard to farm mortgage experience. Assistance was given to the Underwriting and Rental Housing Divisions in preparing the revised underwriting manual and the new rental housing manual.

Collection of Basic Data.

The Division continued to cooperate with governmental and other agencies in steps for the collection of basic data relating to residential real estate and mortgage financing.

During the year 1938 the Works Progress Administration approved local real property surveys to be undertaken in 74 cities, each of these surveys to follow the technique prepared by the Division of Economics and Statistics. Previously local surveys had been conducted with Federal assistance in 203 cities and metropolitan areas, comprising a total of 7,600,000 occupied dwelling units, or 44 percent of all the urban units in the United States. The Division has copies of the summary reports from all of these surveys and, in addition block tabulations from many of them.

The collection of material includes thousands of maps covering hundreds of local areas, including several hundred maps prepared in the Division. Many of the maps are available not only in Washington but in the field offices where they are available to representatives of local lending institutions who may wish to consult them.

A technique for a resurvey of housing for use in cities in which a real-property survey has been conducted at some prior time was prepared

for publication and is expected to be made available for local relief projects under the Works Progress Administration.

Assistance was given to the United States Housing Authority and the Works Progress Administration in preparing a technique for making surveys of low-income housing areas.

The Works Progress Administration has republished the Division's technique for making local real estate activity surveys. These surveys deal with the compilation and analysis of data on county records dealing with deeds and mortgages.

The Division took an active part in the work of an interdepartmental committee on the problems involved in making a census of housing, which has been suggested in connection with the decennial census of population in 1940.

Other Studies.

A monograph on the "Structure and Growth of Residential Neighborhoods" was substantially completed during the year and should be of broad general interest both to officers of lending institutions and to students of urban problems generally, as well as to members of the Federal Housing Administration staff in Washington and in the field. In preparing this volume, the large amount of statistical material and maps obtained as a result of the local real property surveys of the past few years were utilized extensively.

The technique that had been prepared previously for analyzing the experience of lending institutions with mortgage loans was applied to the portfolio of a life-insurance company. Data in regard to 8,000 cases representing some $70,000,000 in mortgage loans were analyzed. The types of information resulting from such studies were thus demonstrated and it is hoped that other lending institutions will cooperate in carrying on additional studies of this type. The study fully bore out the superior security of amortized loans, and also the fact that for each class of improved properties, the larger loans were more likely to be foreclosed than the smaller. The greater ratio of foreclosures shown for multi-family dwellings, as compared with single-family houses, indicates the need for the special precautions that are taken in reviewing applications for mortgage insurance on rental properties.

A study of the financial operating experience of a considerable number of apartment houses in various cities, and a report on one of the older limited-dividend housing corporations were approaching completion for publication at the close of the year. The "Uniform System of Accounts" previously published was of material aid in these studies, and through its adoption by many real-estate operators and managers a considerable quantity of data is being accumulated which it is hoped may be available for study in future years.

Summary results of a number of the studies pursued by the Division were presented in the Insured Mortgage Portfolio. The textbook "Home Mortgage Lending" which had been prepared by the Division and published in preliminary form in 1937, for use in courses sponsored by the American Institute of Banking, was carefully checked and with minor revisions was printed in book form.

LEGAL DEVELOPMENTS

Federal Legislation.

The National Housing Act amendments of 1938 which were signed and became effective February 3, 1938, have already been outlined in preceding sections of this report. All of them involved changes in regulations, and raised numerous questions of interpretation, that required action by the legal staff.

Also increase in the number of large-scale projects under sections 203, 207, and 210 resulted in a great increase in legal problems of a strictly local character, particularly since under the latter two sections, insurance of construction loans was expressly permitted. Accordingly, attorneys were stationed in the field in each of the cities containing a zone rental manager's office, and in several other cities. Certain types of legal work hitherto carried on in Washington were transferred to the field.

Regulations for rental operations under the new section 210 involved a number of considerations not previously encountered in connection with mortgages insured under section 207. Under the added section, greater reliance must be placed on rules, since there is no provision for regular consideration by the Federal Housing Administration of management problems and policies, such as is provided in connection with projects under section 207. The actual operation of the first release-clause projects involved much detailed work, as did the regulations and the charter and other forms necessary for the first National Mortgage Association organized under title III of the National Housing Act.

The usual activities to assure the legal conformance of mortgage-insurance operations were continued, as well as legal work relating to the collection of claims taken over by the Administration, in connection with the payment of losses under the insured property improvement loan plan.

State Legislation.

The Legal Division, in an advisory capacity, has continued to assist in the preparation of amendments to the banking, insurance, investment, and other State laws designed to permit participation of State-chartered and controlled financial institutions, trustees, and other investors, in banking operations and in investments under the terms of the National Housing Act. As mentioned in last year's report, the language of many State enabling acts of this character was already sufficiently broad to be in keeping with the 1938 amendments. However, in each of the States in which the legislatures met in regular session, and in some States where there were special sessions, laws were introduced in 1938 relating to the Federal Housing Administration.

The variety of State legislation which the Legal Division was called upon to assist in drafting is indicated by the following provisions enacted in various States during the year 1938:

In California and South Carolina, the building and loan association laws were amended to remove certain restrictions upon such associations so that they can make modernization loans and insured mortgage loans under the National Housing Act, as amended. In Georgia, insured mortgages were reclassified under the property-tax laws as applied to banks and to savings and loan associations.

In Kentucky, a general act permitting investing institutions of that State to make loans insured by the Administrator was amended in order to remove any doubt concerning the ability of such institutions to make loans under the National Housing Act, as amended in 1938. A similar amendment was enacted in Mississippi, in New Jersey, and

in New York. The New Jersey act also made national mortgage association obligations eligible for trust funds, and empowered building and loan associations and the various departments, commissions, and boards of the State to invest in insured mortgage loans and national mortgage association securities.

In Rhode Island, a statute was enacted which permits insurance companies chartered by the State to deposit insured mortgage loans, debentures of the Administrator and national mortgage association obligations with the State treasurer where required as a condition of doing business in other States, and authorizes trust companies to deposit such securities as a prerequisite to doing business within the State. In Virginia, the life insurance law was amended to permit life insurance companies to invest in insured mortgage loans and in securities of national mortgage associations.

Since the creation of the Federal Housing Administration in 1934, a total of approximately 250 State enabling laws bearing on the Administration's activities have been enacted, covering all of the 48 States. During the year, advice in regard to amendments to be presented in a considerable number of the legislative sessions to be held in 1939 was sought by State officials, and was granted.

The substantial volume of interstate transfers of home mortgages that has resulted from the insurance of such mortgages has brought the subject of State mortgage laws to the foreground. The aim of such laws has been to assure an equitable relationship between the borrower and the lender, and at the same time to safeguard owner-occupants of homes. In a number of States technicalities of legal procedure have developed, bearing no sound relationship to the main purpose of the mortgage laws and resulting in cumbersome, expensive, and time-consuming steps which, in fact, fail to benefit either party, and often serve to prevent agreements or settlements that would be mutually advantageous. In other cases the question arises as to whether the desire to protect a delinquent borrower against hasty or arbitrary action on the part of the lender has made the process of foreclosure so complicated, so protracted, and so expensive as to constitute an undue detriment to mortgage lending, and thus a handicap to the overwhelming majority of borrowers.

Under the mutual mortage insurance system generally, the expense involved in effecting foreclosure is not insured, but becomes a contingent claim which is paid only in cases where receipts from the sale of foreclosed property are more than sufficient to cover the amount of the debentures issued in exchange for the defaulted mortgage loan and to meet various other charges incurred by the Federal Housing Administration. Thus, in effect, the National Housing Act established a policy of not attempting to equalize the varying risks involved in the varying costs of foreclosure under the laws of the different States.

In view of these conditions, therefore, a number of institutional investors have placed limitations on the purchase of insured mortgages from certain States where the time and expenses required for foreclosure is considered relatively high. The RFC Mortgage Co. has found it necessary to take this situation into account in its sales of insured mortgages, and in the case of mortgages on homes in certain States has had to waive the premium which it customarily charges to purchasers.

There is also evidence of considerable interest in possible steps to simplify and reduce the expense involved in transferring and recording deeds and mortgages, and assuring clear titles. These, likewise, are matters involving State, rather than Federal, legislation.

A number of State mortgage moratorium laws enacted as a result of the recent depression are about to expire. Apparently some effort will be made to renew these measures, and to make them apply to mortgage loans made since the date of the original laws. On the other hand, there is also a body of opinion favoring expiration of these laws in view of the strengthened condition of the home real estate market. Most of the present laws exempt mortgages insured by the Federal Housing Administration.

INSURED PROPERTY IMPROVEMENT LOANS

Under title I of the National Housing Act, the responsibilities of the Federal Housing Administration during the year were of two principal types. One was that of providing insurance for property-improvement loans made by private lending institutions under the 1938 amendments; the other was to pay claims for losses on defaulted loans, principally those that were insured under title I during the former period of its operation from August 1934 to April 1, 1937, and to reinstate and to make collections, whenever possible, on the defaulted notes on which claims had been paid.

Insurance of New Loans.

The 1938 amendments, in accordance with recommendations made by the Administration, restricted the scope of insured modernization loans more closely than the earlier provisions: (1) By ruling out loans to finance the purchase of movable equipment; and (2) by reducing the maximum insurable loan on any one property from $50,000 to $10,000. On the other hand, the new provision specifically permitted insurance on loans financing the construction of new homes and other buildings, under certain restrictions, the maximum advance on any such loan being fixed at $2,500. The amendments carried no change in the $100,000,000 limit on the total maximum potential liability of the Administrator under title I; this amount represents a reduction, made by Congress at the suggestion of the Administrator, from the $200,000,000 maximum liability permitted in the National Housing Act as originally enacted in 1934. Also, as previously, no charge was required of the insured institutions for the insurance protection, which again covered losses up to 10 percent of the aggregate eligible credit advances made by each institution.

In administering the property-improvement plan, emphasis was placed on three points as follows: (1) Speed at the start in making the insurance available to lending institutions on a workable basis; (2) enforcement of reasonable safeguards against lax lending practices, in order to confine losses to a low figure; and (3) availability of insured loans to all eligible borrowers.

Volume and character of title I loans.—The number and amount of property-improvement loans was substantial. From February 3, 1938, up to the close of the year, 374,976 loans amounting to $171,718,626 were reported for insurance by 3,450 private lending institutions under the new amendments. In addition, 3,039 loans for $1,105,665

were reported during the year under section 6. These loans all represented advances of private funds. The average note was for $458, while the median amount was $304. A typical note for $300, having a term of 2½ years, and carrying the maximum permitted discount, yielded net proceeds of $266.55 to the borrower, who retired the debt by paying $10 a month for 30 months.

In the case of such a discount note, the insurance covers only the net proceeds to the borrower.

Seventy-three percent by number and 63 percent by dollar amount were used for improvements on one- to four-family, nonfarm dwellings. Farm homes and buildings accounted for about 4 percent of the number and amount of loans, while multifamily dwellings, retail stores and shops, industrial and manufacturing plants, and institutional buildings accounted for most of the remainder.

Heating equipment and repairs was the type of work most frequently reported as the major item in the improvements financed, although additions and alterations involved a slightly larger dollar amount. The next most numerous major types of improvements were, in order, exterior painting, new roofing or repairs, plumbing equipment or repairs, and interior redecorating. Five thousand eight hundred and forty-five small dwellings, including summer cottages, as well as year-round houses, and 6,664 new nonresidential structures, together accounted for 3 percent of the number of loans and 10 percent of the amount.

Administration.—The revised plan came into practical operation promptly and smoothly. The forms for contracts of insurance were completed and reproduced within a week following the signing of the 1938 amendments and were mailed out to eligible banks, building and loan association, finance companies, and others on February 10, 11, and 12. By March 1, acceptances of contracts had been received from 3,237 institutions. Since the institutions were granted 30 days after making loans in which to report them, March was the first month in which a substantial volume of lending could be recorded in Washington. By the end of that month, 1,255 lending institutions had reported for insurance approximately 12,000 loans amounting to $5,500,000 to finance improvements to properties in every State of the Union.

The promptness with which the lending operations commenced on a full scale was possible not only because of the familiarity of the lending institutions with the modernization credit insurance plan as it had operated prior to April 1, 1937, but because lending institutions, private business concerns, and the press and radio all undertook to make sure that prospective borrowers should learn of its operation.

It was necessary for the Administration to make a final determination of policies under the new act and to embody them in the contracts of insurance and accompanying regulations.

In preparing the regulations every effort was made to carry out the intentions which it was believed had led Congress to revive the insurance of title I loans which were to be "for the purpose of financing alterations, repairs, and improvements upon urban, suburban, or rural real property."

Improvements to existing homes and other small buildings have been difficult to finance, as a rule. Mortgage financing, on the one hand, has been too cumbersome as to the procedure, time, and incidental charges to be used extensively for the relatively small sums involved. Personal installment credit, on the other hand, has failed to meet fully the legitimate credit needs in this field, except with the insurance granted under title I. The explanation is partly that the items involved in a modernization job such as a new roof or a new bathroom cannot be replevined. Further, the manufacturers of the products used generally are not in a position to sponsor the credit involved, partly because the materials usually come from a number of sources and partly because labor makes up a large item in the total cost of the job. Owing to the definiteness of the act, it was possible to make the regulations clear-cut and positive, and relatively few questions have arisen in regard to their interpretation.

The general requirements governing the procedure of lending institutions in making modernization loans that would be eligible for insurance were again so framed as to involve a minimum of red tape and administrative procedure. However, they were strengthened at several minor points and were supplemented later in the year by a specific statement of recommended minimum steps considered desirable to the exercise of reasonable credit judgment.

These recommended steps include verifying the borrower's statement as to income, employment, etc., through the references given, and procurement of an independent credit report by a reliable agency.

During the year it was decided to establish closer personal contacts with lending institutions in regard to their procedure in handling credits and collections. Following an examination of the operations of a number of the largest lenders, suggestions and recommendations were offered with the mutual desire of improving the general standards of handling credits in this field. Full cooperation was extended by the institutions examined and beneficial effects are anticipated as a result.

Maximum Charges and Duration of Loan.

The former regulation, which limited the maximum charges permitted for insured loans to a rate lower than had been generally available for personal installment credit, was retained. The total payment to be made by the borrower for discount and service charges of all kinds in connection with the transaction may not exceed an amount equivalent to $5 discount per hundred dollars of the original face amount of a 1-year note, to be paid in equal monthly installments, calculated from the date of the note. Stated in other terms, the maximum charge may not exceed 0.097166 per annum of the average amount outstanding on the debt during the period of the loan.

The maximum duration for title I improvement loans in general is 5 years and 32 days. One exception permits savings, building and loan associations to acquire obligations eligible for insurance with a maturity in excess of the stated limitations, although the insurance does not carry over into the longer period. Loans for the construction of new structures for residential use may have a final maturity not in excess of 7 years and 32 days. The total charges to the borrower in connection with loans for new structures for residential use are limited to an amount equivalent to $3.50 discount for $100

original face amount of a 1-year note, to be paid in equal monthly installments. The resultant ratio between the total charge and the average amount outstanding on the debt is 0.066959.

Financial institutions.—Four thousand eight hundred and thirty-six institutions accepted contracts under the new title I, and of these 3,450, or 71 percent, reported loans during the year 1938. National banks handled 48 percent of the business, and State banks and trust companies 29 percent, with finance companies and industrial banks in third and fourth place respectively. This distribution of loans shows no marked change from that during the last months in which the old title I was in operation. By then, the proportion of business handled by finance companies had already fallen off markedly as compared with the period in which loans for the purchase of movable equipment were permitted.

The active institutions were well distributed throughout the country and many of them made a point of advertising the availability of insured loans.

Business groups.—Many business concerns engaged in manufacturing and in the retail building-material field, as well as subcontractors and contractors of various types, advertised extensively the possibilities of making improvements with the proceeds of insured loans, and actively solicited such business.

New construction.—Some 5,845 new residential structures were financed during the year with title I loans averaging $2,150. The face amount of these notes was $12,566,365, or 7.3 percent of the total amount insured. The average duration of loans financed for the purpose of building new residential structures was 6 years and 3 months. Title I loans for new construction were unevenly distributed by States. In some areas they were used chiefly for building summer cottages in resort areas, while elsewhere they included homes with varying degrees of permanency, sometimes combined with roadside stands or other uses. Requirements were stipulated as to construction, proper water supply, and sanitation.

In connection with the administration of this provision it was recognized that, where feasible, an insured mortgage under title II would represent a preferable form of financing. The latter provides for a longer permitted duration of the loan, carries a lower permissible financing charge, and protects the borrower through the careful underwriting review of all phases of the transaction, including compliance inspections to assure sound construction.

About 6,664 new nonresidential structures were financed with title I loans for a total amount of $4,959,715, or an average of $744. Garages and farm buildings were 2 of the most popular types.

Section 6, catastrophe loans.—Although in number and amount the 3,309 loans insured during 1938 under section 6 to finance restoration due to damage by floods, tornadoes, and other natural catastrophes was not great, the very existence of the plan was of considerable moral value, particularly during the weeks succeeding the disastrous hurricane that struck New York and New England on September 21. Further, many loans made for such purposes are known to have been reported for insurance as regular title I loans. Of the total section 6 loans made during the year, 1,872, or 57 percent, were reported from New England during the last quarter of the year.

General Results.

As a recovery measure it is evident that work financed with title I loans in 1938 put a substantial volume of idle capital to work, and that an extensive amount of this went directly for wages to workers in the building and allied trades. For most types of work financed, the percentage of direct labor costs is higher than in new construction. Hence the large volume of employment created on the projects located throughout the country must have been distributed among hundreds of thousands of workers, in a wide variety of trades. Further, the orders for materials cleared through numerous local dealers and went to a large number of manufacturing concerns. Additional employment was created in transporting the materials.

The owners of the 350,000 small homes and other dwellings improved during the year with insured loans were, in many cases, able to make repairs that were urgently needed to protect their properties against deterioration. More than 1,000,000 people live in these dwellings.

Since the inception of insurance on property-improvement loans in 1934, more than 1,600,000 loans amounting to $550,000,000 have been made to improve dwellings, thus helping to raise the living standards of more than 6,500,000 people. During the same period a grand total of 1,833,185 property-improvement loans with a face amount of $733,350,548 have been insured.

Reserves for Losses.

Toward the close of the year 1938, the total initial reserves that had been allotted to lending institutions on account of title I loans were approaching the established limitation of $100,000,000. By that time, however, as had been anticipated, the installment notes insured prior to April 1, 1936, under the old 20-percent-reserve provision had been largely paid off, and it was known that the reserves allotted for that class of notes substantially exceeded the sum of the unpaid balance still outstanding on the notes, plus claims already paid.

Accordingly, on November 4, 1938, a letter was addressed to 20 leading lending institutions asking them to state the outstanding balances on the 20-percent-reserve notes on which they could claim insurance in case of default. The outstanding principal of such notes that they reported, plus claims paid, proved to be $12,169,090 less than the corresponding reserves that had been allotted. That amount was duly added to the unallocated reserves available for insuring property-improvement loans under the 1938 amendments. Further action of the same type could be taken in case further reserves should be required prior to July 1, 1939.

Handling of Insured Losses.

The handling of claims submitted by lending institutions under title I insurance contracts involves two principal activities: First, the necessary examination and audits required to establish the validity of claims under the terms of the law, and making the actual disbursements; secondly, the making of such collections and recoveries as are possible from the defaulting borrowers.

Claims on defaulted notes amounting to $6,016,307 were paid in 1938. This amount was 13 percent lower than in 1937. Cash col-

lections from defaulting borrowers, $1,552,416, or 65 percent higher than in 1937, were encouraging, especially in view of the reductions in employment and in personal incomes in 1938 as compared with 1937.

As mentioned in previous reports, claims paid on the so-called 20-percent reserve notes, which were all made prior to April 1, 1936, have run proportionately higher than those on the 10-percent reserve loans insured during the succeeding 12 months, when financing of most equipment items was barred, and other restrictions in the law were made at the suggestion of the Administrator.

On the 20-percent reserve notes amounting to a total of $369,715,022, claims numbering 70,407 amounting to $14,504,432, or 3.9 percent of the original face amount, have been paid. The peak in claims paid on these notes was reached in the fourth quarter of 1936, when $2,059,718 was paid out during the 3-month period. The amount paid in the fourth quarter of 1938 had dropped to $445,619.

On the 10-percent reserve notes, amounting to $191,916,900, which were made during the 12 months from April 1, 1936, to April 1, 1937, total claims paid have amounted to $4,633,668, or 2.4 percent of the total. The largest payments on this account were made in the second quarter of 1938, amounting to $968,361, and in the last quarter of 1938 the payments had fallen to $577,387.

Claims for payment of losses on property improvement loans insured under the 1938 amendments amounted to $101,437 as of December 31, 1938.

Collections.—The collection unit received in cash from borrowers whose notes had been reinstated, $1,552,416 during the year as compared with $942,295 similarly received in 1937. Equipment, representing an unpaid balance of $1,121,243, was repossessed and turned over as surplus property to the Procurement Division of the Treasury, which transfers the items to Government agencies having need for such equipment.

As of December 31, 1938, total claims paid under title I amounted to $19,239,537, and against this total recoveries amounted to $6,232,843. The difference of $13,006,694 represented net unrecovered loss at that date as compared with $9,664,047 unrecovered loss as of December 31, 1937.

The collection unit of the Federal Housing Administration was charged as of December 31, 1938, with making collections on notes with an outstanding face amount of $10,966,343. About one-half of the defaulting borrowers have been able to reinstate their notes and continue making their payments to the Administration. Cooperation has been obtained from the Department of Justice in instituting legal measures, where necessary to enforce collections, or in the prosecution of occasional instances of fraud. Defaulted notes in the amount of $2,040,351 have been transferred to the General Accounting Office as uncollectible.

Administrative developments.—With the 1938 amendments, the reduction in time to 7 months instead of 13 months as formerly for the filing of claims for loss after unamended default, will, it is hoped, aid in assuring a higher percentage of recoveries, in addition to revealing more promptly any instances of lax lending practices or fraud that may have occurred.

During the summer a detailed audit was made of all assignments received in connection with claims paid under title I. In conjunction with this audit a number of improvements were made in handling collections that reduce the amount of work involved and increase the efficiency of operation. Further periodical audits are to be made.

Economies have been effected in handling repossessions, through closer cooperation with the Procurement Division of the Treasury which has arranged for necessary trucking under its general contracts, and which has handled the warehousing of repossessed items, and their distribution to other Government agencies.

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STATISTICS OF INSURING OPERATIONS

Introduction

The program of providing insurance for long-term mortgages on individual homes and on large-scale rental projects, and for short-term character loans for property improvements has been entrusted to the Administrator by titles I and II of the National Housing Act. As a corollary, section 209 of the act contains the following authorization:

> The Administrator shall cause to be made such statistical surveys and legal and economic studies as he shall deem useful to guide the development of housing and the creation of a sound mortgage market in the United States, and shall publish from time to time the results of such surveys and studies.

In accordance with the terms of the act the Federal Housing Administrator established the Division of Economics and Statistics to make such statistical and economic surveys and to maintain pertinent statistics on current insuring operations and characteristics of mortgages and other loans insured. A statistical and graphic description of the volume, the distribution, and the character of the credit insured has been prepared by the Division of Economics and Statistics and is presented in the following pages.

Summary of all Operations

The combined volume of business under the home-mortgage, rental-housing, and the property-improvement program of the Federal Housing Administration is summarized by years, by States, and by type of lending institution in tables 1, 2, and 3, respectively, which appear on the following pages.

A. Total Volume of Business Transacted.

In the first 4½ years of operation, ended December 31, 1938, gross business of the Federal Housing Administration has totaled $3,258,250,746. Of this amount, net mortgages accepted for insurance on 363,906 small homes amount to $1,529,109,183; insured mortgages on 138 multifamily or large-scale rental projects, which provide dwelling accommodations for 16,299 families, amount to $62,498,150; and 1,833,185 insured property-improvement loans amount to $733,350,548. Additional applications for insurance of mortgages amounted to $933,292,865, of which $197,701,864 represents mortgages still in process, and the balance comprises rejections, expirations, and withdrawals prior to insurance.

The gross business transacted, including home mortgages selected for appraisal, rental-housing mortgages accepted for insurance, and property-improvement loans insured during the year 1938 amounted to $1,257,589,364, or 93 percent more than in 1937.

During the year the volume of total insurance written was the largest in Federal Housing Administration history, amounting to $693,563,443, a gain of 40 percent over the previous year. The growth from the beginning of operations in July 1934 is shown in the following table and chart.

Table 1.—Volume of business transacted: *Trend and status of home mortgage, rental housing, and property improvement insuring operations, 1934 through 1938*

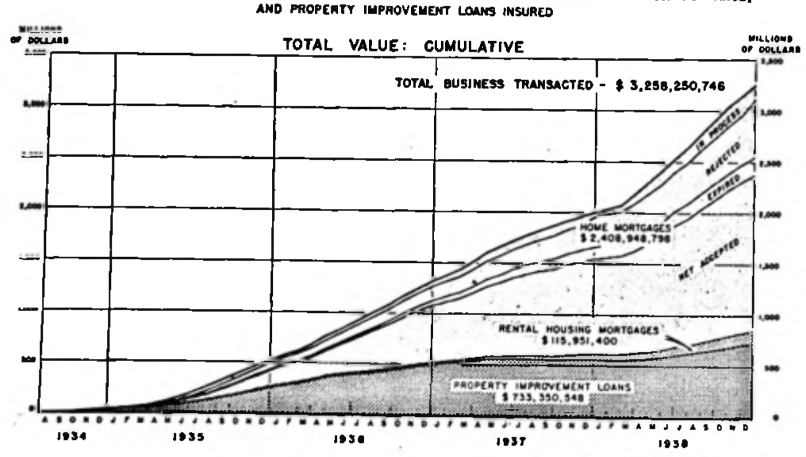
Year and status	Type of insuring operations: Small home mortgages (sec. 203)		Rental housing mortgages [1] (secs. 207 and 210)		Property improvement loans (title I)		Total
	Number	Amount	Number	Amount	Number	Amount	Amount
INSURANCE WRITTEN							
1934	(2)	(2)	(2)	(2)	72,658	$30,450,582	$30,450,582
1935	23,397	$93,882,012	2	$2,355,000	635,747	223,620,146	319,857,158
1936	77,231	308,945,106	4	2,101,000	623,244	245,824,241	556,870,347
1937	102,076	424,372,999	15	10,549,000	123,521	60,631,288	495,553,287
1938	109,279	473,246,124	117	47,493,150	378,015	172,824,291	693,563,565
Total	311,983	1,300,446,241	138	62,498,150	1,833,185	733,350,548	2,006,294,939
Commitments outstanding	51,923	228,662,942	(3)	(3)	----------	----------	228,662,942
Total accepted for insurance	363,906	1,529,109,183	138	62,498,150	1,833,185	733,350,548	2,324,957,881
Expired commitments	46,485	175,403,624	(4)	(4)	----------	----------	175,403,624
Mortgages in process [3]	31,419	144,248,614	123	53,453,250	----------	----------	197,701,864
Rejections and withdrawals	120,799	560,187,377	(4)	(4)	----------	----------	560,187,377
Gross business transacted	562,609	2,408,948,798	261	115,951,400	1,833,185	733,350,548	3,258,250,746

[1] Includes large-scale release clause projects.
[2] Not in operation pending necessary changes in State laws.
[3] Rental housing mortgages committed for insurance are included as mortgages in process; 156 mortgages for $67,177,122 under examination are not included in this table.
[4] Rental housing mortgages rejected, withdrawn, or expired, numbering 617 for $581,989,232, are not recorded in total gross business transacted.

Chart 1.

TOTAL FEDERAL HOUSING ADMINISTRATION BUSINESS

HOME MORTGAGES SELECTED FOR APPRAISAL, RENTAL HOUSING MORTGAGES ACCEPTED FOR INSURANCE, AND PROPERTY IMPROVEMENT LOANS INSURED



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State Distribution of the Amount of Insurance Accepted.

The table following shows the volume of Federal Housing Administration insurance and its distribution in every State of the Union, Alaska, Hawaii, and the Canal Zone. The seven States in which the largest amount of insurance has been written are, in order: California, with $388,659,888; New York, with $290,638,777; New Jersey, with $143,594,189; Michigan, with $140,444,242; Pennsylvania, with $134,299,871; Ohio, with $126,410,171; and Illinois, with $126,342,298.

Table 2.—State volume of insured loans: *Net volume of home mortgages accepted for insurance, rental-housing mortgages closed, and property improvement loans insured, by property location, cumulative 1934 through December 1938*

State location of property	Net small-home mortgages accepted (sec. 203) [1]		Rental housing mortgages closed (secs. 207 and 210) [2]		Property-improvement loans insured (title I) [3]		Total
	Number	Amount	Number	Amount	Number	Amount	Amount
Alabama	3,705	$13,229,685	5	$1,028,700	16,913	$5,628,621	$19,887,006
Arizona	2,210	7,827,546	1	69,000	12,824	5,543,956	13,440,502
Arkansas	2,578	7,469,610	1	320,000	12,786	4,666,469	12,456,079
California	67,162	284,527,796	3	74,000	268,007	104,058,092	388,659,888
Colorado	3,088	10,655,468	1	70,000	10,777	4,052,974	14,778,442
Connecticut	3,111	15,246,045	1	95,000	30,987	12,788,928	28,129,973
Delaware	708	3,954,300	----------	----------	3,087	1,900,831	5,864,131
District of Columbia	1,110	7,554,950	1	1,650,000	11,581	5,599,054	14,804,004
Florida	8,983	35,930,801	1	45,000	24,850	10,936,255	46,912,056
Georgia	6,401	24,387,552	3	1,005,000	22,351	8,658,530	34,051,082
Idaho	1,739	5,486,690	----------	----------	9,919	3,387,664	8,874,354
Illinois	18,222	88,260,163	3	1,800,000	93,181	36,282,135	126,342,298
Indiana	12,718	45,396,601	8	2,372,550	40,068	15,521,612	63,290,853
Iowa	3,109	10,731,699	----------	----------	19,448	7,280,555	18,012,254
Kansas	5,768	17,901,617	7	443,100	11,862	3,655,356	22,000,073
Kentucky	3,567	16,082,861	1	1,000,000	18,766	6,918,171	24,001,032
Louisiana	2,817	10,360,965	----------	----------	17,353	5,335,420	15,696,394
Maine	1,003	3,230,980	----------	----------	5,700	2,253,398	5,484,378
Maryland	6,131	27,276,485	11	6,012,600	27,352	11,376,386	44,665,471
Massachusetts	3,695	18,633,087	2	340,000	67,657	25,760,413	44,734,400
Michigan	22,212	106,637,655	1	525,000	98,950	33,281,587	140,444,242
Minnesota	6,026	21,982,554	5	1,635,800	34,243	13,175,323	36,793,677
Mississippi	3,430	10,706,489	----------	----------	10,109	4,227,614	14,934,103
Missouri	10,085	41,670,497	8	2,081,000	50,638	16,224,210	59,975,707
Montana	1,202	4,225,641	----------	----------	4,145	2,251,594	6,477,235
Nebraska	2,040	7,277,419	----------	----------	8,025	3,002,426	10,279,845
Nevada	659	2,801,905	----------	----------	2,788	1,439,588	4,241,493
New Hampshire	806	2,985,451	----------	----------	6,416	2,683,611	5,669,062
New Jersey	18,884	91,805,524	7	3,277,000	115,712	48,511,665	143,594,189
New Mexico	1,006	3,742,175	----------	----------	3,142	1,692,193	5,434,368
New York	25,409	126,514,692	18	15,868,000	284,096	148,256,085	290,638,777
North Carolina	3,985	16,823,439	7	2,910,000	14,329	5,444,676	25,178,115
North Dakota	695	2,077,705	----------	----------	2,529	1,277,862	3,355,567
Ohio	22,360	98,791,044	2	1,805,000	75,844	25,814,127	126,410,171
Oklahoma	4,941	18,537,892	----------	----------	18,655	6,354,820	24,892,712
Oregon	2,830	8,798,100	----------	----------	27,585	9,934,190	18,732,290
Pennsylvania	21,809	89,399,717	11	4,724,000	105,202	40,176,154	134,299,871
Rhode Island	1,339	5,951,420	----------	----------	14,071	5,934,953	11,886,373
South Carolina	2,283	8,667,638	1	240,000	8,195	3,201,333	12,108,971
South Dakota	1,116	3,017,830	----------	----------	2,710	1,217,852	4,235,682
Tennessee	7,075	25,913,395	2	505,000	22,432	8,238,674	34,657,069
Texas	15,925	60,751,427	8	1,580,700	53,978	19,260,799	81,592,926
Utah	3,503	12,346,615	----------	----------	9,340	3,484,209	15,830,824
Vermont	1,045	3,324,522	----------	----------	2,813	1,202,315	4,526,837
Virginia	6,953	30,671,149	16	9,241,000	22,544	10,087,071	49,999,220
Washington	7,981	25,437,865	1	1,080,000	58,950	20,969,264	47,487,129
West Virginia	2,677	11,839,660	1	650,000	6,918	2,862,946	15,352,606
Wisconsin	4,483	22,166,094	1	50,700	23,875	9,972,863	32,189,657
Wyoming	2,042	6,149,848	----------	----------	2,434	1,239,505	7,389,353
Alaska	212	876,660	----------	----------	249	243,265	1,119,925
Hawaii	789	3,071,270	----------	----------	692	402,478	3,473,748
Puerto Rico	----------	----------	----------	----------	20	18,980	18,980
Canal Zone	----------	----------	----------	----------	3	4,067	4,067
Total	363,906	1,529,109,183	138	62,498,150	1,833,185	733,350,548	2,324,957,881

[1] Premium paying mortgages plus mortgages accepted for insurance, outstanding Dec. 31, 1938.
[2] Including large scale release clause projects.
[3] Including undistributed adjustments in the total for an addition of 5,479 notes and a deduction of $351,580.

The combined total of insurance for these States represents 58 percent of the United States total of $2,324,957,881. These seven States represented 50 percent of the total nonfarm population in 1930. The ranking of States by volume of insurance written on small-home mortgages, rental housing mortgages, and property-improvement loans varies considerably. California ranks first in the amount of home-mortgage insurance, but second to New York in the amount of property-improvement loans insured. New York also leads in the volume of rental-housing mortgages insured.

Types of Institutions Financing Insured Loans.

Loans accepted for insurance by the Federal Housing Administration represent private funds advanced by private lending institutions. The degree to which various types of lending institutions have participated in each phase of the program is shown in table 3.

Of the total loans insured, National and State banks account for $1,394,837,556 or some 60 percent of the total, with mortgage companies, building and loan associations, insurance companies, and finance companies following in order. In the small home mortgage field commercial banks predominate, whereas rental housing mortgages have been financed in the main by life insurance companies. Property improvement loans have been largely financed by National and State banks, followed by finance companies, which were especially active in the early part of the modernization program.

The figures in table 3 show the types of institutions originating loans for insurance.

Table 3.—Type of institution originating insured loans: *Net volume of home mortgages accepted for insurance, rental housing mortgages closed, and property improvement loans insured, cumulative 1934 through December 1938*

Type of lending institution	Net home mortgages accepted [1] (sec. 203)		Rental housing mortgages closed [2] (sec. 207 and 210)		Property improvement loans insured (title I)		Total
	Number	Amount	Number	Amount	Number	Amount	Amount
National banks	112,389	$459,412,495	15	$1,398,000	803,046	$330,382,507	$791,193,002
State banks and trust companies	98,734	402,771,143	5	2,529,000	456,609	198,344,411	603,644,554
Total commercial banks	211,123	862,183,638	20	3,927,000	1,259,655	528,726,918	1,394,837,556
Mortgage companies	50,430	225,146,555	11	1,683,700	498	269,973	227,100,228
Building and loan associations	51,021	203,386,719	5	712,000	11,524	6,277,429	210,376,148
Insurance companies	27,524	131,389,504	82	48,673,250	26	15,686	180,078,440
Finance companies	1,901	8,237,750	1	200,000	431,111	148,771,644	157,209,394
Mutual and stock savings banks	10,047	44,500,119	2	1,600,000	13,225	5,447,804	51,547,923
Industrial banks	1,122	4,697,710			115,831	43,149,114	47,846,824
Credit unions					1,118	592,936	592,936
Federal agencies [3]			10	5,164,000			5,164,000
All others [4]	10,738	49,567,188	7	538,200	197	99,044	50,204,432
Total	363,906	1,529,109,183	138	62,498,150	1,833,185	733,350,548	2,324,957,881

[1] Includes premium-paying mortgages insured and mortgages accepted for insurance outstanding Dec. 31, 1938.
[2] Includes large-scale release clause projects.
[3] The RFC Mortgage Co. and the Federal National Mortgage Association.
[4] Includes investment companies, private and State benefit funds, endowed institutions, production credit associations and other miscellaneous types.

Home Mortgage Insurance Under Section 203 of Title II

Insurance of mortgages on homes providing from one- to four-family dwelling units is authorized by title II, section 203, of the act, and represents the major activity of the Federal Housing Administration. The analyses presented on this phase of the program cover:

(A) A summary of insuring operations in the field offices and in Washington, showing the disposition of mortgages received and accepted for insurance, including farm mortgages.

(B) Distribution of the volume of mortgages accepted by type, months, States, metropolitan areas, and city size groups.

(C) Activity of approved mortgagee institutions, including originations, transfers, and holdings of different types of lending institutions.

(D) Characteristics of insured mortgages, including distribution by size, duration, and loan-to-value ratios.

(E) Characteristics of borrowers, indicating their income status and ability to meet their mortgage obligation under the monthly payment plan.

(F) Characteristics of dwellings, especially of new single-family homes, including analyses of size, type of construction, and other pertinent data on homes financed by Federal Housing Administration insured mortgages.

(G) Population, building permits, and Federal Housing Administration new-home mortgages in metropolitan areas.

The tables and charts included in these analyses present summarie for the United States and in some cases for individual States an metropolitan areas; more detailed data are made available from tim to time in other publications of the Federal Housing Administration.

A. Summary of Insuring Office Operations.

All applications for insurance of small home mortgages are received in Federal Housing Administration insuring offices from lending institutions, not from the individual borrower. The first selection, therefore, is made by the lending institution itself. Most of these institutions have been originating mortgage loans for a considerable period of time, and, therefore, can eliminate many of the unqualified applications without sending them to the Federal Housing Administration for examination.

In those cases where it decides to proceed, the lending institution submits the application with an appraisal fee attached. If the loan is obviously ineligible for insurance, the lending institution is notified and the appraisal fee and application are returned without further examination by the Federal Housing Administration underwriting staff. If the first review indicates examination is to be made, the accompanying check for appraisal fee is deposited to the account of the Administration, and the mortgage is entered into the figures which are reported each month as "Mortgages selected for appraisal."

If the case passes preliminary examination, it is routed through the underwriting department, where the property is appraised, the credit of the borrower analyzed, and the terms of the mortgage scrutinized to determine whether it is a reasonable insurance risk for the Administration to assume. If this examination reveals that the risk should not be assumed, the application is rejected or a counter proposal is made informally indicating changes in the transaction which will so recast the mortgage as to make it acceptable for insurance. Such recasting may be a reduction in the amount of the mortgage, the shortening or lengthening of the term, or such other adjustment as the underwriting staff deems necessary to make the risk a reasonable one for the Administration to assume.

If the mortgage meets all the tests, a commitment is issued to the mortgagee to insure it when it is executed in accordance with the terms of the application. No commitments are entered in the series "Mortgages Accepted for Insurance" except when the individual borrower is approved. On mortgages presented by mortgagees for operative builders a "Conditional Commitment" only is issued. This conditional commitment issued to the lending institution provides that the Federal Housing Administration will insure a mortgage of a given amount when the building is constructed in accordance with plans and specifications and the individual mortgagor who has purchased the property meets the requirements of the Federal Housing Administration.

When the mortgage is executed in accordance with the terms of the commitment and presented to the Federal Housing Administration insuring office, it is endorsed for insurance and the first annual insurance premium is collected. The mortgage is then entered on the books as a "Premium-Paying Mortgage." If the mortgage covers a house to be constructed, it cannot become a premium-paying mortgage until construction is completed free of liens. In the case of new homes, there is allowed a 6 months' period between the issuance of the commitment to insure and the final closing of the transaction and the recordation of a "Premium-Paying Mortgage," and a period of 60 days in the case of existing homes. If at the end of the stated period the commitment to insure is not converted to a premium-paying mortgage, it is entered as an expired commitment and is no longer included in the total reported as "Net Mortgages Accepted for Insurance."

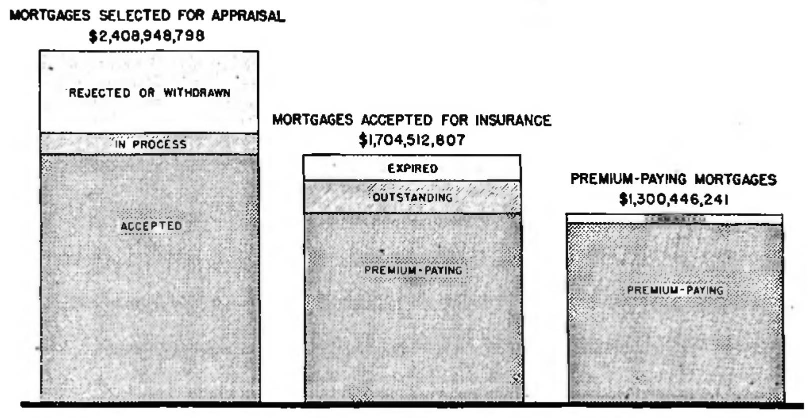
Totals for the year and cumulative total to date.—During the year 1938, the Federal Housing Administration selected for appraisal 223,980 mortgages for $1,010,584,906, and accepted for insurance, with firm commitments issued to mortgagees 149,895 mortgages for $647,949,074. During the year 109,279 mortgages for $473,246,124 became premium-paying.

The cumulative status of home mortgage insuring operations, indicated in detail in table 4, is shown in summary form in chart 2. There it can be seen that to date, out of the 562,609 mortgages for $2,408,948,798 which had been selected for appraisal, 410,391 mortgages for $1,704,512,807 were accepted for insurance, and that of these, 311,983 mortgages for $1,300,446,241 had become premium-paying by December 31, 1938.

CHART 2.

STATUS OF HOME MORTGAGE INSURANCE OPERATIONS

THROUGH DECEMBER 31, 1938



SOURCE: GROSS MORTGAGES REPORTED BY INSURING OFFICES

FEDERAL HOUSING ADMINISTRATION
DIVISION OF ECONOMICS & STATISTICS

NO. 5906-034

TABLE 4.—**Status of home mortgage insurance operations:** *Disposition of applications received, as reported by insuring offices, cumulative 1935 through December 1938*

Status of operations	Number	Amount
Premium-paying mortgages (face amount) outstanding	297,530	$1,236,772,515
Premium-paying mortgages terminated [1]	14,453	63,673,726
Total premium-paying mortgages insured	311,983	1,300,446,241
Formal commitments outstanding	51,468	227,713,050
Net mortgages accepted for insurance [2]	363,451	1,528,159,291
Formal commitments expired [3]	46,940	176,353,516
Gross mortgages accepted for insurance	410,391	1,704,512,807
Conditional commitments outstanding	25,417	117,422,100
Conditional commitments expired [3]	19,630	87,151,386
Total commitments issued	455,438	1,909,086,293
Rejections and withdrawals [3]	101,169	473,035,991
Total mortgages processed	556,607	2,382,122,284
Cases in process of examination	6,002	26,826,514
Total mortgages selected for appraisal	**562,609**	**2,408,948,798**

[1] As reported by Comptroller's Division in Washington.
[2] Totals as reported monthly by insuring offices. They do not include the amendments made during the period the commitment is outstanding which are included in tables 1, 2, 3, 10, 13, and 15.
[3] Excluding cases reopened with counter proposals.

Monthly trend of mortgages selected, accepted, and premium paying.—The three time series in table 5 show the monthly volume of mortgages recorded in the three phases of processing mortgages for insurance.

TABLE 5.—Monthly trend of selected, accepted, and premium-paying mortgages: *Gross volume reported by insuring offices, 1935 through 1938*

Month and year	Mortgages selected for appraisal		Mortgages accepted for insurance		Premium-paying mortgages	
	Number	Amount	Number	Amount	Number	Amount
1935						
January	473	$2,338,609	102	$514,280	3	$9,500
February	1,227	5,348,185	435	2,130,480	15	73,525
March	2,299	9,459,113	1,211	5,101,596	199	909,875
April	4,428	17,741,019	1,880	7,926,354	510	2,166,025
May	7,008	28,112,992	2,612	11,109,683	968	3,743,068
June	7,759	29,887,443	3,048	12,264,001	1,152	4,612,316
July	8,984	34,409,013	4,112	16,872,481	1,642	6,279,697
August	8,468	33,279,499	5,010	20,671,898	2,249	8,673,027
September	7,878	30,342,118	5,300	21,285,398	2,870	11,530,925
October	7,887	29,262,724	6,673	26,163,901	4,502	18,178,887
November	6,364	24,370,078	6,197	24,515,145	4,237	17,155,439
December	6,421	25,459,445	5,567	22,033,647	5,050	20,549,728
Total	69,196	270,010,238	42,147	170,594,864	23,397	93,882,012
1936						
January	5,568	22,365,096	5,472	21,631,888	5,082	19,898,440
February	6,833	26,734,728	4,700	19,182,530	4,113	16,171,516
March	8,826	35,725,698	5,595	22,026,845	4,003	16,036,002
April	10,993	44,629,862	7,672	31,243,006	4,010	16,058,332
May	11,881	47,437,015	9,139	36,442,213	4,830	19,359,701
June	13,304	52,152,026	12,553	50,156,258	5,893	23,239,579
July	14,184	57,820,953	10,920	43,058,780	6,956	26,131,538
August	11,993	49,949,670	10,873	42,806,144	7,432	30,448,789
September	13,209	54,710,291	11,174	44,316,900	7,723	30,463,963
October	14,006	59,046,345	12,169	48,673,183	9,172	36,853,614
November	10,822	44,901,433	9,866	40,400,575	8,293	34,262,530
December	10,183	43,412,152	9,478	38,610,171	9,724	40,020,202
Total	131,802	538,885,269	109,611	438,449,153	77,231	308,045,106
1937						
January	8,851	38,786,750	7,028	29,097,190	7,922	32,518,764
February	11,174	46,042,118	7,350	30,100,750	6,826	28,494,032
March	16,249	68,045,452	10,686	44,006,160	8,110	33,217,970
April	15,662	67,886,307	12,214	50,042,100	7,942	32,587,160
May	13,646	58,232,578	10,816	44,387,426	7,871	32,965,563
June	12,807	55,184,630	11,196	45,960,590	8,983	37,171,635
July	10,975	47,152,173	9,157	37,477,700	9,648	39,385,500
August	11,151	48,309,774	9,023	36,877,750	9,019	36,785,375
September	10,547	45,319,397	8,490	35,152,050	8,873	37,121,490
October	10,428	44,865,921	8,515	35,513,600	9,440	39,845,950
November	8,749	37,299,389	7,538	30,957,800	8,694	37,107,000
December	7,392	32,343,806	6,710	27,847,600	8,748	37,172,560
Total	137,631	589,468,385	108,738	447,519,716	102,076	424,372,999
1938						
January	6,922	29,904,109	4,637	10,340,300	7,487	31,783,100
February	9,417	42,612,638	4,665	18,865,700	5,081	21,373,550
March	20,855	95,161,202	9,077	39,902,500	5,203	22,277,650
April	20,686	94,229,313	14,404	63,298,325	5,888	25,798,400
May	20,712	96,108,023	14,039	61,775,050	6,856	30,037,750
June	21,293	97,231,622	16,776	74,191,000	9,001	39,378,950
July	20,883	94,175,437	13,836	60,419,450	9,495	40,777,000
August	23,203	104,226,887	15,810	67,877,000	10,193	43,827,750
September	22,149	98,431,975	15,940	68,343,800	11,256	48,949,375
October	21,017	97,467,205	15,142	64,627,149	13,365	58,418,999
November	18,818	84,140,515	13,603	58,249,800	12,500	54,318,500
December	17,125	76,895,290	11,966	51,058,100	12,945	56,305,100
Total	223,980	1,010,584,906	149,895	647,949,074	109,279	473,246,124
Cumulative	562,609	2,408,948,798	410,391	1,704,512,807	311,983	1,300,446,241

Mortgages selected for appraisal serve as an immediate and sensitive indicator of incoming business in relation to the monthly volume of mortgages accepted for insurance, which represents firm commitments made after examination and risk-rating procedure. In following trends in the time series, consideration should be given to the fact that conditional commitments issued are not included as mortgages accepted for insurance until converted to a formal commitment. Month-to-month fluctuations are least pronounced in premium paying mortgages which reflect only the final closing of mortgages reported as accepted as long as 6 months previously, a lag due to the requirement that construction be completed and mortgage papers closed prior to collection of the first-mortgage insurance premium.

Disposition of cases closed.—The distribution of all mortgages processed by insuring offices into rejected, withdrawn, expired, and premium-paying mortgages cumulative to date, and by years, is shown in table 6. To date 65.0 percent of cases closed became premium-paying; and the remainder was comprised of 21.1 percent which were rejected for insurance and 13.9 percent which were allowed to expire as conditional or formal commitments after issuance by F. H. A. The yearly trend indicates a reversal for 1938 from the previously decreasing proportion of rejections. Comparison of new and existing home mortgages for 1938 shows a higher percentage of acceptances for the former.

TABLE 6.—Disposition of cases closed: *Percent distribution of rejections, withdrawals, expirations, and commitments, 1935 through 1938*

Disposition of cases closed [1]	Percent distribution						
	1935 through 1938	1935	1936	1937	1938		
					Total	New	Existing
Rejections because of rating of—							
Borrower	9.4	14.7	6.3	6.0	13.0	12.6	13.3
Property	6.3	14.1	5.9	4.3	6.2	4.8	7.3
Neighborhood	4.3	9.8	4.2	3.0	4.2	4.2	4.1
Mortgage pattern	1.1	2.9	1.2	.7	.9	.7	1.1
Total [2]	21.1	41.5	17.6	14.0	24.3	22.3	25.8
Conditional commitments expired	4.1	.1	1.5	4.9	5.9	6.5	5.4
Total rejections and conditional commitments expired	25.2	41.6	19.1	18.9	30.2	28.8	31.2
Formal commitments—							
Expired	9.8	4.9	10.3	12.7	8.2	8.2	8.3
Premium-paying	65.0	53.5	70.6	68.4	61.6	63.0	60.5
Total accepted for insurance	74.8	58.4	80.9	81.1	69.8	71.2	68.8
Total cases closed	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Excludes cases still in process and commitments outstanding at end of year.
[2] Excludes cases reopened with counter proposals.

Terminations and foreclosures of insured mortgages.—Of the cumulative total of premium-paying mortgages through the end of the year, 297,530 were in force at December 31, 1938, and 14,453 for $63,673,726, or 4.6 percent had been terminated. Six of these mortgages had matured, 13,782 were paid up in full, 83 were found ineligible for insurance subsequent to payment of premiums, and, after foreclosure, title was transferred to the Federal Housing Administration on 435 mortgages and to the mortgagee institution on 147 mortgages.

In addition to these 582 terminations by foreclosure, another 364 mortgages had been foreclosed but were subject to redemption, or pending settlement at that date. These 364 mortgages, together with the 582 properties on which title had already been transferred, comprise the cumulative total of 946 mortgages foreclosed, representing less than one-third of 1 percent of the total premium-paying mortgages. An additional 861 mortgages were reported by mortgagee institutions in serious default on December 31, 1938.

The percentage distribution of the total terminated mortgages in the United States is shown in table 7.

Table 7.—Termination of insured mortgages: *Number and percent distribution of premium-paying mortgages, cumulative 1935 through December 1938*

Disposition of terminations	Number	Percent distribution
Matured mortgages	6	0.002
Prepaid mortgages refinanced through Federal Housing Administration	3,404	1.091
Mortgages prepaid in full	10,378	3.327
Ineligible mortgages canceled	83	0.027
Properties retained by mortgagee after foreclosure	147	0.047
Properties transferred to Federal Housing Administration after foreclosure	435	0.139
Total terminated	14,453	4.633
Premium-paying mortgages in force[1]	297,530	95.367
Total premium-paying mortgages insured	311,983	100.000

[1] Includes 861 mortgages in serious delinquency and 364 mortgages on foreclosed properties subject to redemption or pending settlement.

State distribution of foreclosures and terminations.—The distribution of foreclosures and terminations by State and the ratio against net mortgages accepted are shown in table 8.

The average foreclosure ratio for all States is 0.26 percent (compared with 0.30 percent if only premium-paying mortgages are used) with Massachusetts, Kansas, Maine, and Delaware each reporting a ratio of 1 percent or more, while California, District of Columbia, Nevada, New Mexico, Wyoming, and Hawaii have a ratio of less than five one-hundredths of 1 percent.

The ratio of terminations for all States is 3.97 percent (compared with 4.63 percent if only premium-paying mortgages are used) and for New York, Tennessee, Texas, Georgia, and Florida terminations through December 1938 are less than 3 percent of the total net mortgages accepted for insurance.

Table 8.—Foreclosures and terminations by States: *Number of premium-paying mortgages foreclosed and terminated, and percent of each to total net mortgages accepted for insurance, cumulative 1935 through December 1938*

State location of property	Net mortgages accepted[1] (number)	Foreclosures[2]		Terminations[3]	
		Number	Percent of net mortgages accepted	Number	Percent of net mortgages accepted
Alabama	3,705	11	0.30	139	3.75
Arizona	2,210	1	.05	91	4.12
Arkansas	2,578	13	.50	128	4.97
California	67,162	30	.04	2,869	4.27
Colorado	3,088	7	.23	147	4.76
Connecticut	3,111	12	.39	112	3.60
Delaware	798	8	1.00	37	4.64
District of Columbia	1,110	-----	-----	42	3.78
Florida	8,983	8	.09	247	2.75
Georgia	6,401	21	.33	168	2.62
Idaho	1,739	9	.52	75	4.31
Illinois	18,222	43	.24	727	3.99
Indiana	12,718	6	.05	451	3.55
Iowa	3,109	3	.10	188	6.05
Kansas	5,768	65	1.13	297	5.15
Kentucky	3,567	8	.22	156	4.37
Louisiana	2,817	4	.14	107	3.80
Maine	1,093	12	1.10	46	4.21
Maryland	6,131	11	.18	230	3.75
Massachusetts	3,695	42	1.14	181	4.90
Michigan	22,212	93	.42	797	3.59
Minnesota	6,026	19	.32	249	4.13
Mississippi	3,439	29	.84	172	5.00
Missouri	10,085	61	.60	443	4.39
Montana	1,202	1	.08	52	4.33
Nebraska	2,040	2	.10	96	4.71
Nevada	659	-----	-----	45	6.83
New Hampshire	806	6	.74	87	10.79
New Jersey	18,884	90	.48	643	3.40
New Mexico	1,096	-----	-----	51	4.65
New York	25,409	68	.27	455	1.79
North Carolina	3,985	18	.45	137	3.44
North Dakota	695	3	.43	27	3.88
Ohio	22,360	30	.13	1,583	7.08
Oklahoma	4,941	3	.06	200	4.05
Oregon	2,830	2	.07	96	3.39
Pennsylvania	21,809	49	.22	684	3.14
Rhode Island	1,339	8	.60	57	4.26
South Carolina	2,283	11	.48	76	3.33
South Dakota	1,116	7	.63	62	5.56
Tennessee	7,075	35	.49	186	2.63
Texas	15,925	8	.05	435	2.73
Utah	3,503	11	.31	180	5.14
Vermont	1,045	7	.67	75	7.18
Virginia	6,953	48	.69	248	3.57
Washington	7,981	9	.11	377	4.72
West Virginia	2,677	2	.07	90	3.36
Wisconsin	4,483	11	.25	223	4.97
Wyoming	2,042	-----	-----	129	6.32
Alaska	212	1	.47	16	7.55
Hawaii	789	-----	-----	44	5.58
Total	363,906	946	.26	14,453	3.97
Premium-paying mortgages closed	311,983	946	.30	14,453	4.63

[1] By present methods of tabulation, premium-paying mortgages only are not available by State location of property. Net mortgages accepted include 51,923 formal commitments outstanding.
[2] The 946 foreclosures include terminated mortgages on 147 properties retained by mortgagee, 435 properties transferred to Federal Housing Administration at the foreclosure sale, and 364 foreclosed properties subject to redemption or pending settlement prior to termination of insurance.
[3] Includes mortgages matured, prepaid, or canceled, and 582 foreclosures terminated.

Farm-mortgage operations.—Under the February 1938 amendments, certain farm properties were made eligible for insurance under this act. This program was initiated with regulations issued on May 16, 1938, and by the end of the year 2,307 farm loans for $9,888,103 had been selected for appraisal, 574 mortgages for $2,122,400 were accepted for insurance, and 43 mortgages for $135,800 were premium paying at that date.

Mortgages accepted for insurance under this amendment represent less than 1 percent of the total Federal Housing Administration mortgages handled since May 16, 1938. However, a number of mortgages on part-time, incidental farms or on properties whose owner derived an income from other sources were accepted under the regular program prior to, as well as after, the February 1938 amendment.

The cumulative status of farm mortgages under the amendment is shown in table 9.

TABLE 9.—**Status of farm mortgage insurance operations:** *Disposition of applications received under sec. 203 (d) of the amended act, as reported by insuring offices, May 16 through Dec. 31, 1938* [1]

Status of operations	Number	Amount
Premium-paying mortgages insured	43	$135,800
Formal commitments outstanding	461	1,725,000
Net mortgages accepted for insurance	504	1,860,800
Formal commitments expired [2]	70	261,600
Gross mortgages accepted for insurance	574	2,122,400
Conditional commitments outstanding	3	15,200
Conditional commitments expired [2]	2	7,500
Total commitments issued	579	2,145,100
Rejections and withdrawals [2]	1,491	6,340,753
Total mortgages processed	2,070	8,485,853
Cases in process of examination	237	1,402,250
Total mortgages selected for appraisal	2,307	9,888,103

[1] Regulations relative to the insurance of farm mortgages became effective May 16, 1938.
[2] Excluding cases reopened with counterproposals.

B. Volume and Location of Mortgages.

Mortgages accepted for insurance, i. e., those for which formal commitments to insure are issued by the Federal Housing Administration, are reported individually to Washington headquarters and recorded on tabulation cards which form the basis of the subsequent analyses. These analyses cover break-downs on new, existing, and total home mortgages accepted for insurance, by months, States, metropolitan areas, and city size groups.

The number and amount of mortgages accepted for insurance as reported in this part differs slightly from the volume shown in Part (A): Summary of Insuring Operations. The reason for this difference is that whereas it is possible to tabulate amendments to commitments after date of issue, these cannot be included in the original figures as reported by insuring offices and as shown on table 4.

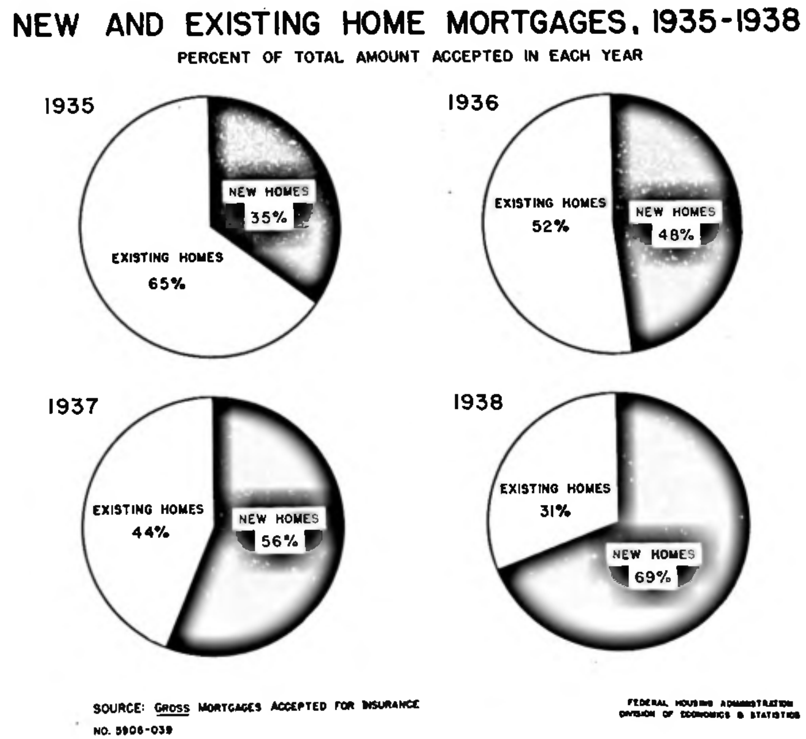
Mortgages on new and existing homes.—The Federal Housing Administration makes commitments to insure (*a*) new homes to be constructed, under construction, or completed within 12 months prior to acceptance for insurance, and (*b*) existing homes 1 year or more old at date of acceptance. During the past 4 years the proportion of new-home mortgages to total has risen markedly to about seven-tenths of the total amount, as is shown in table 10 and chart 3.

TABLE 10.—**Yearly trend of new and existing home mortgages:** *Percent distribution of gross number and amount of mortgages accepted for insurance, cumulative 1935 through December 1938*

Year	Percent distribution of number [1]			Percent distribution of amount [1]		
	New	Existing	Total	New	Existing	Total
1935	29.3	70.7	100.0	35.3	64.7	100.0
1936	41.6	58.4	100.0	48.4	51.6	100.0
1937	49.3	50.7	100.0	55.4	44.6	100.0
1938	65.2	34.8	100.0	69.4	30.6	100.0
Cumulative total [2]	51.3	48.7	100.0	57.4	42.6	100.0

[1] For the months January 1935 through April 1936 net mortgages on homes accepted any time after completion of construction are included in this table as existing homes. Beginning with May 1936, gross mortgages on homes accepted within 12 months after completion of construction are included as new homes.
[2] Based on net number and amount of premium paying mortgages and firm commitments outstanding Dec. 31, 1938.

CHART 3



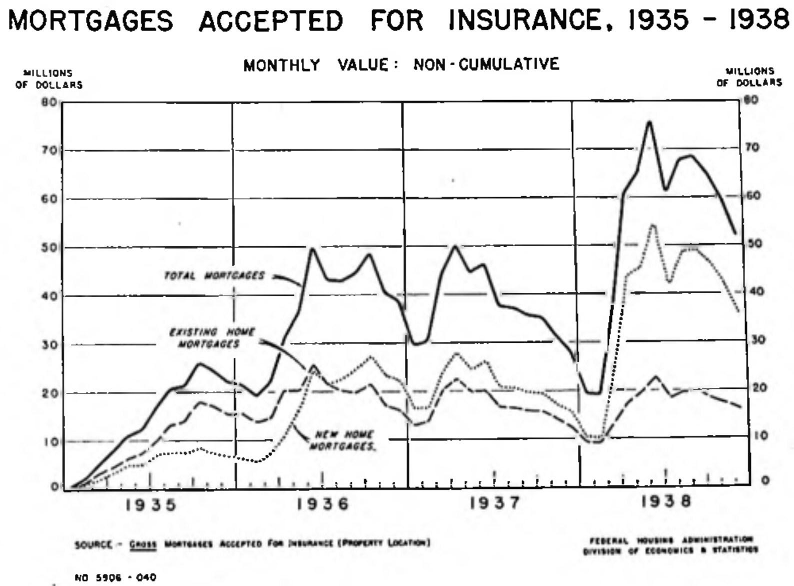
Monthly volume of mortgages accepted.—The gross volume of mortgages accepted for insurance as recorded in Washington each month is shown in table 11 and chart 4 below.

TABLE 11.—Monthly trend of new and existing home mortgages: *Gross volume of mortgages accepted for insurance, cumulative 1935 through December 1938*

Month and year	New homes		Existing homes		Total	
	Number	Amount	Number	Amount	Number	Amount
1935						
January	1	$4,500	101	$509,780	102	$514,280
February	155	965,590	280	1,170,890	435	2,136,480
March	400	1,902,559	811	3,199,037	1,211	5,101,596
April	671	3,321,749	1,209	4,604,605	1,880	7,926,354
May	936	4,820,858	1,676	6,288,795	2,612	11,109,683
June	1,061	4,923,682	1,987	7,340,319	3,048	12,264,001
July	1,441	7,021,719	2,671	9,850,762	4,112	16,872,481
August	1,496	7,513,701	3,514	13,158,197	5,010	20,671,898
September	1,539	7,370,524	3,761	13,914,874	5,300	21,285,398
October	1,770	8,334,515	4,903	17,829,386	6,673	26,163,901
November	1,529	7,372,723	4,668	17,142,422	6,197	24,515,145
December	1,361	6,696,106	4,206	15,337,541	5,567	22,033,647
Total for year	12,360	60,248,256	29,787	110,346,608	42,147	170,594,864
1936						
January	1,254	6,121,269	4,218	15,410,619	5,472	21,531,888
February	1,089	5,532,570	3,611	13,649,951	4,700	19,182,530
March	1,542	7,550,835	4,053	14,476,010	5,595	22,026,845
April	2,231	10,951,343	5,441	20,292,323	7,672	31,243,666
May	3,384	16,148,018	5,755	20,294,195	9,139	36,442,213
June	5,193	24,418,123	7,360	25,738,135	12,553	50,156,258
July	4,683	21,510,960	6,237	21,547,820	10,920	43,058,780
August	4,945	22,638,928	5,928	20,167,216	10,873	42,806,144
September	5,436	24,539,641	5,738	19,777,259	11,174	44,316,900
October	5,995	27,134,569	6,174	21,538,614	12,169	48,673,183
November	5,024	23,343,614	4,842	17,056,961	9,866	40,400,575
December	4,786	22,389,922	4,692	16,220,249	9,478	38,610,171
Total for year	45,562	212,279,801	64,049	226,169,352	109,611	438,449,153
1937						
January	3,472	16,529,905	3,628	12,960,190	7,100	29,490,095
February	3,555	16,667,168	3,816	13,627,830	7,371	30,294,998
March	5,150	23,919,425	5,533	20,143,000	10,683	44,062,425
April	5,955	27,805,680	6,166	22,485,470	12,121	50,291,150
May	5,290	24,580,590	5,503	19,927,108	10,793	44,507,698
June	5,576	26,071,613	5,604	20,093,179	11,180	46,164,792
July	4,541	20,915,841	4,590	16,638,920	9,131	37,554,761
August	4,445	20,631,574	4,599	16,516,700	9,044	37,148,274
September	4,279	19,766,248	4,279	15,827,250	8,558	35,593,498
October	4,178	19,448,420	4,214	15,786,987	8,302	35,235,407
November	3,722	17,087,446	3,842	14,132,070	7,564	31,219,516
December	3,389	15,524,447	3,337	12,513,021	6,726	28,037,468
Total for year	53,552	248,948,357	55,111	200,651,725	108,663	449,600,082
1938						
January	2,220	10,280,000	2,404	9,087,042	4,624	19,367,042
February	2,250	10,163,750	2,417	8,898,852	4,667	19,062,602
March	5,119	24,048,280	3,332	13,192,695	8,451	37,240,975
April	9,267	43,337,695	4,445	17,260,637	13,712	60,598,332
May	9,712	45,359,590	4,948	19,485,880	14,660	64,845,470
June	11,525	53,647,975	5,704	22,688,001	17,229	76,335,976
July	9,089	42,258,537	4,723	18,355,456	13,812	60,613,993
August	10,508	48,448,998	5,143	19,311,900	15,651	67,760,898
September	10,655	48,841,889	5,234	19,606,200	15,889	68,448,089
October	10,212	46,584,417	4,838	18,080,433	15,050	64,664,850
November	9,222	42,130,427	4,609	17,193,300	13,831	59,323,727
December	7,866	35,860,650	4,260	16,037,488	12,126	51,898,138
Total for year	97,645	450,962,208	52,057	199,197,893	149,702	650,160,101

From a negligible volume of acceptances in January 1935, the amount of Federal Housing Administration insurance increased steadily through 1938. Despite the large growth, seasonal fluctuations are clearly evident. This seasonal factor causes a peak in the spring and summer for both refinanced and new construction. Beginning with April 1938, there was a marked increase in the proportionate and absolute volume of new-home mortgages handled, as compared with the corresponding months of any preceding year. For existing homes, the volume for the year 1938 was less than for 1936 or 1937. However, in each month commencing with June 1938 there was an increase over the preceding year in the number of refinanced mortgages accepted for insurance.

CHART 4



Volume of mortgages, by States and metropolitan areas.—Table 12 shows the total gross volume of mortgages accepted for insurance during the year 1938, broken down, first, by States, and Territories, and second, by the 96 metropolitan areas of the 1930 census. It also shows the break-down of the total mortgages into those on new homes and existing homes. A similar break-down of the net cumulative totals through December 1938 is shown on table 13. The States are listed alphabetically, while metropolitan areas are shown in the order of their 1930 census population. It should be noted that although about 60 percent of the nonfarm population lived in the 96 metropolitan areas in 1930, Federal Housing Administration mortgages in these areas represent nearly 73 percent of the total for the whole country.

TABLE 12.—State and metropolitan area volume for the year 1938: *Gross number and amount of new and existing home mortgages accepted for insurance*

State	New homes		Existing homes		Total	
	Number	Amount	Number	Amount	Number	Amount
Alabama	923	$3,777,396	384	$1,255,500	1,307	$5,032,896
Arizona	544	2,039,200	214	636,850	758	2,676,050
Arkansas	565	1,891,000	324	829,900	889	2,720,900
California	21,900	96,753,375	10,615	41,572,400	32,515	138,325,775
Colorado	727	3,159,800	610	1,964,300	1,337	5,124,100
Connecticut	820	4,288,700	368	1,712,800	1,188	6,001,500
Delaware	212	1,076,800	57	217,400	269	1,294,200
District of Columbia	303	1,701,800	64	425,100	367	2,126,900
Florida	3,404	14,019,000	730	2,570,900	4,134	16,589,900
Georgia	2,248	8,894,200	545	1,966,700	2,793	10,860,900
Idaho	388	1,359,900	236	680,800	624	2,040,700
Illinois	3,757	21,382,700	4,107	19,364,300	7,864	40,747,000
Indiana	2,138	9,655,900	2,876	9,188,300	5,014	18,844,200
Iowa	637	2,791,800	537	1,660,000	1,174	4,451,800
Kansas	1,127	4,657,450	836	2,210,200	1,963	6,867,650
Kentucky	1,120	5,343,600	363	1,665,400	1,483	7,009,000
Louisiana	1,205	4,754,400	379	1,299,100	1,584	6,053,500
Maine	147	549,900	310	808,800	457	1,358,700
Maryland	1,641	7,993,150	487	2,083,200	2,128	10,076,350
Massachusetts	731	3,744,800	425	2,049,300	1,156	5,794,100
Michigan	7,583	38,931,600	2,883	11,904,200	10,466	50,835,800
Minnesota	1,316	5,954,700	744	2,652,800	2,060	8,607,500
Mississippi	795	2,828,700	314	837,502	1,109	3,666,202
Missouri	2,084	9,611,600	1,618	5,837,300	3,702	15,448,900
Montana	215	896,100	156	498,400	371	1,394,500
Nebraska	422	1,833,299	647	2,050,100	1,069	3,883,399
Nevada	163	808,500	76	304,800	239	1,113,300
New Hampshire	79	336,000	137	467,000	216	803,000
New Jersey	3,535	18,559,300	2,852	11,722,550	6,387	30,281,850
New Mexico	378	1,406,400	83	279,200	461	1,685,600
New York	9,161	47,991,558	1,872	9,095,396	11,033	57,086,954
North Carolina	1,114	4,899,300	407	1,491,900	1,521	6,391,200
North Dakota	84	354,000	81	199,300	165	553,300
Ohio	2,851	15,853,450	3,911	16,869,550	6,762	32,723,000
Oklahoma	1,754	6,986,100	544	1,898,200	2,298	8,881,300
Oregon	642	2,380,800	669	1,929,500	1,311	4,310,300
Pennsylvania	3,799	19,666,100	3,435	12,280,900	7,234	31,947,000
Rhode Island	331	1,646,800	182	773,400	513	2,420,200
South Carolina	636	2,538,700	179	624,500	815	3,163,200
South Dakota	126	513,000	227	520,500	353	1,033,500
Tennessee	1,760	6,857,000	811	2,032,650	2,571	9,889,650
Texas	7,423	29,122,650	1,006	3,401,175	8,429	32,523,825
Utah	773	3,252,000	341	1,170,700	1,114	4,422,700
Vermont	95	334,700	175	519,800	270	854,500
Virginia	1,868	8,960,780	571	2,405,220	2,439	11,366,000
Washington	1,433	5,722,700	2,090	6,415,400	3,523	12,138,100
West Virginia	840	4,039,000	403	1,655,000	1,243	5,694,900
Wisconsin	1,042	5,361,100	557	2,502,700	1,599	7,863,800
Wyoming	521	2,028,700	486	1,298,800	1,007	3,327,500
Alaska	35	199,500	20	67,700	55	267,200
Hawaii	250	1,143,300	113	430,500	363	1,573,800
Total	97,645	450,962,208	52,057	199,197,893	149,702	650,160,101
Metropolitan area						
New York-NE. N. J	10,570	56,239,359	3,410	16,437,955	13,980	72,677,314
Chicago, Ill	3,071	18,408,775	3,383	17,041,530	6,454	35,450,305
Philadelphia, Pa	2,024	10,106,157	2,055	6,414,794	4,079	16,520,951
Los Angeles, Calif	11,444	50,040,843	4,376	17,249,191	15,820	67,290,034
Boston, Mass	370	1,977,442	242	1,195,010	612	3,172,452
Detroit, Mich	6,762	34,937,795	1,981	8,906,400	8,743	43,844,195
Pittsburgh, Pa	944	5,271,901	616	2,833,040	1,560	8,104,941
St. Louis, Mo	1,380	6,804,747	826	3,549,095	2,206	10,353,842
San Francisco, Calif	4,850	23,333,054	3,471	14,550,104	8,321	37,883,158
Cleveland, Ohio	874	5,476,142	1,255	6,115,454	2,129	11,591,596
Providence, R. I	318	1,614,818	162	740,241	480	2,355,059
Baltimore, Md	946	4,193,494	309	1,187,350	1,255	5,380,844
Minneapolis, Minn	896	4,187,780	554	2,009,512	1,450	6,197,292
Buffalo, N. Y	468	2,308,920	181	781,720	649	3,090,640
Cincinnati, Ohio	427	2,354,777	191	1,082,909	618	3,437,686
Milwaukee, Wis	627	3,427,451	325	1,567,840	952	4,995,291
Scranton, Pa	24	123,682	51	153,266	75	276,948
Washington, D. C	1,189	6,731,905	225	1,312,492	1,414	8,044,397
Kansas City, Mo	524	2,512,675	493	1,660,284	1,017	4,172,959
New Orleans, La	261	1,194,378	59	291,764	320	1,486,142
Hartford, Conn	228	1,136,691	96	395,245	324	1,531,936
Albany, N. Y	164	953,520	43	190,279	207	1,143,799
Seattle, Wash	578	2,475,445	995	3,207,583	1,573	5,683,028

TABLE 12.—State and metropolitan area volume for the year 1938: *Gross number and amount of new and existing home mortgages accepted for insurance*—Continued

Metropolian area	New homes		Existing homes		Total	
	Number	Amount	Number	Amount	Number	Amount
Indianapolis, Ind	514	$2,582,858	631	$2,273,256	1,145	$4,856,114
Louisville, Ky	498	2,586,128	166	855,187	664	3,441,315
Springfield, Mass	184	919,671	93	389,498	277	1,309,169
Rochester, N. Y	365	1,767,764	58	220,124	423	1,987,888
Birmingham, Ala	195	936,068	138	518,244	333	1,454,312
Portland, Oreg	316	1,246,619	391	1,167,467	707	2,414,086
Atlanta, Ga	939	4,123,912	286	1,131,447	1,225	5,255,359
Youngstown, Ohio	134	692,142	203	818,738	337	1,510,880
Akron, Ohio	84	500,772	261	1,016,111	345	1,516,883
Toledo, Ohio	207	1,126,208	395	1,585,450	602	2,711,658
Columbus, Ohio	304	1,713,633	585	2,366,711	889	4,080,344
Houston, Tex	1,540	6,595,114	90	406,628	1,630	7,001,742
Lowell, Mass	56	297,132	38	189,508	94	486,640
Denver, Colo	508	2,293,242	422	1,437,135	930	3,730,377
Allentown, Pa	74	391,783	116	429,199	190	820,982
Dallas, Tex	1,538	6,296,007	225	833,282	1,763	7,129,289
Worcester, Mass	57	294,195	35	178,709	92	472,904
New Haven, Conn	104	499,434	44	185,831	148	685,265
San Antonio, Tex	528	2,178,148	151	602,511	679	2,780,659
Memphis, Tenn	406	1,692,348	230	885,575	636	2,577,923
Omaha, Nebr	184	867,293	306	1,028,409	490	1,895,702
Norfolk, Va	310	1,382,376	71	267,362	381	1,649,738
Dayton, Ohio	121	625,587	222	923,595	343	1,549,182
Syracuse, N. Y	45	261,386	13	59,108	58	320,494
Richmond, Va	433	2,108,945	155	693,337	588	2,802,282
Nashville, Tenn	338	1,445,728	182	682,129	520	2,127,857
Grand Rapids, Mich	80	405,242	84	334,701	164	739,943
Bridgeport, Conn	167	954,670	81	430,440	248	1,385,110
Oklahoma City, Okla	605	2,547,837	181	764,916	786	3,312,753
Canton, Ohio	62	330,826	60	243,830	122	574,656
Utica, N. Y	21	104,412	23	83,487	44	187,899
Wheeling, W. Va	54	258,241	16	65,366	70	323,607
Trenton, N. J	69	327,146	73	246,356	142	573,502
Salt Lake City, Utah	540	2,314,218	220	786,503	760	3,100,721
Tulsa, Okla	303	1,377,595	86	322,831	389	1,700,426
San Diego, Calif	706	2,827,290	396	1,360,459	1,102	4,187,749
Flint, Mich	78	368,902	193	538,942	271	907,844
Fort Worth, Tex	372	1,355,419	71	201,042	443	1,556,461
Reading, Pa	21	99,554	38	115,152	59	214,706
Tampa, Fla	142	544,367	88	227,636	230	772,003
Chattanooga, Tenn	188	708,610	70	274,104	258	982,714
Wilmington, Del	286	1,522,413	158	618,757	444	2,141,170
Huntington, W. Va	103	507,086	76	327,950	179	835,036
Harrisburg, Pa	46	243,011	16	69,811	62	312,822
Des Moines, Iowa	163	768,043	178	588,302	341	1,356,345
Duluth, Minn	31	157,602	28	103,242	59	260,844
Davenport, Iowa	119	485,958	47	167,502	166	653,460
Jacksonville, Fla	669	2,800,142	122	431,674	791	3,231,816
Johnstown, Pa	42	220,126	59	211,859	101	431,985
Tacoma, Wash	194	833,461	347	1,100,058	541	1,933,519
South Bend, Ind	65	316,443	251	796,009	316	1,112,452
Peoria, Ill	89	416,293	45	193,436	134	609,729
Waterbury, Conn	50	235,638	21	91,928	71	327,566
Knoxville, Tenn	192	754,724	56	187,810	248	942,534
Racine, Wis	37	189,551	60	221,636	97	411,187
Miami, Fla	1,543	6,514,696	188	823,261	1,731	7,337,957
Binghamton, N. Y	149	703,546	81	312,857	230	1,016,403
Erie, Pa	48	210,553	117	378,002	165	588,555
Spokane, Wash	141	506,436	199	563,182	340	1,069,618
Sacramento, Calif	674	2,749,463	360	1,234,080	1,034	3,983,543
Fort Wayne, Ind	143	710,876	376	1,126,208	519	1,837,084
Lancaster, Pa	21	99,142	7	19,203	28	118,345
Evansville, Ind	221	865,585	51	177,350	272	1,042,935
Wichita, Kans	230	944,223	72	238,220	302	1,182,443
El Paso, Tex	104	442,268	7	27,546	111	469,814
Altoona, Pa	26	137,337	41	146,764	67	284,101
Little Rock, Ark	75	298,451	50	163,889	125	462,340
Charleston, W. Va	211	1,110,017	94	430,190	305	1,540,207
Savannah, Ga	70	270,800	12	52,800	82	323,600
San Jose, Calif	453	1,865,920	230	883,677	683	2,749,597
Rockford, Ill	78	344,334	85	324,989	163	669,323
Roanoke, Va	119	566,818	77	304,724	196	871,542
Atlantic City, N. J	31	138,588	58	172,507	89	311,095
Total, inside 96 areas	68,752	333,690,117	36,055	148,502,797	104,807	482,192,914
Remainder outside areas	28,893	117,272,091	16,002	50,695,096	44,895	167,967,187
Total	97,645	450,962,208	52,057	199,197,893	149,702	650,160,101

TABLE 13.—State and metropolitan area volume for 1935 through 1938: *Net cumulative number and amount of new and existing home mortgages accepted*

State	New homes		Existing homes		Total	
	Number	Amount	Number	Amount	Number	Amount
Alabama	1,949	$7,756,095	1,756	$5,473,590	3,705	$13,229,685
Arizona	1,340	5,342,117	870	2,485,429	2,210	7,827,546
Arkansas	1,302	4,328,920	1,276	3,140,690	2,578	7,469,610
California	37,233	168,494,226	29,929	116,033,570	67,162	284,527,796
Colorado	1,285	5,451,074	1,803	5,204,394	3,088	10,655,468
Connecticut	1,991	10,147,735	1,117	5,098,310	3,111	15,246,045
Delaware	482	2,571,250	316	1,383,050	798	3,954,300
District of Columbia	677	4,511,700	433	3,043,250	1,110	7,554,950
Florida	6,762	28,196,990	2,221	7,733,802	8,983	35,930,801
Georgia	4,256	16,988,752	2,145	7,398,800	6,401	24,387,552
Idaho	1,026	3,569,140	713	1,917,550	1,739	5,486,690
Illinois	6,665	38,420,189	11,557	49,839,974	18,222	88,260,163
Indiana	3,920	17,639,878	8,798	27,756,813	12,718	45,396,691
Iowa	1,056	4,570,635	2,053	6,161,064	3,109	10,731,699
Kansas	2,411	9,520,295	3,357	8,381,322	5,768	17,901,617
Kentucky	1,932	9,323,219	1,635	6,759,642	3,567	16,082,861
Louisiana	1,785	6,683,825	1,032	3,677,140	2,817	10,360,965
Maine	233	870,400	860	2,360,580	1,093	3,230,980
Maryland	3,191	15,952,445	2,940	11,324,040	6,131	27,276,485
Massachusetts	1,339	7,534,460	2,356	11,099,527	3,695	18,633,987
Michigan	14,050	74,497,970	8,162	32,139,685	22,212	106,637,655
Minnesota	2,309	9,981,830	3,717	12,000,724	6,026	21,982,554
Mississippi	2,073	7,121,163	1,366	3,585,326	3,439	10,706,489
Missouri	4,184	19,546,962	5,901	22,123,535	10,085	41,670,497
Montana	575	2,353,041	627	1,872,600	1,202	4,225,641
Nebraska	677	2,917,749	1,363	4,359,670	2,040	7,277,419
Nevada	319	1,508,400	340	1,293,505	659	2,801,905
New Hampshire	138	622,950	668	2,362,501	806	2,985,451
New Jersey	8,783	47,138,883	10,101	44,666,641	18,884	91,805,524
New Mexico	772	2,766,400	324	975,775	1,096	3,742,175
New York	19,138	97,340,620	6,271	29,174,072	25,409	126,514,692
North Carolina	2,554	11,314,700	1,431	5,508,739	3,985	16,823,439
North Dakota	223	862,500	472	1,215,205	695	2,077,705
Ohio	6,644	37,064,915	15,716	61,726,129	22,360	98,791,044
Oklahoma	3,055	12,656,830	1,886	5,881,062	4,941	18,537,892
Oregon	1,104	4,072,300	1,726	4,725,800	2,830	8,798,100
Pennsylvania	7,850	40,811,724	13,959	48,587,993	21,809	89,399,717
Rhode Island	573	2,764,130	766	3,187,290	1,339	5,951,420
South Carolina	1,537	6,060,384	746	2,607,254	2,283	8,667,638
South Dakota	337	1,240,600	779	1,777,230	1,116	3,017,830
Tennessee	3,903	14,804,515	3,172	11,108,880	7,075	25,913,395
Texas	12,394	49,059,299	3,531	11,692,128	15,925	60,751,427
Utah	1,655	6,705,120	1,848	5,641,495	3,503	12,346,615
Vermont	195	784,950	850	2,539,572	1,045	3,324,522
Virginia	3,812	18,057,233	3,141	12,013,916	6,953	30,071,149
Washington	2,767	10,578,740	5,214	14,859,125	7,981	25,437,865
West Virginia	1,591	7,633,800	1,086	4,205,860	2,677	11,839,660
Wisconsin	2,651	14,041,789	1,832	8,124,305	4,483	22,166,094
Wyoming	853	3,201,460	1,189	2,948,388	2,042	6,149,848
Alaska	94	508,200	118	368,460	212	876,660
Hawaii	571	2,331,090	218	740,180	789	3,071,270
Total [1]	188,219	878,163,601	175,687	650,945,582	363,906	1,529,109,183
Metropolitan area						
New York-NE. N. J.	22,906	120,553,962	11,330	56,242,183	34,236	176,796,145
Chicago, Ill.	5,276	32,684,178	8,615	41,215,696	13,891	73,899,874
Philadelphia, Pa.	3,986	20,114,953	7,307	22,943,246	11,293	43,058,199
Los Angeles, Calif.	19,027	84,762,846	10,542	40,647,786	29,569	125,410,632
Boston, Mass.	718	4,304,887	1,427	6,925,276	2,145	11,230,163
Detroit, Mich.	12,388	66,352,616	5,093	22,402,199	17,481	88,754,815
Pittsburgh, Pa.	2,173	11,922,073	2,903	12,333,880	5,076	24,255,953
St. Louis, Mo.	2,646	13,368,577	3,236	13,282,869	5,882	26,651,446
San Francisco, Calif.	8,586	43,054,731	11,921	49,212,137	20,507	92,266,868
Cleveland, Ohio	1,850	11,431,913	4,770	20,495,787	6,620	31,927,700
Providence, R. I.	528	2,728,702	770	3,419,600	1,298	6,148,302
Baltimore, Md.	1,812	8,186,604	1,968	6,755,159	3,780	14,941,763
Minneapolis, Minn.	1,489	6,732,700	2,780	9,255,090	4,269	15,987,790
Buffalo, N. Y.	912	4,577,964	575	2,402,573	1,487	6,980,537
Cincinnati, Ohio	1,028	6,357,663	1,281	6,787,326	2,309	13,144,989
Milwaukee, Wis.	1,507	8,683,897	878	4,391,744	2,385	13,075,641
Scranton, Pa.	91	446,342	453	1,524,729	544	1,971,071
Washington, D. C.	2,433	14,711,491	1,349	8,159,589	3,782	22,871,080
Kansas City, Mo.	1,026	4,780,131	2,233	7,677,078	3,259	12,457,209
New Orleans, La.	326	1,469,311	338	1,567,578	664	3,036,889
Hartford, Conn.	550	2,711,175	290	1,273,622	840	3,984,797
Albany, N. Y.	558	3,122,428	267	1,169,949	825	4,292,377
Seattle, Wash.	1,067	4,459,507	2,196	6,749,949	3,263	11,209,456
Indianapolis, Ind.	802	4,175,467	2,050	7,302,082	2,852	11,477,549
Louisville, Ky.	870	4,605,436	677	3,208,849	1,547	7,814,285

TABLE 13.—State and metropolitan area volume for 1935 through 1938: *Net cumulative number and amount of new and existing home mortgages accepted*—Continued

Metropolitan area	New homes		Existing homes		Total	
	Number	Amount	Number	Amount	Number	Amount
Springfield, Mass.	438	$2,221,364	286	$1,206,592	724	$3,427,956
Rochester, N. Y.	821	3,945,106	301	1,156,857	1,122	5,101,963
Birmingham, Ala.	345	1,679,946	515	1,887,323	860	3,567,269
Portland, Oreg.	543	2,124,196	1,068	3,009,701	1,611	5,133,897
Atlanta, Ga.	1,754	8,064,591	1,083	4,279,191	2,837	12,343,782
Youngstown, Ohio	305	1,510,180	884	3,216,421	1,189	4,726,601
Akron, Ohio	265	1,466,364	1,308	4,437,941	1,573	5,904,305
Toledo, Ohio	461	2,546,658	1,527	5,432,148	1,988	7,978,806
Columbus, Ohio	658	3,732,715	1,313	5,264,675	1,971	8,997,390
Houston, Tex.	2,590	11,557,446	458	2,069,038	3,048	13,626,484
Lowell, Mass.	121	756,987	218	1,080,000	339	1,836,987
Denver, Colo.	838	3,809,509	1,112	3,507,789	1,950	7,317,298
Allentown, Pa.	147	837,123	528	1,837,025	675	2,674,148
Dallas, Tex.	2,516	10,981,246	797	3,161,458	3,313	14,142,704
Worcester, Mass.	113	694,283	181	923,842	294	1,618,125
New Haven, Conn.	228	1,047,798	152	648,948	380	1,696,746
San Antonio, Tex.	1,141	4,768,851	448	1,515,564	1,589	6,284,415
Memphis, Tenn.	750	2,968,787	836	3,137,774	1,586	6,106,561
Omaha, Nebr.	297	1,432,944	709	2,425,879	1,006	3,858,823
Norfolk, Va.	659	2,739,415	507	1,731,289	1,166	4,470,704
Dayton, Ohio	263	1,361,856	915	3,682,967	1,178	5,044,823
Syracuse, N. Y.	78	456,943	47	229,164	125	686,107
Richmond, Va.	725	3,597,859	741	3,044,744	1,466	6,642,603
Nashville, Tenn.	760	3,171,755	578	2,230,153	1,338	5,401,908
Grand Rapids, Mich.	123	616,691	206	764,981	329	1,381,672
Bridgeport, Conn.	396	2,173,698	217	1,126,371	613	3,300,069
Oklahoma City, Okla.	1,048	4,614,387	370	1,605,504	1,418	6,219,891
Canton, Ohio	138	706,853	221	840,033	359	1,546,886
Utica, New York	44	236,792	141	522,316	185	759,108
Wheeling, W. Va.	187	974,026	146	535,508	333	1,509,534
Trenton, N. J.	118	548,302	244	873,086	362	1,421,388
Salt Lake City, Utah	1,090	4,532,361	1,084	3,460,142	2,174	7,992,503
Tulsa, Okla.	491	2,407,084	328	1,206,127	819	3,613,211
San Diego, Calif.	1,326	5,368,673	825	2,767,737	2,151	8,136,410
Flint, Mich.	179	849,520	805	2,384,734	984	3,234,254
Fort Worth, Tex.	619	2,099,300	366	1,027,946	985	3,127,246
Reading, Pa.	50	244,874	185	572,821	235	817,695
Tampa, Fla.	244	966,100	202	559,589	446	1,525,689
Chattanooga, Tenn.	415	1,618,567	422	1,563,425	837	3,181,992
Wilmington, Del.	581	3,074,175	598	2,323,175	1,179	5,397,350
Huntington, W. Va.	155	778,918	298	1,102,400	453	1,881,318
Harrisburg, Pa.	102	562,801	87	311,993	189	874,794
Des Moines, Iowa	269	1,314,251	720	2,414,953	989	3,729,204
Duluth, Minn.	54	250,177	127	380,646	181	630,823
Davenport, Iowa	237	948,438	281	911,029	518	1,859,467
Jacksonville, Fla.	1,451	5,860,974	319	1,189,700	1,770	7,050,674
Johnstown, Pa.	65	305,233	126	433,420	191	738,653
Tacoma, Wash.	346	1,446,553	786	2,367,593	1,132	3,814,146
South Bend, Ind.	134	625,812	611	1,894,475	745	2,520,287
Peoria, Ill.	207	894,748	148	545,173	355	1,439,921
Waterbury, Conn.	109	495,430	70	301,893	179	797,323
Knoxville, Tenn.	531	1,981,032	285	921,015	816	2,902,047
Racine, Wis.	119	560,480	310	1,193,606	429	1,754,086
Miami, Fla.	2,923	12,742,135	825	3,264,440	3,748	16,006,575
Binghamton, N. Y.	400	1,838,121	325	1,274,179	725	3,112,300
Erie, Pa.	83	369,930	388	1,144,819	471	1,514,749
Spokane, Wash.	235	814,046	446	1,212,939	681	2,026,985
Sacramento, Calif.	932	3,916,166	785	2,679,329	1,717	6,595,495
Fort Wayne, Ind.	285	1,413,215	1,241	4,036,799	1,526	5,450,014
Lancaster, Pa.	34	167,947	22	73,121	56	241,068
Evansville, Ind.	380	1,518,561	156	512,014	536	2,030,575
Wichita, Kans.	545	2,203,893	332	988,733	877	3,192,626
El Paso, Tex.	118	501,128	23	68,280	141	569,408
Altoona, Pa.	39	186,303	85	289,151	124	475,454
Little Rock, Ark.	170	691,744	212	725,623	382	1,417,367
Charleston, W. Va.	379	2,046,818	148	680,066	527	2,726,884
Savannah, Ga.	103	392,300	67	226,750	170	619,050
San Jose, Calif.	656	2,995,770	571	2,350,250	1,227	5,346,020
Rockford, Ill.	133	609,619	281	1,028,209	414	1,637,828
Roanoke, Va.	193	922,461	274	1,008,164	467	1,930,625
Atlantic City, N. J.	79	306,466	203	651,752	282	958,218
Total inside 96 areas	129,886	644,466,349	118,684	476,787,528	248,570	1,121,253,877
Remainder outside areas	58,333	233,697,252	57,003	174,158,054	115,336	407,855,306
Total [1]	188,219	878,163,601	175,687	650,945,582	363,906	1,529,109,183

[1] Includes premium paying mortgages and firm commitments outstanding on December 31, 1938.

Distribution of mortgages by city-size groups.—Table 14 and chart 5 show the distribution of the gross volume of mortgages accepted for insurance during 1938 in cities of different sizes, located inside and outside of metropolitan areas. A metropolitan area is composed of one or more central cities of 50,000 or more inhabitants and of satellite places which bring the total to 100,000 or more.

As is shown in the two previous tables, almost three-quarters of the total Federal Housing Administration mortgage business is on homes located in metropolitan areas. Moreover, 40 percent of the business was done inside cities containing 100,000 or more inhabitants and acting as the nuclei for metropolitan areas. Smaller towns inside metropolitan areas accounted for an additional 33 percent of all Federal Housing Administration small-home business. The remaining 27 percent was done in cities lying outside metropolitan areas.

Cities having over a million population did more Federal Housing Administration business than did any other metropolitan area city size group, 17 percent of the total. Yet the second greatest volume done in metropolitan areas, 11 percent, was in places of less than 2,500 population. Cities of 250,000 to 500,000 inhabitants ranked third with 10 percent. Cities of under 25,000 population, many of which lie within metropolitan areas, embraced 45 percent of the 1938 total of small home Federal Housing Administration mortgages in the United States.

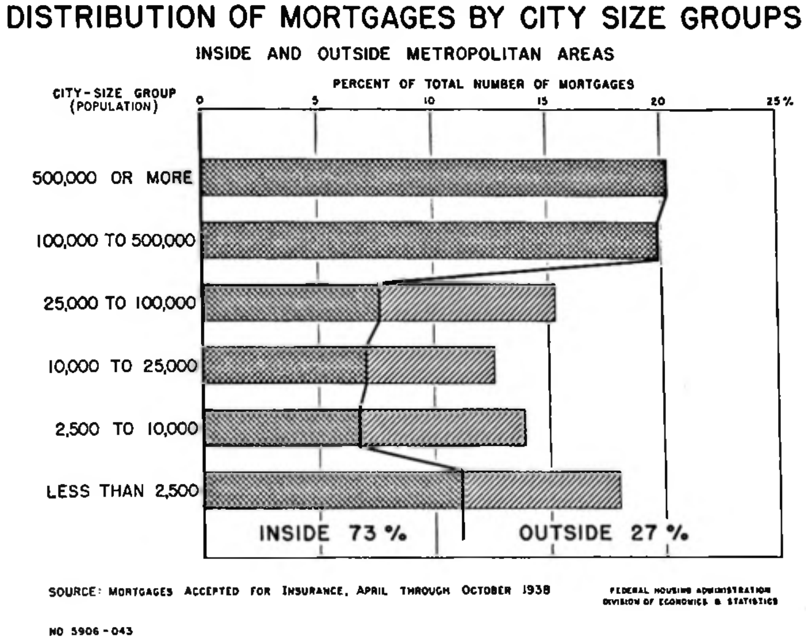
Outside metropolitan areas most business, 7 percent, was done in places of less than 2,500 population. This group was followed closely by the 10,000 to 25,000 population group, 6 percent. The smallest amount of Federal Housing Administration small-home business done outside metropolitan areas was in cities of 50,000 to 100,000 population.

Table 14.—City-size groups inside and outside metropolitan areas: *Percent distribution of total number of 1- to 4-family dwellings accepted for insurance, 1938*

City-size group [1]	Percent distribution of total mortgages			Mortgages inside metropolitan areas		Percent distribution of mortgages outside metropolitan areas
	Inside metropolitan areas	Outside metropolitan areas	Total	Percent distribution	Percent of total in each group	
1,000,000 or more	16.6	----------	16.6	22.8	100.0	----------
500,000 to 999,999	3.7	----------	3.7	5.0	100.0	----------
250,000 to 499,999	10.2	----------	10.2	13.9	100.0	----------
100,000 to 249,999	9.7	----------	9.7	13.2	100.0	----------
100,000 or more	40.2	----------	40.2	54.9	100.0	----------
50,000 to 99,999	5.0	3.0	8.0	6.9	63.0	10.9
25,000 to 49,999	2.7	4.6	7.3	3.7	36.9	17.1
10,000 to 24,999	7.1	5.5	12.6	9.8	56.4	20.4
5,000 to 9,999	4.3	3.8	8.1	5.9	52.9	14.2
2,500 to 4,999	2.5	3.3	5.8	3.4	43.0	12.2
Less than 2,500	11.2	6.8	18.0	15.4	62.2	25.2
Less than 100,000	32.8	27.0	59.8	45.1	54.9	100.0
Total [2]	73.0	27.0	100.0	100.0	73.0	100.0

[1] Based on population groups as defined on p. 6 in the 1930 Census of Metropolitan Districts.
[2] Inasmuch as these figures are based on April through October activity, the percentages inside and outside metropolitan areas as shown here are slightly at variance with those for the 12 months' activity as available from table 12.

CHART 5



In table 15 is reported the percentage distribution of mortgages accepted in city-size groups in each State and metropolitan area. In making inter-State comparisons, wide differences are evident. Of course, in some areas any FHA volume must be in cities of certain sizes because of the population distribution. In the District of Columbia, for example, all of the FHA insured mortgages come within the boundaries of a city of more than 100,000 population. In Idaho, Nevada, Vermont, Wyoming, and Alaska, however, no FHA mortgages were made in cities of more than 25,000 population for the reason that there were no cities of that size.

Similarly, insuring activity in a metropolitan area is influenced by the size of places it contains. Thus it is seen that while obviously all insurance business done in Washington proper was in a city of over 100,000, in the Washington metropolitan area less than one-fourth of the business was in the city proper, and well over half was done in surrounding unincorporated areas, or in places having less than 2,500 inhabitants. Much of this business exemplifies the known trend toward suburban development.

For refinanced mortgages, relatively only half as much insurance accepted in metropolitan areas was on homes in places of less than 2,500 population as was true of new construction. This suggests that growth of satellite towns has accelerated during recent years.

TABLE 15.—**City-size groups for States and metropolitan areas:** *Percent distribution of mortgages accepted for insurance on new and existing 1- to 4-family homes, April–October 1938*

State	Percent distribution of new homes located in cities of—				Percent distribution of existing homes located in cities of—			
	Less than 2,500	2,500 to 24,999	25,000 to 99,999	100,000 or more	Less than 2,500	2,500 to 24,999	25,000 to 99,999	100,000 or more
Alabama	12	44	32	12	14	26	25	35
Arizona	7	8	85	----	10	19	71	----
Arkansas	26	56	18	----	14	63	23	----
California	13	29	18	40	9	23	20	48
Colorado	26	16	7	51	18	16	5	61
Connecticut	51	20	21	8	58	18	14	10
Delaware	61	14	----	25	37	----	----	63
District of Columbia	----	----	----	100	----	----	----	100
Florida	11	24	9	56	7	38	14	41
Georgia	16	38	12	34	15	29	12	44
Idaho	22	78	----	----	14	86	----	----
Illinois	25	32	14	29	8	31	22	39
Indiana	15	14	20	51	9	15	24	52
Iowa	11	29	34	26	12	23	30	35
Kansas	31	29	15	25	20	49	12	19
Kentucky	26	29	15	30	24	28	17	31
Louisiana	26	27	31	16	22	35	31	12
Maine	21	60	19	----	48	44	8	----
Maryland	47	16	2	35	39	16	2	43
Massachusetts	11	41	26	22	3	38	33	26
Michigan	7	11	12	70	6	16	19	59
Minnesota	16	38	----	46	8	16	----	76
Mississippi	25	37	38	----	22	50	28	----
Missouri	45	24	8	23	21	31	9	39
Montana	13	82	5	----	12	66	22	----
Nebraska	7	36	9	48	15	27	6	52
Nevada	17	83	----	----	18	82	----	----
New Hampshire	18	45	37	----	30	48	22	----
New Jersey	34	56	7	3	23	55	14	8
New Mexico	15	52	33	----	10	51	39	----
New York	23	12	3	62	25	28	13	34
North Carolina	14	30	56	----	10	43	47	----
North Dakota	32	55	13	----	38	41	21	----
Ohio	25	24	16	35	8	19	19	54
Oklahoma	9	27	4	60	9	22	10	59
Oregon	26	30	8	36	15	24	4	57
Pennsylvania	29	24	14	33	14	30	17	39
Rhode Island	2	37	40	21	3	23	50	24
South Carolina	27	34	39	----	25	30	45	----
South Dakota	11	26	63	----	35	50	15	----
Tennessee	23	19	1	57	14	13	2	71
Texas	12	24	15	49	7	22	18	53
Utah	20	16	6	58	13	9	14	64
Vermont	45	55	----	----	30	70	----	----
Virginia	67	13	8	12	43	19	14	24
Washington	26	24	2	48	13	11	3	73
West Virginia	26	34	40	----	18	31	51	----
Wisconsin	36	26	19	19	14	28	28	30
Wyoming	31	69	----	----	37	63	----	----
Alaska	50	50	----	----	10	90	----	----
Hawaii	8	12	----	80	6	5	----	89
Total	20	26	14	40	14	27	17	42
Metropolitan area								
New York-NE. N. J.	20	24	4	52	18	47	16	19
Chicago, Ill.	27	27	9	37	5	25	18	52
Philadelphia, Pa.	15	18	14	53	11	25	9	55
Los Angeles, Calif.	9	28	14	49	8	20	14	58
Boston, Mass.	12	41	34	13	2	39	42	17
Detroit, Mich.	6	10	11	73	3	14	13	70
Pittsburgh, Pa.	43	36	8	13	18	50	9	23
St. Louis, Mo.	52	18	8	22	24	28	14	34
San Francisco, Calif.	15	33	5	47	6	27	12	55
Cleveland, Ohio	18	31	19	32	4	24	32	40
Providence, R. I.	3	35	41	21	----	21	53	26
Baltimore, Md.	43	1	----	56	35	3	----	62
Minneapolis, Minn.	6	30	----	64	3	8	----	89
Buffalo, N. Y.	62	11	17	10	30	22	17	31
Cincinnati, Ohio	61	14	2	23	27	8	11	54
Milwaukee, Wis.	29	29	7	35	7	33	7	53
Scranton, Pa.	(1)	(1)	(1)	(1)	10	47	33	10
Washington, D. C.	56	21	----	23	46	27	----	27
Kansas City, Mo.	59	5	----	36	8	6	----	86
New Orleans, La.	1	2	----	97	4	4	----	92
Hartford, Conn.	51	27	12	10	75	17	4	4
Albany, N. Y.	42	7	10	41	29	23	24	24
Seattle, Wash.	34	(2)	----	66	14	----	----	86

See footnotes at end of table.

TABLE 15.—**City-size groups for States and metropolitan areas:** *Percent distribution of mortgages accepted for insurance on new and existing 1- to 4-family homes, April–October 1938*—Continued

Metropolitan area	Percent distribution of new homes located in cities of—				Percent distribution of existing homes located in cities of—			
	Less than 2,500	2,500 to 24,999	25,000 to 99,999	100,000 or more	Less than 2,500	2,500 to 24,999	25,000 to 99,999	100,000 or more
Indianapolis, Ind.	4	1	----	95	2	2	----	96
Louisville, Ky.	31	1	3	65	20	4	6	70
Springfield, Mass.	----	34	4	62	----	44	4	52
Rochester, N. Y.	44	38	----	18	45	16	----	39
Birmingham, Ala.	----	49	----	51	----	16	----	84
Portland, Oreg.	24	7	----	69	12	4	----	84
Atlanta, Ga.	2	23	----	75	4	13	----	83
Youngstown, Ohio	42	12	17	29	15	7	25	53
Akron, Ohio	10	25	----	65	1	29	----	70
Toledo, Ohio	4	2	----	94	3	2	----	95
Columbus, Ohio	11	20	----	69	2	12	----	86
Houston, Tex.	23	4	----	73	11	4	----	85
Lowell, Mass.	----	100	----	----	----	36	----	64
Denver, Colo.	29	3	----	68	17	1	----	82
Allentown, Pa.	13	9	78	----	9	9	82	----
Dallas, Tex.	2	7	----	91	3	6	----	91
Worcester, Mass.	3	16	----	81	14	14	----	72
New Haven, Conn.	53	5	14	28	44	9	12	35
San Antonio, Tex.	----	(2)	----	100	----	----	----	100
Memphis, Tenn.	4	----	----	96	----	----	----	100
Omaha, Nebr.	----	----	1	99	1	----	8	91
Norfolk, Va.	46	5	6	43	47	18	6	29
Dayton, Ohio	34	11	----	55	3	12	----	85
Syracuse, N. Y.	47	3	----	50	44	----	----	56
Richmond, Va.	74	----	----	26	33	----	----	67
Nashville, Tenn.	17	----	----	83	11	----	----	89
Grand Rapids, Mich.	5	15	----	80	2	11	----	87
Birdgeport, Conn.	58	36	----	6	42	42	----	16
Oklahoma City Okla.	7	----	----	93	3	----	----	97
Canton, Ohio	----	16	22	62	----	37	15	48
Utica, N. Y.	45	----	15	40	18	55	----	27
Wheeling, W. Va.	25	20	55	----	20	50	30	----
Trenton, N. J.	42	16	----	42	17	12	----	71
Salt Lake City, Utah	19	4	----	77	13	1	----	86
Tulsa, Okla.	----	2	----	98	----	----	----	100
San Diego, Calif.	7	17	----	76	4	13	----	83
Flint, Mich.	11	----	----	89	1	----	----	99
Fort Worth, Tex.	----	----	----	100	----	----	----	100
Reading, Pa.	73	----	----	27	46	8	----	46
Tampa, Fla.	2	9	49	40	----	9	16	75
Chattanooga, Tenn.	29	3	----	68	18	----	----	82
Wilmington, Del.	64	7	----	29	24	----	----	76
Huntington, W. Va.	19	7	74	----	7	9	84	----
Harrisburg, Pa.	45	32	23	----	----	50	50	----
Des Moines, Iowa	----	2	----	98	2	1	----	97
Duluth, Minn.	----	11	----	89	----	4	4	92
Davenport, Iowa	3	23	74	----	----	----	100	----
Jacksonville, Fla.	----	25	----	75	----	11	----	89
Johnstown, Pa.	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Tacoma, Wash.	22	7	----	71	5	4	----	91
South Bend, Ind.	4	----	17	79	1	----	15	84
Peoria, Ill.	2	5	----	93	----	3	----	97
Waterbury, Conn.	12	12	76	----	(1)	(1)	(1)	(1)
Knoxville, Tenn.	43	----	----	57	12	----	----	88
Racine, Wis.	7	----	93	----	----	----	100	----
Miami, Fla.	9	10	----	81	8	41	----	51
Binghamton, N. Y.	46	14	40	----	22	26	52	----
Erie, Pa.	57	----	----	43	15	7	----	78
Spokane, Wash.	6	----	----	94	5	----	----	95
Sacramento, Calif.	23	----	77	----	11	----	89	----
Fort Wayne, Ind.	5	----	----	95	1	----	----	99
Lancaster, Pa.	25	5	70	----	(1)	(1)	(1)	(1)
Evansville, Ind.	----	6	----	94	----	18	----	82
Wichita, Kans.	----	----	----	100	----	----	----	100
El Paso, Tex.	----	----	----	100	----	----	----	100
Altoona, Pa.	(1)	(1)	(1)	(1)	11	28	61	----
Little Rock, Ark.	7	33	60	----	8	6	86	----
Charleston, W. Va.	16	41	43	----	11	34	55	----
Savannah, Ga.	2	----	98	----	9	----	91	----
San Jose, Calif.	10	15	75	----	10	9	81	----
Rockford, Ill.	----	----	100	----	----	----	100	----
Roanoke, Va.	56	7	37	----	26	6	68	----
Atlantic City, N. J.	10	90	----	----	37	58	5	----
Total, 96 areas	18	19	9	54	9	20	13	58
Remainder outside	25	47	28	----	25	48	27	----
Total	20	26	14	40	14	27	17	42

[1] Calculations not shown because the base includes less than 5 cases.
[2] Less than 0.5 percent.

C. **Activity of Approved Mortgagee Institutions.**

All mortgage loans insured by the Federal Housing Administration represent private funds advanced by various types of lending institutions. As of December 31, 1938, of the 11,847 financial institutions approved by the Federal Housing Administration, 6,849 had reported net mortgages accepted for insurance (premium-paying mortgages and firm commitment outstanding) numbering 363,906 for $1,529,109,183.

The distribution by type of institution of the total cumulative volume of loans originated to date, and by years, and the distribution of mortgages transferred, and of premium-paying mortgages in force held in the portfolios of the various types of active institutions, are shown in the following pages.

Types of institutions originating loans.—In volume, National and State banks lead other types in the origination of mortgages accepted for insurance, and are followed by mortgage companies, building and loan associations, and insurance companies. Table 16 and chart 6 show this distribution as of December 31, 1938.

As shown in the last column, 57 percent of the total amount of mortgages originated by all institutions covered new homes, with a range of 68 percent for mortgage companies to 54 percent for State banks.

CHART 6

LENDING INSTITUTIONS ORIGINATING MORTGAGES

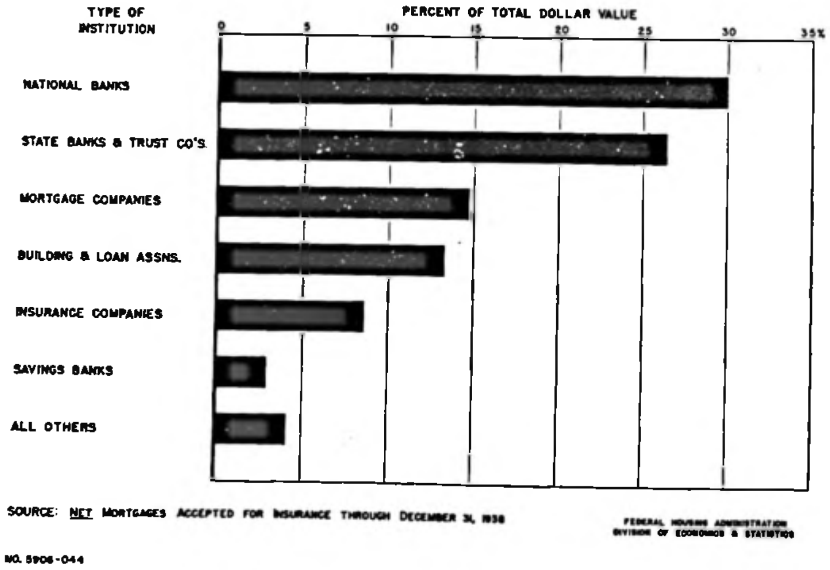


TABLE 16.—**Type of institution originating mortgage loans:** *Number of active institutions and net home mortgages accepted for insurance, cumulative 1935 through December 1938*

Type of lending institution	Number of institutions	Volume of mortgages: Number	Volume of mortgages: Amount	Volume of mortgages: Percent of amount	Percent of total amount in new home mortgages
National banks	2,150	112,389	$459,412,495	30.0	55.4
State banks and trust companies	2,551	98,734	402,771,143	26.4	53.6
Total commercial banks	4,701	211,123	862,183,638	56.4	54.6
Mortgage companies	229	50,430	225,146,555	14.7	68.2
Building and loan associations	1,523	51,021	203,386,719	13.3	50.5
Insurance companies	215	27,524	131,389,504	8.6	54.5
Mutual and stock savings banks	131	10,047	44,500,119	2.9	57.2
All others[1]	50	13,761	62,502,648	4.1	66.8
Total	6,849	363,906	1,529,109,183	100.0	57.4

[1] Includes investment companies, industrial banks, finance companies, and others.

Yearly trend of the distribution by type of institution.—The proportion originated by various types of institutions has changed somewhat during the past 4 years, as is shown on table 17. The percentage of the total accounted for by mortgage companies, for instance, increased from 4 percent in 1935 to 20.9 percent in 1938, whereas the proportion originated by building and loan associations decreased from 16.3 percent to 10.3 percent.

The gross volume originated by each type of institution for the past 2 years is also shown, indicating a material absolute increase in volume in 1938. Mortgage companies more than doubled their volume, while building and loan associations increased their volume by 3.7 percent. The average increase for all types of institutions was 44.6 percent. The 1938 total amounts for each type of institution in the table differ somewhat from those shown in tables 18 and 20 because in the latter, branches and correspondents of out-of-State institutions operating in each State are classed as local institutions.

TABLE 17.—**Trend in distribution of mortgages originated by lending institutions:** *Percentage distribution of gross mortgages accepted for insurance, 1935 to 1938, and gross amount, 1937 and 1938*

Type of lending institution	Percent distribution of amount				Amount	
	1935[1]	1936[1]	1937	1938	1937	1938
National banks	38.1	28.5	28.4	29.5	$127,847,023	$191,664,977
State banks and trust companies	32.1	28.7	25.3	23.7	113,647,021	154,367,552
Total commercial banks	70.2	57.2	53.7	53.2	241,494,044	346,032,529
Building and loan associations	16.3	16.4	14.4	10.3	64,618,012	67,011,785
Mortgage companies	4.0	10.6	14.3	20.9	64,168,012	136,319,293
Insurance companies	7.1	6.6	11.2	8.3	50,310,009	53,743,815
Savings banks[2]	2.3	4.2	2.6	2.3	11,925,002	14,669,089
All others[3]	.1	5.0	3.8	5.0	17,079,003	32,383,590
Total	100.0	100.0	100.0	100.0	449,600,082	650,160,101

[1] Mortgages originated in January 1936 are included in year 1935. The distributions for 1935 and 1936 are based on net totals.
[2] Includes mutual and stock savings banks.
[3] Investment companies, industrial banks, finance companies, and others.

Types of mortgagees originating mortgages in each State.—Not all types of institutions are equally active in all States. Thus in the State of Texas, mortgage companies predominate; whereas in the State of California, this type of institution originates only a negligible proportion of insured mortgage loans. To show the volume of Federal Housing Administration insured mortgage lending by each type of institution on properties in each State, table 18 gives a breakdown of the gross volume of mortgages originated by each type of mortgagee during the year 1938.

Table 18.—Type of institution originating mortgages in each State: *Gross amount of mortgages accepted for insurance on property located in each State by all institutions during the year 1938*

[In thousands of dollars]

State location of property	Type of lending institution							
	All types	National banks	State banks[1]	Building and loan associations	Mortgage companies	Insurance companies	Savings banks	All others
Alabama	$5,033	$2,210	$506	$129	$770	$1,070	$4	$35
Arizona	2,676	1,688	382	92	370	121	23	—
Arkansas	2,721	283	981	448	508	501	—	—
California	138,325	96,261	28,369	3,870	1,114	1,763	932	6,016
Colorado	5,124	1,547	305	649	2,175	380	—	68
Connecticut	6,002	1,003	1,752	314	460	513	1,160	800
Delaware	1,294	100	580	45	242	327	—	—
Dist. of Col	2,127	428	792	11	468	336	84	8
Florida	16,590	1,114	3,159	1,636	9,453	802	5	301
Georgia	10,861	1,221	972	2,086	2,526	1,559	10	2,487
Idaho	2,011	830	485	85	113	111	—	417
Illinois	40,747	10,265	5,551	5,243	14,405	2,751	3	2,520
Indiana	18,844	3,891	6,902	2,349	1,074	2,568	97	973
Iowa	4,452	702	1,849	243	1,370	210	66	3
Kansas	6,867	947	956	2,238	1,713	923	—	90
Kentucky	7,009	734	1,909	522	3,253	556	—	35
Louisiana	6,053	740	1,126	2,311	1,034	842	—	—
Maine	1,359	671	366	40	8	37	237	—
Maryland	10,076	1,016	2,817	3,149	2,340	551	120	74
Massachusetts	5,794	1,001	873	2,752	161	250	748	—
Michigan	50,836	8,959	9,040	3,375	20,553	4,806	2,831	303
Minnesota	8,608	1,680	1,315	366	3,098	1,419	4	728
Mississippi	3,606	201	581	103	1,755	1,026	—	—
Missouri	15,449	775	8,563	931	2,423	830	—	1,027
Montana	1,304	238	106	305	142	508	—	5
Nebraska	3,883	350	55	279	1,800	1,287	9	13
Nevada	1,113	1,014	2	52	—	15	—	—
New Hampshire	803	422	162	16	—	—	203	—
New Jersey	30,282	8,232	8,012	3,226	7,050	1,876	142	844
New Mexico	1,686	356	80	500	355	375	—	20
New York	57,087	12,176	20,552	6,420	10,107	1,178	5,502	1,152
North Carolina	6,391	297	1,532	67	1,135	1,814	—	1,546
North Dakota	553	248	132	98	—	58	—	17
Ohio	32,723	2,990	7,292	6,922	9,200	4,496	277	1,546
Oklahoma	8,884	1,769	2,884	998	2,083	454	—	96
Oregon	4,319	1,992	76	371	1,140	581	110	49
Pennsylvania	31,947	8,674	11,714	1,131	8,886	841	305	396
Rhode Island	2,420	333	1,565	337	11	—	145	29
South Carolina	3,163	555	1,046	754	—	400	—	408
South Dakota	1,034	426	315	85	—	200	—	8
Tennessee	9,890	477	2,312	1,882	2,924	2,234	—	61
Texas	32,524	1,909	1,053	2,750	16,144	3,744	—	6,024
Utah	4,423	410	1,947	962	393	47	—	655
Vermont	855	423	270	100	—	—	47	—
Virginia	11,366	2,831	4,008	1,491	1,915	791	79	251
Washington	12,138	1,901	342	2,648	3,096	2,293	1,478	380
West Virginia	5,695	3,102	736	136	36	734	—	951
Wisconsin	7,864	985	2,841	1,857	1,570	291	51	266
Wyoming	3,328	229	203	455	2,272	110	—	50
Alaska	267	122	12	125	8	—	—	—
Hawaii	1,574	1,151	420	3	—	—	—	—
Total	650,160	191,918	152,998	60,960	143,250	48,657	14,681	31,690

[1] Includes trust companies.

Out-of-State mortgage lending.—Mortgage lending across State lines, where the head office of the lending institution is located in another State from the property serving the loan, is shown in table 19.

Such out-of-State financing accounted for 9.1 percent of the national total in 1938. However, over 45 percent of the mortgages on properties in Idaho, Montana, and District of Columbia were financed by out-of-State institutions; while less than 1 percent of the California, Vermont, Arizona, and Hawaii properties were financed by local mortgagees. Conversely, institutions with head office in Vermont, District of Columbia, and Minnesota, did over 60 percent of their business on out-of-State properties, while mortgagees in Arizona, Florida, New Hampshire, New Mexico, Rhode Island, Alaska, and Hawaii did two-tenths of 1 percent or less of their business on out-of-State properties.

Table 19.—Out-of-State mortgagee lending: *Gross amount of accepted mortgages originated on properties in a State by out-of-State mortgagees and by local mortgagees on out-of-State properties, 1938*

State	Mortgages on properties located in State			Mortgages by institutions operating in State		
	Total amount	By out-of-State lending institutions		Total amount	On out-of-State properties	
		Amount	Percent		Amount	Percent
Alabama	$5,032,896	$662,100	13.2	$5,099,706	$729,000	14.3
Arizona	2,676,050	23,900	.9	2,652,150	—	—
Arkansas	2,720,900	388,800	14.3	2,510,900	178,800	7.1
California	138,325,775	1,117,400	.8	140,717,475	3,509,100	2.5
Colorado	5,124,100	390,100	7.6	4,779,700	45,700	.9
Connecticut	6,001,500	1,064,300	17.7	6,566,500	1,629,300	24.8
Delaware	1,294,200	82,800	6.4	1,386,000	174,600	12.6
Dist. of Col	2,126,900	967,200	45.5	3,222,500	2,062,800	64.0
Florida	16,589,900	958,500	5.8	15,663,900	32,500	.2
Georgia	10,860,900	3,735,500	34.4	7,196,700	71,300	1.0
Idaho	2,040,700	1,152,600	56.5	898,100	10,000	1.1
Illinois	40,747,000	2,754,900	6.8	39,246,100	1,254,000	3.2
Indiana	18,844,200	2,655,200	14.1	17,925,800	1,736,800	9.7
Iowa	4,451,800	112,900	2.5	5,365,200	1,026,300	19.1
Kansas	6,867,050	1,214,400	17.7	5,687,650	34,400	.6
Kentucky	7,009,000	799,400	11.4	9,467,700	3,258,100	34.4
Louisiana	6,053,500	751,300	12.4	5,981,400	679,200	11.4
Maine	1,358,700	218,500	16.1	1,143,200	3,000	.3
Maryland	10,076,350	1,594,100	15.8	9,965,750	1,483,500	14.9
Massachusetts	5,704,100	127,300	2.2	6,342,500	675,700	10.7
Michigan	50,835,800	4,579,700	9.0	46,609,500	353,400	.8
Minnesota	8,607,500	384,100	4.5	25,303,672	17,080,272	67.5
Mississippi	3,606,202	147,700	4.0	3,971,202	452,700	11.4
Missouri	15,448,900	2,738,800	17.7	14,041,450	1,331,350	9.5
Montana	1,304,500	666,200	47.8	770,800	42,500	5.5
Nebraska	3,883,309	705,699	18.2	3,550,200	372,500	10.5
Nevada	1,113,300	19,400	1.7	1,098,400	4,500	.4
New Hampshire	803,000	42,500	5.3	760,500	—	—
New Jersey	30,281,850	3,191,900	10.5	35,593,050	8,503,100	23.9
New Mexico	1,685,600	392,300	23.3	1,293,300	—	—
New York	57,086,954	1,191,072	2.1	58,212,182	2,316,300	4.0
North Carolina	6,391,200	1,221,400	19.1	5,394,500	224,700	4.2
North Dakota	553,300	65,900	11.9	519,600	32,200	6.2
Ohio	32,723,000	5,154,800	15.8	31,756,000	4,187,800	13.2
Oklahoma	8,884,300	202,300	2.3	8,688,900	6,900	.1
Oregon	4,319,300	745,600	17.3	3,843,200	269,500	7.0
Pennsylvania	31,947,000	1,144,400	3.6	31,197,900	395,300	1.3
Rhode Island	2,420,200	110,900	4.6	2,312,800	3,500	.2
South Carolina	3,163,200	421,600	13.3	2,807,600	66,000	2.4
South Dakota	1,033,500	141,900	13.7	896,600	5,000	.6
Tennessee	9,889,650	910,100	9.2	9,830,650	851,100	8.7
Texas	32,523,825	8,526,350	26.2	24,397,375	399,900	1.6
Utah	4,422,700	291,500	6.6	4,709,900	578,700	12.3
Vermont	854,500	7,000	.8	3,195,499	2,347,999	73.5
Virginia	11,366,000	1,768,100	15.6	9,874,100	276,200	2.8
Washington	12,138,100	2,205,900	18.2	10,277,900	345,700	3.4
West Virginia	5,694,900	857,000	15.0	4,978,100	140,200	2.8
Wisconsin	7,863,800	468,100	6.0	7,419,200	23,500	.3
Wyoming	3,327,500	173,100	5.2	3,203,500	49,100	1.5
Alaska	267,200	7,500	2.8	259,700	—	—
Hawaii	1,573,800	—	—	1,573,800	—	—
Total	650,160,101	59,254,021	9.1	650,160,101	59,254,021	9.1

Out-of-State institutions active in each State.—To show the amount of business done in each State by the several types of out-of-State institutions, table 20 gives a break-down of the volume for the year 1938.

Insurance companies and miscellaneous lenders predominate as out-of-State lenders. The former do over 55 percent of their business in States other than the State in which the head office of the institution is located, while national banks and State banks confine all but 1 percent and 1.8 percent, respectively, of their business, to mortgage lending on properties within their State.

Table 20.—Mortgages financed by out-of-State institutions: *Gross amount of mortgages accepted by outside mortgagees on properties located in each State, 1938*

[In thousands of dollars]

State location of property	Type of lending institution							
	All types	National banks	State banks [1]	Building and loan associations	Mortgage companies	Insurance companies	Savings banks	All others
Alabama	$662		$19	$11	$5	$618		$9
Arizona	24			4	3	17		
Arkansas	389				32	357		
California	1,117	$22		7		576		512
Colorado	390	4			227	91		68
Connecticut	1,064	23	17	9		215		800
Delaware	83	15		45		23		
Dist. of Col.	967	80	661			219		7
Florida	959	30	2		104	605	$5	213
Georgia	3,735	73		102	92	1,249		2,219
Idaho	1,153	5	465	43	113	110		417
Illinois	2,755	19	81	75	840	854		886
Indiana	2,655	24	11		579	1,310		731
Iowa	113		5		4	101		3
Kansas	1,214	2	77	96	616	337		86
Kentucky	799	17		58	276	414		34
Louisiana	751	5	11	5	15	715		
Maine	219	182				37		
Maryland	1,594	247	137	19	559	428	130	74
Massachusetts	127			3		124		
Michigan	4,580	6	29	6	1,758	2,709		72
Minnesota	384	4	22	16		326		16
Mississippi	148	3			98	47		
Missouri	2,739	19	101	6	330	416		1,867
Montana	666			11	142	508		5
Nebraska	706	14			36	643		13
Nevada	19	5				14		
New Hampshire	42	23	19					
New Jersey	3,192	48	132	653	190	1,325		844
New Mexico	392	11			355	6		20
New York	1,191	131	153			711		196
North Carolina	1,221	92	37		120	786		186
North Dakota	66		1			48		17
Ohio	5,155	16	28	8	581	2,983		1,539
Oklahoma	202	20	9		5	109		59
Oregon	746	29		21	25	581	40	50
Pennsylvania	1,145	15	43			482	208	397
Rhode Island	111	82		29				
South Carolina	422	3	60			296		63
South Dakota	142					134		8
Tennessee	910	39	6	3	34	770		58
Texas	8,526	12	11	288	30	2,685		5,500
Utah	292							292
Vermont	7	7						
Virginia	1,768	230	521	74	329	362	79	173
Washington	2,206	246			19	1,619		322
West Virginia	857	53	40	24	14	726		
Wisconsin	468		2	7	34	159		266
Wyoming	173		32	69		13		59
Alaska	8				8			
Hawaii								
Total by out-of-State mortgagees	59,254	1,856	2,732	1,692	7,573	26,858	462	18,081
Percent	9.1	1.0	1.8	2.5	5.3	55.2	3.1	57.1
Total by local mortgagees	590,906	190,062	150,266	65,274	135,677	21,799	14,219	13,609
Percent	90.9	99.0	98.2	97.5	94.7	44.8	96.9	42.9
Total by all institutions	650,160	191,918	152,998	66,966	143,250	48,657	14,681	31,690
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Includes trust companies.

Types of institutions active in the secondary market.—Mortgages originated by one approved mortgagee may be sold to another and then resold to still another, even though the servicing, or collection of monthly payments, is continued by the originating institution.

Insurance companies are the largest buyers of insured mortgages, while mortgage companies are the largest sellers. That mortgage companies act in many cases as mortgage loan correspondents of life insurance companies accounts in large part for these facts. Federal agencies have purchased $95,415,190 of mortgages, and sold $16,994,-731 to other approved mortgagees including State employee benefit associations. See table 21, chart 7.

Table 21.—Institutions purchasing and selling mortgages: *Number of institutions and amount of premium-paying mortgages (including resales), cumulative 1935 through December 1938*

Type of mortgagee	Premium-paying mortgages purchased			Premium-paying mortgages sold		
	Number of institutions	Amount of mortgages	Percent of amount	Number of institutions	Amount of mortgages	Percent of amount
National banks	674	$57,562,096	15.2	417	$58,640,985	15.5
State banks and trust companies	842	48,291,154	12.7	535	105,508,483	27.8
Total, commercial banks	1,516	105,853,250	27.9	952	164,200,468	43.3
Building and loan associations	185	11,177,490	3.0	304	28,805,613	7.6
Mortgage companies	53	5,400,471	1.4	202	147,280,445	38.8
Insurance companies	150	123,218,323	32.5	81	13,545,370	3.6
Mutual and stock savings banks	57	18,320,394	4.8	16	2,257,835	.6
Federal agencies [1]	3	95,415,190	25.1	3	16,994,731	4.5
All others [2]	36	20,020,914	5.3	29	6,321,570	1.6
Total	2,000	379,415,032	100.0	1,047	379,415,032	100.0

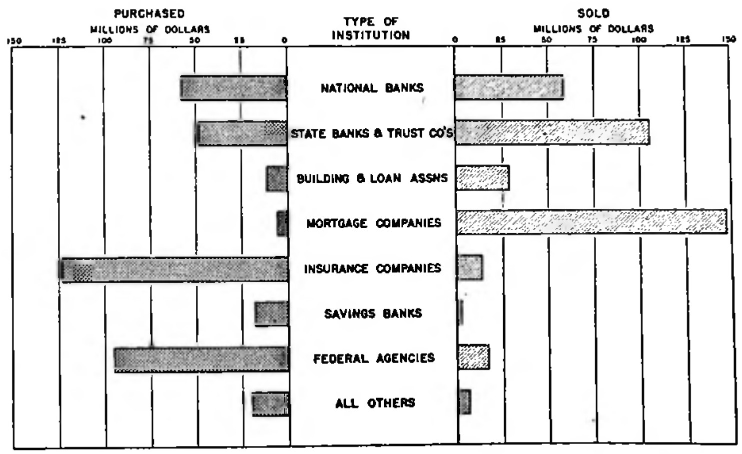
[1] Includes RFC Mortgage Co., Federal National Mortgage Association, and Federal Deposit Insurance Corporation; excludes the transfer of 8,213 mortgages for $32,199,165 from the RFC Mortgage Co. to the Federal National Mortgage Association.

[2] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.

Chart 7

INSTITUTIONS BUYING AND SELLING INSURED MORTGAGES

AS OF DECEMBER 31, 1938



SOURCE: PREMIUM-PAYING MORTGAGES PURCHASED & SOLD (INCLUDING RE-SALES)

FEDERAL HOUSING ADMINISTRATION DIVISION OF ECONOMICS AND STATISTICS

State location of mortgagees in the secondary market.—Table 22 gives, by State location of the head office, the number of institutions and the amount of mortgages purchased and sold. Purchasers whose head offices are located in New York, Vermont, New Jersey, Pennsylvania, and Ohio account for over two-fifths of all mortgages purchased. Sales of mortgages were led by the institutions whose head offices are located in New York, Pennsylvania, Illinois, and Ohio. Many of these transfers, of course, take place between institutions located within the same State.

TABLE 22.—**State distribution of purchases and sales:** *Number of institutions and volume of premium-paying mortgages purchased and sold by mortgagees in each State, cumulative 1935, through December 1938*

State	Number of institutions purchasing	Mortgages purchased		Number of institutions selling	Mortgages sold	
		Number	Amount		Number	Amount
Alabama	19	294	$1,144,925	20	433	$1,665,985
Arizona	5	140	616,000	9	965	3,470,256
Arkansas	14	89	231,200	33	592	1,748,785
California	33	3,767	14,972,841	72	2,505	10,561,065
Colorado	9	214	673,580	14	519	2,032,850
Connecticut	21	507	2,848,300	20	962	4,945,390
Delaware	12	91	537,670	9	823	3,381,020
District of Columbia	5	35	255,000	7	431	2,675,480
Florida	15	168	670,400	58	3,876	16,114,915
Georgia	8	83	219,265	45	919	3,267,781
Idaho	6	254	847,705	10	35	121,405
Illinois	89	1,845	9,197,340	84	5,642	30,177,792
Indiana	96	3,363	14,442,384	63	2,206	8,023,882
Iowa	30	803	3,815,860	17	209	742,990
Kansas	36	400	1,252,625	53	1,176	4,143,580
Kentucky	30	180	836,060	19	1,410	7,558,402
Louisiana	5	17	74,500	11	97	328,000
Maine	4	22	94,710	3	7	35,900
Maryland	42	923	3,907,140	27	1,014	4,090,625
Massachusetts	15	613	3,005,240	12	147	1,019,890
Michigan	57	1,203	5,930,900	46	4,436	22,238,600
Minnesota	114	2,889	11,620,479	36	2,209	8,270,491
Mississippi	12	218	746,030	20	740	2,614,778
Missouri	96	3,477	14,241,175	50	4,026	16,473,405
Montana	8	136	524,850	16	223	836,345
Nebraska	7	26	111,700	18	380	1,491,850
Nevada	1	60	190,525	2	60	190,525
New Hampshire	8	38	149,860	5	29	117,380
New Jersey	82	9,336	32,980,477	128	4,073	20,577,369
New Mexico	1	6	21,000	7	53	176,550
New York	156	12,677	64,287,919	97	11,809	58,920,950
North Carolina	8	249	895,480	22	1,009	4,460,520
North Dakota	9	172	467,440	28	194	526,340
Ohio	275	4,221	17,183,877	94	5,845	25,032,562
Oklahoma	8	12	45,700	37	1,526	6,487,230
Oregon	8	67	178,350	16	250	898,550
Pennsylvania	275	5,859	21,765,674	91	7,372	30,972,309
Rhode Island	1	15	74,000	2	16	88,400
South Carolina	1	1	2,700	21	953	3,618,309
South Dakota	6	37	98,925	14	87	318,150
Tennessee	44	696	2,405,252	40	2,530	9,520,920
Texas	34	207	1,130,294	77	4,852	18,478,505
Utah	13	530	1,811,340	12	1,195	4,221,225
Vermont	28	7,011	36,207,385	8	57	300,995
Virginia	83	748	3,237,340	36	1,301	5,940,520
Washington	22	319	928,240	38	1,081	3,993,990
West Virginia	40	328	1,218,780	16	393	1,786,850
Wisconsin	103	993	5,248,480	54	1,117	6,310,150
Wyoming	2	123	462,725	16	246	747,180
Alaska	------	------	------	2	12	82,500
Hawaii	1	2	14,200	1	2	14,200
Federal agencies [1]	3	23,322	95,415,190	3	3,892	16,994,731
Total	2,000	85,936	379,416,032	1,647	85,936	379,415,032

[1] Includes RFC Mortgage Co., Federal National Mortgage Association, and Federal Deposit Insurance Corporation; excludes the transfer of 8,213 mortgages for $32,190,165 from the RFC Mortgage Co. to the Federal National Mortgage Association.

Types of institutions holding mortgages in portfolio.—Institutional holders of insured mortgages may acquire mortgages by origination or purchase, and may dispose of them by resale to another institution. Thus the distribution of mortgages held in portfolio on December 31, 1938, by types of institutions, differs from the distribution of originations or of transfers.

Of the cumulative total of $1,300,446,241 premium-paying mortgages, on December 31, 1938, records for $1,198,674,505 held by all types of lenders were complete in Washington. This total excludes terminations and premium-paying mortgages in transit from insuring offices or in audit on December 31, and therefore not tabulated in Washington on that date. Table 23 shows that mortgage companies held but 2.5 percent although originating 14.7 percent of the mortgages, while insurance companies hold 17.7 percent, and accounted for only 8.6 percent of the total originations. That these two types of institutions are most active in the secondary market was pointed out in table 21.

TABLE 23.—**Mortgages held in portfolios of lending institutions:** *Number of institutions, net amount of premium-paying mortgages, and net amount of mortgages accepted as of Dec. 31, 1938*

Type of lending institution	Net premium-paying mortgages held			Percent distribution of net amount of mortgages originated
	Number of institutions	Amount of mortgages [1]	Percent of amount	
National banks	2,271	$354,811,172	29.6	30.0
State banks and trust companies	2,742	264,723,075	22.1	26.4
Total commercial banks	5,013	619,535,147	51.7	56.4
Building and loan associations	1,433	148,797,752	12.4	13.3
Mortgage companies	192	29,975,126	2.5	14.7
Insurance companies	229	212,205,758	17.7	8.6
Mutual and stock savings banks	142	51,812,879	4.3	2.9
Federal agencies [2]	3	76,778,039	6.4	------
All others [3]	67	59,569,804	5.0	4.1
Total	7,079	1,198,674,505	100.0	100.0

[1] Amounts shown exclude $63,673,726 of terminations and $38,098,010 of mortgages for which the holder had not been recorded in Washington by Dec. 31, 1938.
[2] Includes RFC Mortgage Co., Federal National Mortgage Association, and the Federal Deposit Insurance Corporation.
[3] Includes investment companies, industrial banks, finance companies, endowed institutions, public and private benefit funds, etc.

D. Characteristics of Insured Mortgages.

The average mortgage accepted for insurance during 1938 amounted to $4,344, represented 79.7 percent of the total property valuation, and had a term of 19 years 9 months. The slightly larger mortgage, the longer duration, and the higher loan-to-value ratio in 1938 than in preceding years are discussed in the subsequent paragraphs.

Section 203 amendments.—One of the most significant aspects of the 1938 amendments was the addition of subsections B and C to section 203. Both relate to new, single-family, owner-occupied homes. Combined, they covered 51 percent of the mortgages accepted for insurance in 1938. Mortgages on new homes under the unchanged part A of section 203 account for another 16 percent of the total, and the remaining 33 percent were on existing homes under part A. The large increase in FHA insurance subsequent to the amendments reflects the increase in building activity after the amendments.

The section 203 amendments consist of three parts, of which B and C provide more favorable terms to borrowers. For mortgages included under each of the three parts, the permitted lender's annual service charge of not over one-half of 1 percent of the reducing balance was eliminated entirely. The maximum rate of interest permitted both before and after the amendments was 5 percent. For mortgages insured under part A, embracing one- to four-family, new and refinanced dwellings mortgaged at $16,000 or less, the previous insurance premium of one-half of 1 percent of the original face amount of the mortgage was reduced to one-half of 1 percent on the reducing balance, and the previous limit of a 20-year duration and a maximum loan ratio of 80 percent remain unchanged. Under part B, dealing with owner-occupied, new homes mortgaged at $5,400 or less, a 90-percent loan at an insurance premium of only one-fourth of 1 percent, and a maximum maturity date of 25 years are made possible. Under part C, embracing owner-occupied, new homes mortgaged at $8,600 or less, an insurance premium of one-half of 1 percent of the decreasing balance and a maximum maturity date of 20 years are permitted, with the permitted ratio of loan to value ranging from 90 down to 86 percent. Previously 80 percent constituted the highest permissible loan ratio, one-half of 1 percent on the original principal the insurance premium, and 20 years the longest period over which the mortgage might extend.

TABLE 24.—Mortgages under amended sec. 203: *Percent distribution of all mortgages accepted for insurance under the limitations specified in the act, 1938*

Mortgages accepted for insurance under sec. 203 (b) (2)	Percent distribution of mortgages			
	$5,400 or less	$5,401 to $8,600	$8,601 to $16,000	Total
	New and existing homes			
MORTGAGES ON NEW HOMES				
Under part A: Mortgages up to $16,000 on 1- to 4-family homes, insured at ½ percent premium, eligible for a 20-year term, and for 80 percent of FHA valuation	10.6	3.8	1.6	16.0
Under part B: Mortgages up to $5,400 on single-family homes, insured at ¼ percent premium, eligible for a 25-year term, and for 90 percent of FHA valuation	43.8			43.8
Under part C: Mortgages up to $8,600 on single-family homes, insured at ½ percent premium, eligible for a 20-year term, and 90 percent of first $6,000 and 80 percent of balance up to $10,000 of FHA valuation		7.1		7.1
Total new home mortgages	54.4	10.9	1.6	66.9
MORTGAGES ON EXISTING HOMES				
Total eligible only under part A	28.0	4.0	1.1	33.1
Total new- and existing-home mortgages	82.4	14.9	2.7	100.0
	New homes			
Under part A	16.0	5.6	2.4	24.0
Under part B	65.4			65.4
Under part C		10.6		10.6
Total new-home mortgages	81.4	16.2	2.4	100.0

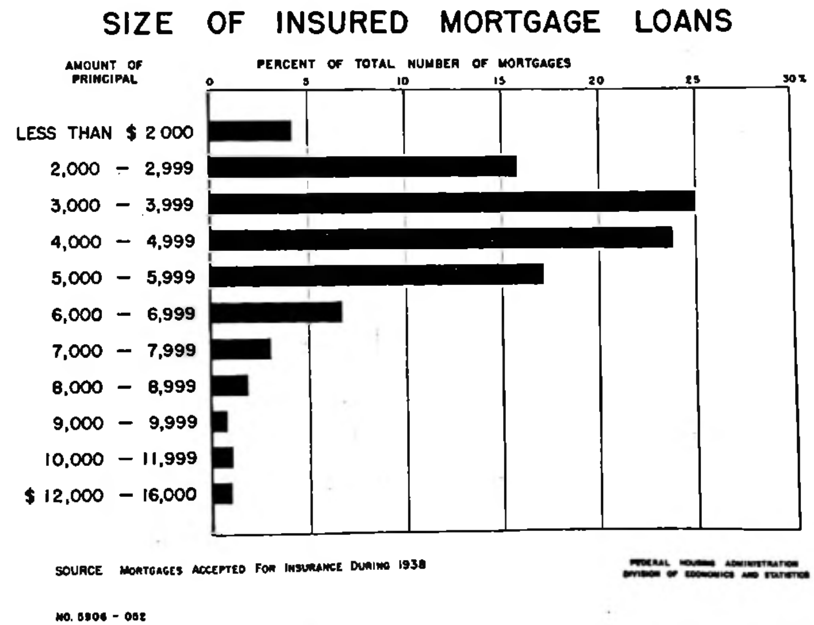
Mortgage principal.—Three-fourths of all new home mortgages were for amounts of $3,000 to $5,999 and over 85 percent were for less than $6,000. Mortgages on existing homes are noticeably lower than those on new ones. In fact, over one-third of the existing home mortgages were for less than $3,000, and over three-fifths were for less than $4,000. The average mortgage on new homes declined from $4,824 in 1935 to $4,601 in 1938.

TABLE 25.—Amount of mortgage principal: *Percent distribution and cumulation of mortgages accepted for insurance under section 203 on new, existing, and total, 1- to 4-family homes, 1938*

Mortgage principal	Percent distribution 1938 homes			Mortgage principal	Percent cumulation 1938 homes		
	New	Existing	Total		New	Existing	Total
Less than $2,000	1.1	10.5	4.2	Less than $2,000	1.1	10.5	4.2
$2,000 to $2,999	10.6	26.3	15.8	Less than $3,000	11.7	36.8	20.0
$3,000 to $3,999	24.9	25.2	25.0	Less than $4,000	36.6	62.0	45.0
$4,000 to $4,999	27.3	16.8	23.8	Less than $5,000	63.9	78.8	68.8
$5,000 to $5,999	21.2	8.8	17.1	Less than $6,000	85.1	87.6	85.9
$6,000 to $6,999	7.4	5.3	6.7	Less than $7,000	92.5	92.9	92.6
$7,000 to $7,999	3.4	2.4	3.0	Less than $8,000	95.9	95.3	95.6
$8,000 to $8,999	1.9	1.7	1.8	Less than $9,000	97.8	97.0	97.4
$9,000 to $9,999	.6	.7	.7	Less than $10,000	98.4	97.7	98.1
$10,000 to $11,999	.9	1.2	1.0	Less than $12,000	99.3	98.9	99.1
$12,000 to $16,000	.7	1.1	.9	Less than $16,001	100.0	100.0	100.0
Total	100.0	100.0	100.0				
Average mortgage:				Median mortgage:			
1938	$4,601	$3,825	$4,344	1938	$4,401	$3,520	$4,209
1937 [1]	4,038	3,804	4,122	1937 [1]	4,288	3,581	3,810
1936 [1]	4,711	3,756	3,973	1936 [1]	4,333	3,413	3,618
1935	4,824	3,740	4,030	1935	4,412	3,345	3,624

[1] Computations based on premium paying mortgages.

CHART 8



Duration of mortgage.—The 1938 amendments permitted for the first time insurance on new home mortgages with a maturity date of more than 20 years. That lenders and borrowers quickly availed themselves of this opportunity is demonstrated by the fact that over two-fifths of all new home mortgages in 1938 were made for amortization periods of 21 to 25 years. When this base is extended to contain terms of 17 to 25 years, over nine-tenths of all new home mortgages are included. Over two-fifths of the existing home mortgages were for 17 to 20 years' duration. Another two-fifths were for 13 to 16 years.

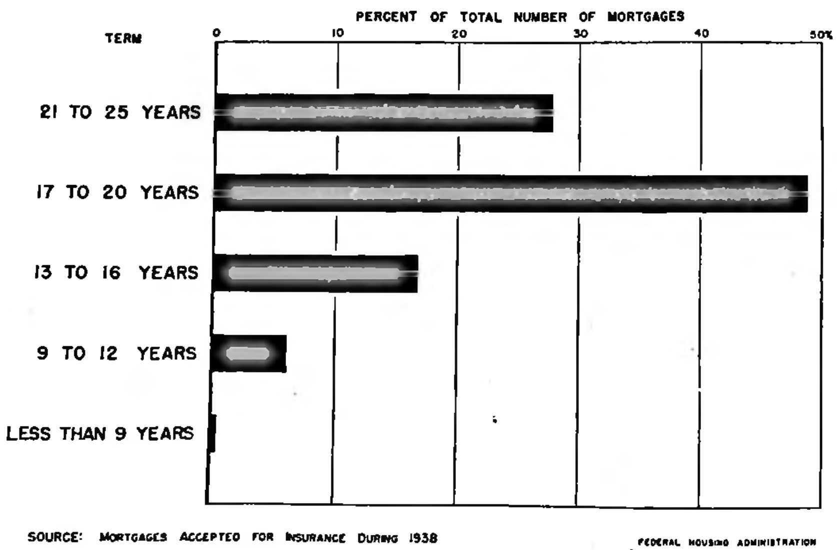
TABLE 26.—**Duration of mortgage:** *Percent distribution and cumulation of new, existing, and total, 1- to 4-family homes accepted for mortgage insurance, 1938*

Term of mortgage	Percent distribution of 1938 homes			Term of mortgage	Percent cumulation of 1938 homes		
	New	Existing	Total		New	Existing	Total
21 to 25 years	41.2	(1)	27.8	21 to 25 years	41.2	(1)	27.8
17 to 20 years	51.2	42.3	48.9	17 to 25 years	92.4	42.3	76.7
13 to 16 years	6.0	41.1	16.8	13 to 25 years	98.4	83.4	93.5
9 to 12 years	1.5	15.3	6.1	9 to 25 years	99.9	98.7	99.6
5 to 8 years	0.1	1.3	0.4	5 to 25 years	100.0	100.0	100.0
Less than 5 years	--------	(2)	(2)	All groups	100.0	100.0	100.0
Total	100.0	100.0	100.0				
Average duration:				Median duration:			
1938	21 yr.	16 yr.	20 yr.	1938	21 yr.	16 yr.	20 yr.
1937 [3]	18 yr.	16 yr.	17 yr.	1937 [3]	19 yr.	17 yr.	19 yr.
1936 [3]	18 yr.	16 yr.	17 yr.	1936 [3]	19 yr.	16 yr.	19 yr.
1935	18 yr.	16 yr.	17 yr.	1935	19 yr.	16 yr.	19 yr.

[1] Existing homes are ineligible for mortgages of more than 20 years' duration.
[2] Less than 0.05 percent.
[3] Computations based on premium paying mortgages.

CHART 9

DURATION OF INSURED MORTGAGES



Ratio of loan to value.—The majority of owners of new homes which were accepted for insurance under the 1938 amendments, obtained mortgages in the permitted loan-to-value ratios of more than 80 percent. Almost two-thirds of these owners held mortgages amounting to over 80 percent of valuation; and, indeed, half had mortgages falling within 4 points of the 90 percent permissible maximum.

For the States and metropolitan areas, certain ratios are presented in table 28. These enable comparison of new with existing homes.

TABLE 27.—**Ratio of loan to value:** *Percent distribution and cumulation of mortgages accepted for insurance on new, existing, and total, 1- to 4-family homes, 1938*

Loan as percent of value [1]	Percent distribution 1938 homes			Loan as percent of value [1]	Percent cumulation 1938 homes		
	New	Existing	Total		New	Existing	Total
86 to 90	49.0	(2)	33.0	86 or more	49.0	(2)	33.0
81 to 85	13.7	(2)	9.2	81 or more	62.7	(2)	42.2
76 to 80	24.0	55.7	34.7	76 or more	87.3	55.7	76.9
71 to 75	6.1	17.4	9.8	71 or more	93.4	73.1	86.7
66 to 70	3.4	11.1	6.0	66 or more	96.8	84.2	92.7
61 to 65	1.3	6.3	3.0	61 or more	98.1	90.5	95.7
56 to 60	1.0	4.3	2.1	56 or more	99.1	94.8	97.8
51 to 55	.4	2.0	.9	51 or more	99.5	96.8	98.7
50 or less	.5	3.2	1.3	All groups	100.0	100.0	100.0
Total	100.0	100.0	100.0				
Average loan as percent of average value:				Median percent:			
1938	82.4	73.9	79.7	1938	85.1	76.0	79.4
1937 [3]	75.3	74.6	74.8	1937 [3]	78.4	76.5	77.2
1936 [3]	73.2	70.2	71.0	1936 [3]	76.2	73.8	74.7
1935	72.7	69.9	70.5	1935	75.7	72.6	73.5

[1] Includes valuation of house, all other physical improvements, and land.
[2] Existing homes are ineligible for mortgages of more than 80 percent of value.
[3] Computations based on premium paying mortgages.

CHART 10

RATIO OF MORTGAGE LOAN TO PROPERTY VALUATION

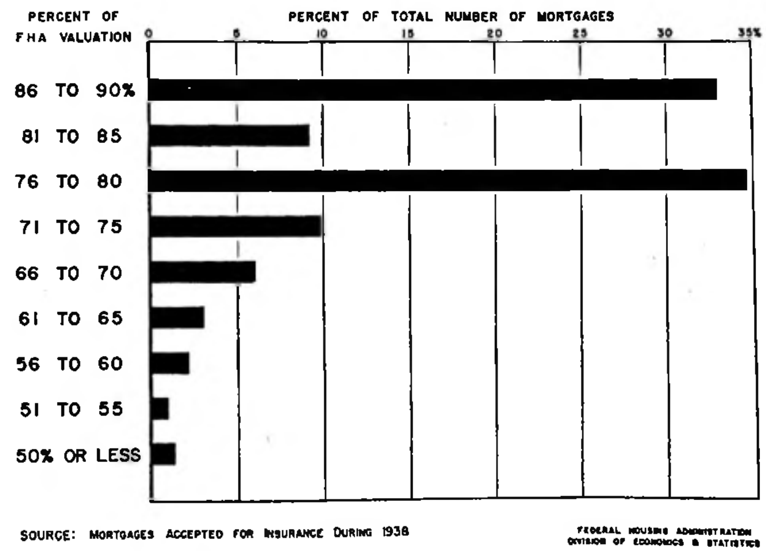


TABLE 28.—Characteristics of mortgages in States and metropolitan areas: *Mortgages accepted for insurance on 1- to 4-family homes, April–October 1938*

State	New homes: As a percent of all homes	New homes: Average amount of mortgage	New homes: Ratio [1] mortgage to income	New homes: Percent with 81–90 percent mortgages	Existing homes: As a percent of all homes	Existing homes: Average amount of mortgage	Existing homes: Ratio [1] mortgage to income	Existing homes: Percent with 71–80 percent mortgages
Alabama	74.0	$4,035	1.40	53.2	25.4	$3,284	1.06	67.8
Arizona	75.2	3,784	1.20	69.8	21.8	3,153	.82	69.2
Arkansas	65.0	3,459	1.38	59.0	35.0	2,537	.86	72.5
California	69.1	4,390	1.54	63.3	30.9	3,922	1.19	81.2
Colorado	57.8	4,269	1.60	43.9	42.2	3,258	1.19	64.1
Connecticut	69.7	5,191	1.61	18.3	30.3	4,403	1.25	63.1
Delaware	78.5	4,995	1.97	65.6	21.5	3,889	1.50	77.1
District of Columbia	84.3	5,588	1.92	87.8	15.7	6,686	1.50	82.9
Florida	81.2	4,152	1.34	71.7	18.8	3,330	.96	68.1
Georgia	81.7	3,938	1.45	63.8	18.3	3,676	1.06	87.3
Idaho	68.0	3,583	1.43	34.7	32.0	2,808	1.01	51.6
Illinois	49.5	5,620	1.73	49.7	50.5	4,728	1.25	62.4
Indiana	44.8	4,507	1.64	42.5	55.2	3,197	1.17	60.7
Iowa	59.7	4,352	1.73	66.8	40.3	3,180	1.06	71.1
Kansas	58.4	4,082	1.54	62.8	41.6	2,604	1.01	71.6
Kentucky	77.7	4,671	1.78	52.9	22.3	4,593	1.30	73.0
Louisiana	77.3	3,914	1.44	68.9	22.7	3,392	1.05	76.7
Maine	35.2	3,675	1.44	30.2	64.8	2,618	.92	55.9
Maryland	81.7	4,901	1.66	78.0	18.3	4,312	1.27	87.4
Massachusetts	64.1	5,074	1.63	43.6	35.9	4,791	1.29	86.4
Michigan	73.7	5,098	1.77	74.5	26.3	4,122	1.22	70.8
Minnesota	66.4	4,512	1.69	55.7	33.6	3,012	1.21	66.8
Mississippi	73.3	3,564	1.32	68.2	26.7	2,741	.84	71.8
Missouri	59.3	4,575	1.68	66.0	40.7	3,540	1.16	76.9
Montana	60.4	4,268	1.37	11.0	39.6	3,278	1.03	55.4
Nebraska	43.6	4,305	1.73	56.9	56.4	3,049	1.12	66.4
Nevada	76.4	4,037	1.41	72.0	23.6	3,676	.93	78.8
New Hampshire	36.3	4,222	1.64	44.9	63.7	3,657	1.26	70.7
New Jersey	57.3	5,231	1.57	54.9	42.7	4,124	1.13	67.0
New Mexico	82.5	3,738	1.23	37.9	17.5	3,384	.97	74.5
New York	84.3	5,226	1.58	70.4	15.7	4,909	1.13	71.2
North Carolina	75.8	4,337	1.48	64.0	24.2	3,622	1.07	83.8
North Dakota	55.9	4,245	1.53	56.5	44.1	2,641	1.01	61.2
Ohio	44.3	5,520	1.84	39.9	55.7	4,264	1.35	72.6
Oklahoma	77.3	3,920	1.52	79.3	22.7	3,513	1.08	83.2
Oregon	47.3	3,654	1.43	40.1	52.7	3,907	1.07	70.7
Pennsylvania	54.2	5,126	1.73	59.0	45.8	3,589	1.23	65.1
Rhode Island	64.5	4,900	1.70	59.8	35.5	4,241	1.44	80.0
South Carolina	77.6	4,020	1.48	60.6	22.4	3,460	1.13	72.6
South Dakota	40.8	4,167	1.48	31.9	59.2	2,298	.92	56.1
Tennessee	69.4	3,952	1.58	72.5	30.6	3,602	1.17	84.3
Texas	88.2	3,931	1.44	77.0	11.8	3,397	1.03	80.7
Utah	69.4	4,211	1.68	56.1	30.6	3,464	1.14	71.4
Vermont	33.7	3,471	1.62	41.8	66.3	2,914	1.22	70.4
Virginia	76.8	4,700	1.78	60.5	23.2	4,209	1.27	80.5
Washington	42.3	3,981	1.49	37.9	57.7	3,112	1.14	74.3
West Virginia	64.5	4,840	1.65	55.8	35.5	4,131	1.25	78.8
Wisconsin	66.7	5,073	1.82	53.8	33.3	4,413	1.32	74.6
Wyoming	50.7	3,044	1.63	56.7	49.3	2,696	1.14	71.7
Alaska	66.7	5,945	1.41	45.0	33.3	3,540	1.20	40.0
Hawaii	67.7	4,624	1.35	34.6	32.3	3,744	1.04	70.7
Total	66.9	4,601	1.59	62.7	33.1	3,825	1.18	73.1
Metropolitan area								
New York-NE. N. J.	77.4	$5,331	1.59	69.0	22.6	$4,870	1.16	70.5
Chicago, Ill	49.0	5,958	1.76	51.1	51.0	5,043	1.27	63.6
Philadelphia, Pa	51.7	4,927	1.72	71.6	48.3	3,158	1.18	67.5
Los Angeles, Calif	73.2	4,386	1.48	67.0	26.8	3,965	1.09	83.1
Boston, Mass	63.5	5,299	1.63	42.0	36.5	5,020	1.20	86.3
Detroit, Mich	78.6	5,116	1.79	76.8	21.4	4,475	1.25	73.1
Pittsburgh, Pa	62.6	5,004	1.70	41.6	37.4	4,661	1.25	64.3
St. Louis, Mo	66.9	4,900	1.76	69.4	33.1	4,310	1.27	82.0
San Francisco, Calif	59.0	4,830	1.68	55.2	41.0	4,273	1.33	80.1
Cleveland, Ohio	43.0	6,285	1.81	34.6	57.0	4,859	1.37	73.9
Providence, R. I	65.2	4,845	1.69	60.8	34.8	4,206	1.43	81.7
Baltimore, Md	80.3	4,472	1.52	78.6	19.7	3,830	1.16	87.8
Minneapolis, Minn	63.3	4,689	1.76	56.9	36.7	3,694	1.24	69.2
Buffalo, N. Y	75.7	4,857	1.73	54.7	24.3	4,078	1.29	75.2
Cincinnati, Ohio	71.9	5,505	2.14	55.8	28.1	5,190	1.80	83.8
Milwaukee, Wis	65.9	5,501	1.85	55.3	34.1	4,802	1.42	80.4
Scranton, Pa	(2)	(2)	(2)	(2)	90.9	2,453	1.06	23.3
Washington, D. C	86.3	5,638	1.87	82.0	13.7	6,057	1.44	88.5
Kansas City, Mo	52.1	4,785	1.67	70.8	47.9	3,322	1.03	76.3
New Orleans, La	80.8	4,595	1.58	82.2	19.2	4,982	.94	75.0
Hartford, Conn	68.5	4,942	1.77	30.9	31.5	3,739	1.50	60.5
Albany, N. Y	83.0	5,802	1.62	38.0	17.0	5,118	1.27	70.6
Seattle, Wash	34.7	4,316	1.59	49.7	65.3	3,281	1.17	77.1
Indianapolis, Ind	47.0	4,941	1.56	34.5	53.0	3,574	1.20	64.8
Louisville, Ky	78.2	5,051	1.80	60.7	21.8	5,198	1.31	81.3

See footnotes at end of table.

Characteristics of mortgages in States and metropolitan areas: *Mortgages accepted for insurance on 1- to 4-family homes, April–October 1938*—Continued

Metropolitan area	New homes: As a percent of all homes	New homes: Average amount of mortgage	New homes: Ratio [1] mortgage to income	New homes: Percent with 81–90 percent mortgages	Existing homes: As a percent of all homes	Existing homes: Average amount of mortgage	Existing homes: Ratio [1] mortgage to income	Existing homes: Percent with 71–80 percent mortgages
Springfield, Mass	53.8	$4,616	1.61	41.1	46.2	$4,215	1.40	83.3
Rochester, N. Y	86.9	4,820	1.74	72.5	13.1	3,847	1.29	60.5
Birmingham, Ala	62.4	4,715	1.41	65.0	37.6	3,759	1.07	73.3
Portland, Oreg	40.6	3,925	1.47	53.3	59.4	3,044	1.10	74.0
Atlanta, Ga	79.3	4,464	1.56	65.9	20.7	4,091	1.18	91.3
Youngstown, Ohio	34.8	5,194	1.78	32.6	65.2	4,052	1.22	70.1
Akron, Ohio	25.5	6,198	1.64	19.6	74.5	3,637	1.16	55.0
Toledo, Ohio	33.8	5,529	1.91	52.4	66.2	4,101	1.42	71.6
Columbus, Ohio	34.3	5,639	1.86	36.6	65.7	4,063	1.34	79.9
Houston, Tex	92.0	4,337	1.50	75.7	8.0	4,342	1.03	96.7
Lowell, Mass	57.7	4,787	1.05	53.3	42.3	3,327	.98	81.8
Denver, Colo	58.1	4,374	1.60	44.7	41.9	3,456	1.27	66.1
Allentown, Pa	36.9	5,573	1.65	57.8	63.1	3,816	1.30	64.9
Dallas, Tex	90.2	3,905	1.49	84.8	9.8	3,304	1.13	64.7
Worcester, Mass	82.1	4,844	1.74	50.0	17.9	6,071	1.08	100.0
New Haven, Conn	65.3	4,841	1.68	10.9	34.7	3,962	1.38	70.6
San Antonio, Tex	74.4	4,070	1.54	72.8	25.6	3,951	1.10	71.2
Memphis, Tenn	62.5	4,240	1.61	78.0	37.5	3,946	1.14	88.7
Omaha, Nebr	39.5	4,756	1.91	54.0	60.5	3,208	1.18	71.8
Norfolk, Va	78.4	4,311	1.64	51.9	21.6	3,835	1.20	86.3
Dayton, Ohio	42.9	4,754	1.61	45.2	57.1	4,165	1.43	83.0
Syracuse, N. Y	79.1	5,926	1.57	26.5	20.9	4,722	1.47	66.7
Richmond, Va	71.4	4,764	1.90	50.9	28.6	4,420	1.21	74.3
Nashville, Tenn	67.9	4,229	1.61	68.9	32.1	3,704	1.28	93.9
Grand Rapids, Mich	48.4	5,163	1.68	46.7	51.6	4,138	1.21	76.6
Bridgeport, Conn	74.1	5,321	1.49	6.4	25.9	5,103	1.42	73.7
Oklahoma City, Okla	76.9	4,150	1.65	81.8	23.1	4,156	1.22	93.6
Canton, Ohio	52.1	5,052	1.71	20.0	47.9	4,337	1.30	71.7
Utica, N. Y	64.5	4,835	1.82	45.0	35.5	3,264	1.13	45.5
Wheeling, W. Va	80.0	4,513	1.97	65.0	20.0	3,920	1.11	60.0
Trenton, N. J	56.4	5,077	1.69	35.8	43.6	3,732	.99	63.4
Salt Lake City, Utah	69.9	4,320	1.64	57.7	30.1	3,567	1.18	70.0
Tulsa, Okla	79.2	4,517	1.44	79.0	20.8	3,999	1.08	77.3
San Diego, Calif	66.3	4,012	1.50	65.0	33.7	3,421	1.20	72.7
Flint, Mich	33.5	5,005	1.52	45.6	66.5	2,660	1.04	39.8
Fort Worth, Tex	85.8	3,617	1.39	78.6	14.2	2,893	.92	90.2
Reading, Pa	36.6	4,587	1.77	26.7	63.4	2,731	1.24	65.4
Tampa, Fla	55.8	3,925	1.26	70.8	44.2	2,611	.87	53.9
Chattanooga, Tenn	74.8	3,921	1.49	82.4	25.2	3,765	1.16	87.5
Wilmington, Del	79.3	5,106	1.95	65.8	20.7	3,962	1.46	75.9
Huntington, W. Va	57.6	5,043	1.78	60.0	42.4	4,501	1.45	77.1
Harrisburg, Pa	79.5	5,087	1.86	45.2	20.5	4,888	1.30	75.0
Des Moines, Iowa	52.5	4,622	1.64	64.0	47.5	3,546	1.04	76.1
Duluth, Minn	40.0	5,439	1.26	33.3	60.0	3,781	1.27	77.8
Davenport, Iowa	77.6	4,057	1.80	55.6	22.4	3,723	1.21	76.9
Jacksonville, Fla	83.3	4,220	1.48	75.3	16.7	3,294	1.04	67.1
Johnstown, Pa	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Tacoma, Wash	36.9	3,776	1.47	32.7	63.1	2,898	1.01	64.9
South Bend, Ind	25.7	4,742	1.84	56.3	74.3	3,133	1.27	60.8
Peoria, Ill	65.2	4,758	1.82	58.3	34.8	4,875	1.40	100.0
Waterbury, Conn	94.3	4,509	1.68	36.4	(2)	(2)	(2)	(2)
Knoxville, Tenn	76.1	3,910	1.54	82.1	23.9	3,201	1.04	61.9
Racine, Wis	40.0	5,468	1.62	57.1	60.0	3,688	1.23	64.3
Miami, Fla	88.2	4,287	1.34	82.1	11.8	4,014	.95	80.9
Binghamton, N. Y	73.1	4,589	1.66	40.4	26.9	3,821	1.23	78.6
Erie, Pa	33.7	4,317	1.77	71.4	66.3	3,162	1.09	73.9
Spokane, Wash	44.9	3,666	1.42	22.7	55.1	2,782	1.10	74.8
Sacramento, Calif	66.2	4,164	1.68	55.8	33.8	3,491	1.26	80.2
Fort Wayne, Ind	28.6	5,027	1.63	37.5	71.4	3,021	1.24	73.3
Lancaster, Pa	83.3	4,775	2.12	75.0	(2)	(2)	(2)	(2)
Evansville, Ind	87.1	3,949	1.73	29.7	12.9	3,441	1.00	72.7
Wichita, Kans	78.4	4,063	1.50	72.5	21.6	3,127	1.07	81.8
El Paso, Tex	93.1	4,394	1.58	83.6	6.9	3,460	1.09	80.0
Altoona, Pa	(2)	(2)	(2)	(2)	94.7	3,011	1.06	55.6
Little Rock, Ark	59.8	4,221	1.36	63.5	10.2	3,260	1.06	82.9
Charleston, W. Va	62.5	5,313	1.65	63.1	37.5	4,399	1.20	80.2
Savannah, Ga	81.7	3,953	1.43	59.2	18.3	4,327	1.17	81.8
San Jose, Calif	70.3	3,954	1.70	56.0	29.7	3,260	1.30	81.5
Rockford, Ill	46.4	4,327	1.88	42.3	53.6	4,007	1.55	63.3
Roanoke, Va	64.4	4,789	1.95	58.8	35.6	3,883	1.30	66.0
Atlantic City, N. J	33.9	4,595	1.16	47.6	66.1	3,200	.74	65.9
Total, 96 areas	67.1	4,841	1.63	64.8	32.9	4,117	1.21	74.5
Remainder, outside	66.5	3,960	1.47	56.7	33.5	3,063	1.07	69.1
Total	66.9	4,601	1.59	62.7	33.1	3,825	1.18	73.1

[1] Based on data for owner-occupants and purchasers of single family homes.
[2] Calculations not shown because the base includes less than 5 cases.

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E. Borrowers' Incomes and Obligations.

This section of the report presents data in regard to the incomes of the borrowers whose mortgages were insured by the Federal Housing Administration in 1938, and the relation of their incomes to the mortgage obligations they assumed and to the properties securing them. The analyses in this section relate only to owner occupants and individual purchasers of single-family homes, and do not include operative builders, absentee landlords, and other mortgagors. Thus the data attempt to cover primarily the great majority of borrowers, and to exclude the relatively few whose incomes do not bear the same type of relationship to the mortgages and properties involved.

There was no marked difference in either the average incomes, or the distribution of borrowers' incomes, reported in 1938 as compared with the 2 preceeding years. However, under the 1938 amendments a substantially greater proportion of borrowers, especially in the lower income groups, financed new homes as compared with existing homes. Further, for each income group monthly payments were markedly lower, especially in the case of new construction, and property values also tended lower; while the amount of mortgage was somewhat higher except for families in the higher income brackets.

Annual income of borrowers.—The bulk of insured mortgages were assumed by families of small and moderate incomes. Although the average income of all such families whose mortgages were accepted for insurance in 1938 was $3,069, one-fourth had yearly incomes between $2,000 and $2,500 and almost half had incomes of less than $2,500.

Incomes of families who financed mortgages on existing homes were distributed similarly to incomes of new-home owners, except that the former group included a larger proportion of higher incomes. The previously observed trends toward smaller equities, smaller mortgages, and longer term mortgages complement the decrease in average income of owners of new homes from $3,387 in 1936 to $2,968 in 1938. Inasmuch as income averages are heavily weighted upward by the high-income groups, the median income is a more typical figure to use. By this measurement, income of new-home purchasers also was lower in 1938 than in 1937.

The average income of owners financing existing homes, on the contrary, has increased slightly. As a result of these movements in opposite directions, the average income of new-home purchasers, which in 1936 exceeded by over $300 that of owners of existing homes, was almost $250 less than that of the latter by 1938.

Table 30 shows the percentage distribution of borrowers according to incomes both for new and existing homes, in the various metropolitan areas and States. Marked State and city differences are observed in the distribution of incomes. Indeed, in several cities almost twice as large a proportion of new home buyers enjoyed incomes in excess of $3,000 as was true of the total for all metropolitan areas. Relatively more buyers living outside metropolitan areas earned less than $2,000 than did those living inside metropolitan areas.

TABLE 29.—Borrower's annual income: *Percentage distribution and cumulation of premium-paying mortgages on new, existing, and total single-family homes, 1938*

Borrower's annual income [1]	Percentage distribution of 1938 homes			Borrower's annual income [1]	Percent cumulation of 1938 homes		
	New	Existing	Total		New	Existing	Total
Less than $1,000	0.2	0.3	0.3	Less than $1,000	0.2	0.3	0.3
$1,000 to $1,499	3.3	4.3	3.7	Less than $1,500	3.5	4.6	4.0
$1,500 to $1,999	17.3	17.9	17.6	Less than $2,000	20.8	22.5	21.6
$2,000 to $2,499	25.8	25.0	25.5	Less than $2,500	46.6	47.5	47.1
$2,500 to $2,999	16.2	13.2	14.9	Less than $3,000	62.8	60.7	62.0
$3,000 to $3,499	14.0	12.4	13.3	Less than $3,500	76.8	73.1	75.3
$3,500 to $3,999	8.1	7.5	7.8	Less than $4,000	84.9	80.6	83.1
$4,000 to $4,999	7.3	7.7	7.5	Less than $5,000	92.2	88.3	90.6
$5,000 to $6,999	5.0	6.8	5.7	Less than $7,000	97.2	95.1	96.3
$7,000 to $9,999	1.8	2.8	2.2	Less than $10,000	99.0	97.9	98.5
$10,000 or more	1.0	2.1	1.5	All groups	100.0	100.0	100.0
Total	100.0	100.0	100.0				
Average income:				Median income:			
1938	$2,968	$3,210	$3,069	1938	$2,603	$2,599	$2,601
1937	3,133	3,014	3,045	1937	2,716	2,485	2,540
1936	3,387	3,054	3,110	1936	2,814	2,452	2,488
1935	(2)	(2)	(2)	1935	(2)	(2)	(2)

[1] Includes family income of owner-occupants and individual purchasers only; excludes operative builders, absentee landlords, and others.
[2] Data not available.

CHART 11

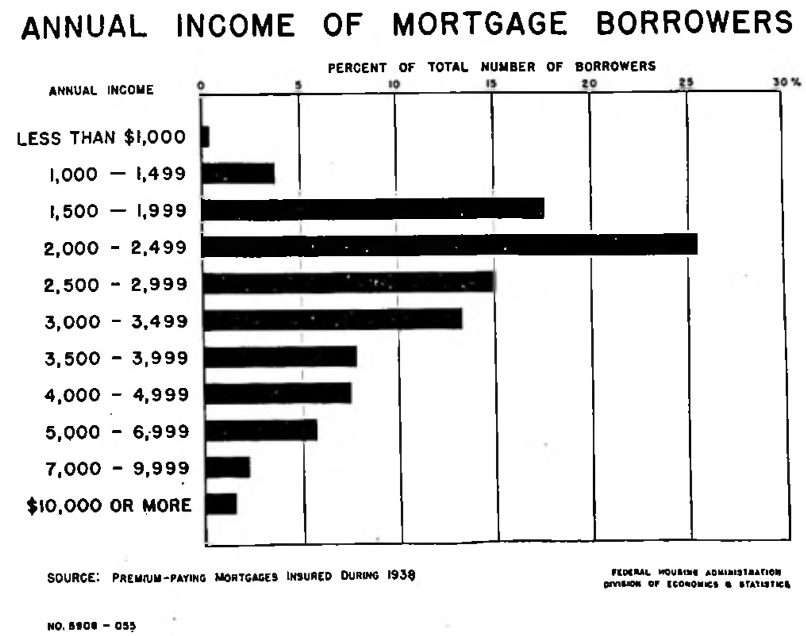


Table 30.—Borrower's annual income for States and metropolitan areas: *Percent distribution of mortgages accepted for insurance on new and existing single-family homes, April–October 1938*

State	Percent distribution of new home owner's annual income [1]				Percent distribution of existing home owner's annual income [1]			
	Less than $2,000	$2,000 to $2,999	$3,000 to $4,999	$5,000 or more	Less than $2,000	$2,000 to $2,999	$3,000 to $4,999	$5,000 or more
Alabama	27	40	26	7	20	37	31	12
Arizona	19	41	32	8	17	26	40	17
Arkansas	39	33	23	5	28	35	28	9
California	24	45	25	6	21	39	28	12
Colorado	30	39	25	6	27	42	25	6
Connecticut	22	43	22	13	23	33	23	21
Delaware	36	42	17	5	32	49	16	3
District of Columbia	19	47	27	7	6	23	37	34
Florida	26	41	24	9	21	35	28	16
Georgia	29	38	27	6	19	30	37	14
Idaho	45	33	16	6	34	33	27	6
Illinois	19	40	28	13	15	36	31	18
Indiana	27	44	24	5	35	36	22	7
Iowa	35	41	21	3	25	41	26	8
Kansas	34	36	25	5	36	38	21	5
Kentucky	35	38	21	6	21	37	30	12
Louisiana	31	38	25	6	25	37	26	12
Maine	40	41	13	6	37	29	24	10
Maryland	19	45	30	6	20	33	29	18
Massachusetts	13	44	34	9	15	33	33	19
Michigan	16	51	28	5	20	37	29	14
Minnesota	27	43	25	5	25	39	24	12
Mississippi	32	39	25	4	25	33	31	11
Missouri	25	46	23	6	26	36	27	11
Montana	19	39	32	10	19	37	31	13
Nebraska	37	37	18	8	32	34	27	7
Nevada	7	40	41	12	3	24	52	21
New Hampshire	29	41	22	8	30	36	20	14
New Jersey	9	42	30	10	12	38	33	17
New Mexico	19	45	29	7	9	46	32	13
New York	10	41	38	11	10	32	34	24
North Carolina	21	40	30	9	20	35	29	16
North Dakota	21	42	35	2	33	34	31	2
Ohio	21	40	31	8	24	40	25	11
Oklahoma	36	36	22	6	19	31	38	12
Oregon	36	38	20	6	32	40	21	7
Pennsylvania	19	44	28	9	30	39	22	9
Rhode Island	23	39	29	9	24	42	24	10
South Carolina	29	40	25	6	18	39	35	8
South Dakota	29	40	25	6	46	36	14	4
Tennessee	34	41	22	3	21	36	32	11
Texas	30	40	25	5	22	36	31	11
Utah	39	39	18	4	29	37	25	9
Vermont	64	19	14	3	43	36	16	5
Virginia	29	42	23	6	23	37	28	12
Washington	25	42	29	4	29	39	26	6
West Virginia	26	39	27	8	18	41	30	11
Wisconsin	24	43	27	6	24	37	25	14
Wyoming	37	42	18	3	49	35	13	3
Alaska	------	32	47	21	25	50	12	13
Hawaii	32	29	28	11	15	40	25	20
Total	23	42	28	7	23	37	28	12
Metropolitan area								
New York-NE. N. J.	8	41	40	11	6	33	37	24
Chicago, Ill	14	44	29	13	12	36	33	19
Philadelphia, Pa	19	46	28	7	30	42	21	7
Los Angeles, Calif	23	45	25	7	19	39	27	15
Boston, Mass	11	44	34	11	10	37	30	23
Detroit, Mich	15	52	28	5	15	37	32	16
Pittsburgh, Pa	14	42	32	12	14	37	32	17
St. Louis, Mo	21	49	24	6	20	39	28	13
San Francisco, Calif	19	47	27	7	20	38	31	11
Cleveland, Ohio	11	35	40	14	17	39	30	14
Providence, R. I	23	40	29	8	23	43	25	9
Baltimore, Md	22	46	26	6	22	35	27	16
Minneapolis, Minn	24	47	24	5	25	40	24	11
Buffalo, N. Y	24	46	25	5	26	31	31	12
Cincinnati, Ohio	29	41	28	2	28	40	25	7
Milwaukee, Wis	18	45	30	7	19	38	29	14
Scranton, Pa	(2)	(2)	(2)	(2)	52	36	4	8
Washington, D. C	15	43	35	7	9	27	42	22
Kansas City, Mo	19	42	33	6	22	35	33	10
New Orleans, La	23	41	30	6	14	23	27	36
Hartford, Conn	30	46	17	7	39	31	24	6
Albany, N. Y	7	36	43	14	7	53	13	27
Seattle, Wash	21	44	31	4	26	40	27	7
Indianapolis, Ind	16	42	34	8	23	39	26	12

See footnotes at end of table.

Table 30.—Borrower's annual income for States and metropolitan areas: *Percent distribution of mortgages accepted for insurance on new and existing single-family homes, April–October 1938*—Continued

Metropolitan area	Percent distribution of new home owner's annual income [1]				Percent distribution of existing home owner's annual income [1]			
	Less than $2,000	$2,000 to $2,999	$3,000 to $4,999	$5,000 or more	Less than $2,000	$2,000 to $2,999	$3,000 to $4,999	$5,000 or more
Louisville, Ky	28	44	21	7	14	39	31	16
Springfield, Mass	21	44	28	7	31	26	36	7
Rochester, N. Y	19	52	25	4	35	41	14	10
Birmingham, Ala	17	39	29	15	12	42	32	14
Portland, Oreg	35	40	19	6	30	42	21	7
Atlanta, Ga	13	40	35	12	10	26	47	17
Youngstown, Ohio	21	48	21	10	26	40	22	12
Akron, Ohio	16	22	30	32	19	44	25	12
Toledo, Ohio	22	43	33	2	30	37	25	8
Columbus, Ohio	14	48	32	6	24	43	23	10
Houston, Tex	26	39	30	5	13	34	37	16
Lowell, Mass	8	54	30	8	33	11	34	22
Denver, Colo	20	39	25	7	26	42	26	6
Allentown, Pa	18	40	31	11	39	38	9	14
Dallas, Tex	32	44	19	5	20	45	22	13
Worcester, Mass	15	46	39	------	------	------	60	40
New Haven, Conn	15	46	33	6	18	46	25	11
San Antonio, Tex	35	36	24	5	29	20	36	15
Memphis, Tenn	31	43	23	3	15	32	37	16
Omaha, Nebr	38	34	19	9	31	32	30	7
Norfolk, Va	26	49	20	5	26	38	28	8
Dayton, Ohio	20	49	24	7	24	44	23	9
Syracuse, N. Y	15	27	46	12	17	50	33	------
Richmond, Va	28	42	26	4	20	41	21	18
Nashville, Tenn	35	39	20	6	24	36	32	8
Grand Rapids, Mich	25	45	20	10	21	28	26	25
Bridgeport, Conn	18	46	20	16	17	43	17	23
Oklahoma City, Okla	37	36	22	5	15	29	45	11
Canton, Ohio	15	44	34	7	23	28	31	18
Utica, N. Y	17	61	11	11	20	40	40	------
Wheeling, W. Va	54	31	10	5	20	60	------	20
Trenton, N. J	14	47	33	6	23	31	28	18
Salt Lake City, Utah	33	42	20	5	27	36	26	11
Tulsa, Okla	17	41	33	9	10	28	44	18
San Diego, Calif	32	35	29	4	28	37	28	7
Flint, Mich	11	46	30	13	23	49	23	5
Fort Worth, Tex	34	41	20	5	20	50	17	13
Reading, Pa	31	38	31	------	38	54	4	4
Tampa, Fla	40	38	16	6	26	40	24	10
Chattanooga, Tenn	23	50	25	2	14	33	42	11
Wilmington, Del	35	42	19	4	32	44	20	4
Huntington, W. Va	22	44	27	7	13	52	23	12
Harrisburg, Pa	33	43	17	7	13	25	37	25
Des Moines, Iowa	26	42	26	6	17	36	38	9
Duluth, Minn	14	21	36	29	13	43	31	13
Davenport, Iowa	40	45	14	1	30	26	35	9
Jacksonville, Fla	29	44	21	6	22	35	33	10
Johnstown, Pa	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Tacoma, Wash	31	42	22	5	32	37	23	8
South Bend, Ind	27	52	16	5	30	38	20	3
Peoria, Ill	37	39	19	5	21	27	31	21
Waterbury, Conn	24	55	14	7	(2)	(2)	(2)	(2)
Knoxville, Tenn	27	45	26	2	16	41	38	5
Racine, Wis	26	30	22	22	31	34	19	16
Miami, Fla	24	40	25	11	19	32	24	25
Binghamton, N. Y	25	48	20	7	12	43	30	15
Erie, Pa	21	62	15	2	37	33	22	8
Spokane, Wash	27	43	20	1	34	35	27	4
Sacramento, Calif	30	46	21	3	32	38	23	7
Fort Wayne, Ind	27	32	32	9	44	38	13	5
Lancaster, Pa	26	63	11	------	(2)	(2)	(2)	(2)
Evansville, Ind	37	42	19	2	21	21	42	16
Wichita, Kans	36	33	26	5	21	43	30	6
El Paso, Tex	17	55	25	3	20	40	20	20
Altoona, Pa	(2)	(2)	(2)	(2)	35	29	30	6
Little Rock, Ark	21	34	34	11	12	35	50	3
Charleston, W. Va	19	40	32	9	8	45	35	12
Savannah, Ga	28	37	31	4	18	9	64	9
San Jose, Calif	40	38	19	3	35	44	17	4
Rockford, Ill	45	40	15	------	33	45	13	9
Roanoke, Va	25	52	20	3	33	36	18	13
Atlantic City, N. J	19	33	24	24	13	30	23	34
Total, 96 areas	20	44	29	7	20	37	29	14
Remainder outside	32	39	23	6	31	37	24	8
Total	23	42	28	7	23	37	28	12

[1] Family income.
[2] Calculations not shown because the base includes less than 5 cases.

Monthly mortgage payment.—Approximately 60 percent of new-home purchasers in 1938 undertook to make monthly mortgage payments, including interest, amortization, and mortgage insurance premium of less than $30.

The average monthly payment of 1938 new home purchaser was only $30.06, compared with the markedly higher averages of $35.33 in 1937 and $37.44 in 1936. The average payment per $1,000 of mortgage on new homes was $6.53 in 1938, compared with $7.62 in 1937, a reduction of 14 percent.

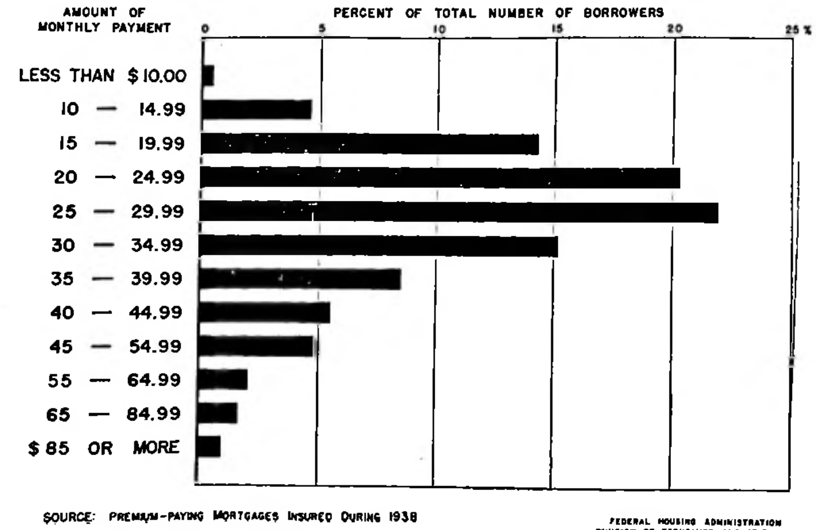
TABLE 31.—**Monthly mortgage payment:** *Percentage distribution and cumulation of premium-paying mortgages on new, existing, and total, single-family[1] homes, 1938*

Monthly payment[2]	Percent distribution, 1938 homes			Monthly payment[2]	Percent cumulation, 1938 homes		
	New	Existing	Total		New	Existing	Total
Less than $10	0.2	0.9	0.4	Less than $10	0.2	0.9	0.4
$10 to $14.99	3.0	6.7	4.6	Less than $15	3.2	7.6	5.0
$15 to $19.99	11.7	17.8	14.3	Less than $20	14.9	25.4	19.3
$20 to $24.99	20.4	20.1	20.3	Less than $25	35.3	45.5	39.6
$25 to $29.99	24.3	18.7	21.9	Less than $30	59.6	64.2	61.5
$30 to $34.99	16.9	12.0	15.2	Less than $35	76.5	77.1	76.7
$35 to $39.99	8.8	8.2	8.5	Less than $40	85.3	85.3	85.2
$40 to $44.99	6.3	4.4	5.5	Less than $45	91.6	89.7	90.7
$45 to $54.99	4.8	4.9	4.8	Less than $55	96.4	94.6	95.5
$55 to $64.99	1.8	2.2	2.0	Less than $65	98.2	96.8	97.5
$65 to $84.99	1.3	2.1	1.6	Less than $85	99.5	98.9	99.1
$85 or more	.5	1.1	.9	All groups	100.0	100.0	100.0
Total	100.0	100.0	100.0				
Average payment:				Median payment:			
1938	$30.06	$29.23	$29.72	1938	$28.02	$26.20	$27.37
1937	35.33	31.44	32.43	1937	32.14	28.42	29.42
1936	37.44	31.00	32.09	1936	32.67	27.37	28.18
1935	(3)	(3)	(3)	1935	(3)	(3)	(3)

[1] Includes owner-occupants and individual purchasers only; excludes operative builders, absentee landlords, and others.
[2] Includes amortization of principal, interest, initial service charge (if any), and mortgage-insurance premium; excludes taxes and hazard insurance. Prior to 1938 an annual service charge was permitted.
[3] Data not available.

CHART 12

MONTHLY MORTGAGE PAYMENT OF BORROWERS



Ratio of mortgage payment to borrower's annual income.—Half of the 1938 borrowers financing new homes made payments amounting to from 10 to 15 percent of their incomes, and 97 percent paid less than 20 percent of their incomes. More of the owners of existing homes pay less than 10 percent of their income than is the case with the new home owners. The ratio of payment to income decreases as the income rises.

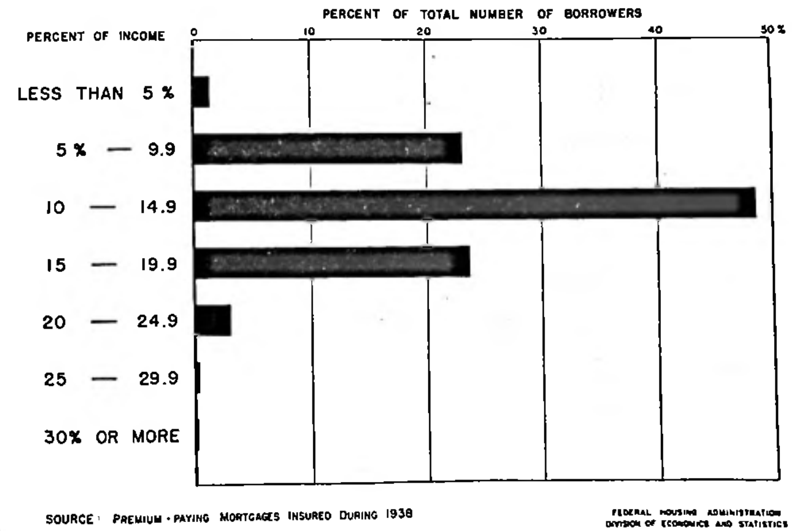
TABLE 32.—**Ratio of payment to income:** *Percentage distribution and cumulation of premium-paying mortgages on new, existing, and total, single-family[1] homes, 1938*

Payment[2] as percent of income	Percent distribution of 1938 homes			Payment[2] as percent of income	Percent cumulation of 1938 homes		
	New	Existing	Total		New	Existing	Total
Less than 5	0.8	2.1	1.3	Less than 5	0.8	2.1	1.3
5 to 9.9	18.8	29.3	23.2	Less than 10	19.6	31.4	24.5
10 to 14.9	50.0	45.8	48.6	Less than 15	70.2	77.2	73.1
15 to 19.9	26.5	19.8	23.7	Less than 20	96.7	97.0	96.8
20 to 24.9	3.0	2.7	2.9	Less than 25	99.7	99.7	99.7
25 to 29.9	.2	.2	.2	Less than 30	99.9	99.9	99.9
30 or more	.1	.1	.1	All groups	100.0	100.0	100.0
Total	100.0	100.0	100.0				
Average payment as percent of average income:				Median percent:			
1938	12.2	10.9	11.6	1938	13.0	12.0	12.6
1937	13.5	12.5	12.8	1937	14.7	13.4	13.7
1936	13.3	12.2	12.4	1936	14.9	13.1	13.4
1935	(3)	(3)	(3)	1935	(3)	(3)	(3)

[1] Includes owner-occupants and individual purchasers only; excludes operative builders, absentee landlords, and others.
[2] Includes amortization of principal, interest, initial service charge (if any), and mortgage-insurance premium; excludes taxes and hazard insurance. Prior to 1938 an annual service charge was permitted.
[3] Data not available.

CHART 13

RATIO OF BORROWER'S MORTGAGE PAYMENTS TO INCOME



Ratio of property value to annual income.—Almost half of the new homes insured in 1938 were valued at less than twice the annual income of the borrower, and over 90 percent at less than three times the borrower's annual income. For existing homes insured in 1938, almost two-thirds were valued at less than two times the borrower's income. In general, as the borrower's income increases, the ratio of property value to income decreases.

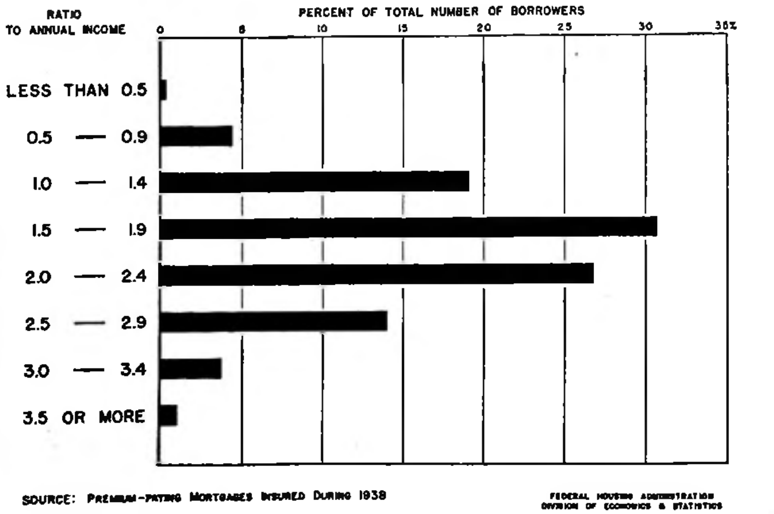
TABLE 33.—**Ratio of property value to annual income:** *Percentage distribution and cumulation of premium-paying mortgages on new, existing, and total, single-family [1] homes, 1938*

Ratio of property value to borrower's annual income	Percent distribution 1938 homes			Ratio of property value to borrower's annual income	Percent cumulation 1938 homes		
	New	Existing	Total		New	Existing	Total
Less than 0.5	0.2	0.4	0.3	Less than 0.5	0.2	0.4	0.3
0.5 to 0.9	2.7	6.8	4.4	Less than 1	2.9	7.2	4.7
1 to 1.4	14.3	25.8	19.1	Less than 1.5	17.2	33.0	23.8
1.5 to 1.9	29.7	32.1	30.7	Less than 2	46.9	65.1	54.5
2 to 2.4	30.9	21.1	26.8	Less than 2.5	77.8	80.2	81.3
2.5 to 2.9	16.7	10.2	14.0	Less than 3	94.5	90.4	95.3
3 to 3.4	4.4	2.7	3.7	Less than 3.5	98.9	99.1	99.0
3.5 or more	1.1	.9	1.0	All groups	100.0	100.0	100.0
Total	100.0	100.0	100.0				
Average ratio:				Median ratio:			
1938	1.9	1.6	1.8	1938	2.1	1.8	1.9
1937	1.9	1.7	1.8	1937	2.1	1.8	1.9
1936	1.9	1.7	1.8	1936	2.1	1.8	1.9
1935	(2)	(2)	(2)	1935	(2)	(2)	(2)

[1] Includes owner-occupants and individual purchasers only; excludes operative builders, absentee landlords, and others.
[2] Data not available.

CHART 14

RATIO OF PROPERTY VALUATION TO BORROWER'S INCOME



Relationship of average characteristics to annual income.—Table 34 reveals several significant relationships for all borrowers on security of new and existing, single-family homes insured by Federal Housing Administration in 1938. The data indicate the extent to which, as the annual income of the borrower increases, the average mortgage principal, property valuation, and monthly payment also increase. These items mount proportionately slower than income, so that the ratios of property value to annual income, mortgage to annual income, and payment to income, decrease as the income increases. Borrowers with incomes of less than $1,000 pay 2.8 times their income for their homes; those earning $10,000 or more pay only nine-tenths of their income; and the average borrower acquires a home valued at 1.8 times his income. Payment as a percentage of income averages 17 percent for persons earning less than $1,000; less than 6 percent for those earning $10,000; and less than 12 percent for all groups.

For the $2,500 to $2,999 income group, the amount of mortgage averaged 80 percent of the Federal Housing Administration valuation. Below and above this income level, the percentage relationship decreased with each successive increase or decrease in income level. The decline above the $3,000 level reflects the upper limits placed on loans for more than 80 percent of the value as stated in the 1938 amendments.

TABLE 34.—**Average characteristics by borrower's annual income:** *Borrowers owning or purchasing all insured, single-family homes, 1938*

Borrower's annual income [1]	Average—				Ratio of—		Annual payment as percent of—		Mortgage as percent of valuation
	Borrower's annual income	Mortgage principal	Property valuation	Net monthly payment	Property to annual income	Mortgage to annual income	Annual income	Mortgage	
Less than $1,000	$888	$1,702	$2,478	$12.56	2.8	1.9	17.0	8.9	68.7
$1,000 to $1,499	1,284	2,366	3,159	16.89	2.5	1.8	15.8	8.6	74.9
$1,500 to $1,999	1,746	3,088	3,937	21.33	2.3	1.8	14.7	8.3	78.4
$2,000 to $2,499	2,229	3,708	4,660	25.30	2.1	1.7	13.6	8.2	79.6
$2,500 to $2,999	2,688	4,200	5,250	28.35	2.0	1.6	12.7	8.1	80.0
$3,000 to $3,499	3,133	4,572	5,726	31.27	1.8	1.5	12.0	8.2	79.8
$3,500 to $3,999	3,670	4,986	6,267	34.50	1.7	1.4	11.3	8.3	79.5
$4,000 to $4,999	4,367	5,501	6,980	38.59	1.6	1.3	10.6	8.4	78.8
$5,000 to $6,999	5,644	6,379	8,208	45.19	1.5	1.1	9.6	8.5	77.7
$7,000 to $9,999	7,970	7,854	10,283	56.46	1.3	1.0	8.5	8.6	76.4
$10,000 or more	14,343	9,427	12,519	69.44	.9	.7	5.8	8.8	75.3
All groups	3,069	4,298	5,447	29.72	1.8	1.4	11.6	8.3	78.9

[1] Includes family income of owner-occupants and individual purchasers only; excludes operative builders, absentee landlords, and others.

Average income characteristics for States and metropolitan areas are given in table 35. In this table it must be noted that the amounts shown in the column headed "Average gross monthly payment" not only include the monthly mortgage payment referred to in the preceding text and used in tables 31, 32, and 34, but also cover one-twelfth of the annual amounts charged for real-estate taxes, water rent, special assessments, hazard insurance, and related items. These items bring the gross payment to an amount averaging about 35 percent higher than the monthly mortgage payment alone.

Table 35.—Income characteristics of borrowers in States and metropolitan areas: *Mortgages accepted on single-family, owner-occupied homes, April–October 1938*

State	New homes: Borrower's annual income	New homes: Percent of income used for gross payment [1]	New homes: Ratio valuation to income [2]	New homes: Average gross monthly payment [1]	Existing homes: Borrower's annual income	Existing homes: Percent of income used for gross payment [1]	Existing homes: Ratio valuation to income [2]	Existing homes: Average gross monthly payment [1]
Alabama	$2,848	14.8	1.70	$35.23	$3,152	12.8	1.44	$33.74
Arizona	3,209	14.7	1.45	39.21	3,850	12.0	1.13	38.42
Arkansas	2,553	14.8	1.67	31.51	2,921	11.0	1.16	26.81
California	2,873	16.5	1.83	39.49	3,281	14.1	1.56	38.56
Colorado	2,704	18.6	1.96	41.89	2,725	16.7	1.06	37.81
Connecticut	3,246	17.0	2.06	45.96	3,676	14.5	1.70	44.45
Delaware	2,530	18.6	2.36	39.24	2,605	16.7	1.09	36.16
District of Columbia	2,916	18.1	2.22	43.93	4,454	15.7	2.01	58.17
Florida	3,060	13.6	1.58	34.62	3,477	11.9	1.30	34.48
Georgia	2,766	14.7	1.74	33.84	3,557	12.4	1.37	36.61
Idaho	2,498	15.9	1.77	33.01	2,751	13.4	1.45	30.70
Illinois	3,216	17.6	2.14	47.13	3,673	15.6	1.72	47.73
Indiana	2,740	16.4	2.04	37.43	2,736	14.0	1.60	31.86
Iowa	2,519	16.9	2.07	35.42	3,014	13.3	1.42	33.49
Kansas	2,662	16.0	1.82	35.46	2,611	13.4	1.37	29.20
Kentucky	2,597	17.7	2.17	38.41	3,500	14.9	1.80	43.50
Louisiana	2,696	14.9	1.70	33.38	3,186	11.9	1.41	31.52
Maine	2,463	15.9	1.89	32.59	2,766	12.1	1.32	27.82
Maryland	2,932	18.3	2.20	44.61	3,374	15.7	1.76	44.24
Massachusetts	3,109	18.0	1.97	46.52	3,698	16.2	1.69	50.06
Michigan	2,860	18.9	2.11	45.05	3,364	16.1	1.64	45.07
Minnesota	2,721	18.3	2.03	41.30	2,994	15.7	1.63	39.29
Mississippi	2,607	12.5	1.57	27.21	3,197	12.0	1.14	31.96
Missouri	2,726	16.9	2.01	38.48	3,052	14.2	1.53	30.02
Montana	2,970	16.3	1.79	40.39	3,145	15.0	1.43	39.25
Nebraska	2,508	18.6	2.06	38.93	2,740	14.4	1.52	32.92
Nevada	3,396	16.1	1.65	45.64	3,981	12.4	1.25	41.00
New Hampshire	2,637	18.1	2.01	39.80	2,898	16.1	1.68	38.89
New Jersey	3,338	17.0	1.93	47.25	3,628	14.5	1.58	43.98
New Mexico	3,070	14.1	1.55	36.10	3,562	12.3	1.29	36.57
New York	3,287	17.7	1.90	48.59	4,300	15.1	1.54	54.34
North Carolina	2,920	15.4	1.76	37.39	3,252	12.7	1.41	34.49
North Dakota	2,711	17.4	1.82	39.39	2,546	15.2	1.42	32.18
Ohio	2,982	19.1	2.29	47.54	3,084	15.5	1.83	39.96
Oklahoma	2,593	14.8	1.78	32.04	3,300	13.4	1.44	36.79
Oregon	2,615	15.2	1.78	33.12	2,714	13.8	1.44	31.10
Pennsylvania	2,982	18.0	2.12	44.62	2,886	16.1	1.70	38.82
Rhode Island	2,900	17.2	2.06	41.64	2,955	16.0	1.92	39.42
South Carolina	2,757	15.7	1.78	35.99	3,107	13.0	1.52	33.71
South Dakota	2,755	17.7	1.85	40.75	2,381	14.3	1.31	28.42
Tennessee	2,495	16.3	1.86	33.96	3,091	14.8	1.54	38.19
Texas	2,705	15.5	1.67	34.89	3,193	13.0	1.35	34.63
Utah	2,477	17.9	2.02	36.96	2,910	14.7	1.56	35.70
Vermont	2,041	16.1	1.98	27.40	2,370	14.7	1.05	28.98
Virginia	2,688	16.7	2.12	37.32	3,338	13.5	1.69	37.53
Washington	2,708	15.4	1.85	34.82	2,747	14.2	1.53	32.50
West Virginia	2,911	15.7	1.98	38.11	3,247	13.3	1.65	36.06
Wisconsin	2,768	20.1	2.25	46.28	3,351	16.6	1.79	46.30
Wyoming	2,408	16.6	1.93	33.38	2,221	13.6	1.55	25.21
Alaska	4,105	14.2	1.75	48.42	2,864	14.5	1.73	34.03
Hawaii	2,950	17.8	1.71	43.65	3,501	14.5	1.43	42.40
Total	2,899	16.8	1.91	40.66	3,214	14.6	1.59	39.07
Metropolitan area								
New York-NE. N. J.	3,345	17.7	1.91	49.25	4,188	15.1	1.57	52.72
Chicago, Ill.	3,331	17.8	2.18	49.43	3,827	15.9	1.75	50.68
Philadelphia, Pa.	2,908	17.5	2.04	42.37	2,685	15.9	1.62	35.52
Los Angeles, Calif.	2,964	16.3	1.76	40.38	3,604	13.4	1.44	40.13
Boston, Mass.	3,221	17.8	1.97	47.86	3,943	16.3	1.70	53.49
Detroit, Mich.	2,838	19.1	2.12	45.06	3,558	16.5	1.67	49.06
Pittsburgh, Pa.	3,266	18.4	2.16	50.20	3,705	15.9	1.73	48.94
St. Louis, Mo.	2,770	17.7	2.12	40.93	3,310	14.9	1.67	40.98
San Francisco, Calif.	2,939	16.8	2.01	41.13	3,183	15.1	1.76	40.13
Cleveland, Ohio	3,486	19.9	2.27	57.72	3,502	16.2	1.83	47.38
Providence, R. I.	2,896	17.1	2.03	41.29	2,892	15.8	1.89	38.08
Baltimore, Md.	2,886	18.2	2.19	43.85	3,193	16.0	1.68	42.50
Minneapolis, Minn.	2,743	18.8	2.08	42.92	2,974	16.0	1.67	39.74
Buffalo, N. Y.	2,735	18.3	2.10	41.72	3,005	16.3	1.72	40.71
Cincinnati, Ohio	2,534	20.7	2.56	43.62	2,776	19.1	2.38	44.09
Milwaukee, Wis.	2,932	20.3	2.29	49.67	3,379	17.8	1.88	50.13
Scranton, Pa.	(3)	(3)	(3)	(3)	2,256	17.1	1.70	32.16
Washington, D. C.	3,009	17.8	2.19	44.63	4,229	14.8	1.89	52.21
Kansas City, Mo.	2,904	16.4	1.95	39.71	3,254	13.7	1.37	37.02
New Orleans, La.	2,921	15.6	1.85	37.99	5,144	10.8	1.23	46.23
Hartford, Conn.	2,747	18.5	2.22	42.42	2,624	17.4	2.02	38.08
Albany, N. Y.	3,629	18.1	2.04	54.87	4,020	16.1	1.75	53.80
Seattle, Wash.	2,714	15.8	1.94	35.64	2,818	14.3	1.56	33.52
Indianapolis, Ind.	3,162	15.8	1.92	41.51	3,143	14.6	1.62	38.15

See footnotes at end of table.

Metropolitan area	New homes: Borrower's annual income	New homes: Percent of income used for gross payment [1]	New homes: Ratio valuation to income [2]	New homes: Average gross monthly payment [1]	Existing homes: Borrower's annual income	Existing homes: Percent of income used for gross payment [1]	Existing homes: Ratio valuation to income [2]	Existing homes: Average gross monthly payment [1]
Louisville, Ky.	$2,765	18.0	2.17	$41.49	$4,067	15.1	1.80	$51.13
Springfield, Mass.	2,975	17.7	1.95	43.85	2,875	17.7	1.92	42.49
Rochester, N. Y.	2,792	17.8	2.09	41.44	2,967	20.7	1.88	51.14
Birmingham, Ala.	3,379	14.5	1.66	40.85	3,581	12.7	1.44	37.82
Portland, Oreg.	2,667	15.1	1.79	33.53	2,766	13.6	1.46	31.50
Atlanta, Ga.	3,226	15.5	1.84	41.62	3,763	13.7	1.52	43.04
Youngstown, Ohio	2,964	19.5	2.21	48.27	3,313	14.7	1.65	40.61
Akron, Ohio	3,875	17.7	2.16	57.22	3,100	14.1	1.67	36.46
Toledo, Ohio	2,822	18.7	2.34	44.01	2,814	16.5	1.94	38.76
Columbus, Ohio	2,920	18.6	2.33	45.40	3,009	14.1	1.80	35.25
Houston, Tex.	2,707	15.9	1.75	37.11	4,080	12.5	1.29	42.53
Lowell, Mass.	2,924	17.7	1.96	43.23	3,496	13.7	1.31	39.78
Denver, Colo.	2,767	18.5	1.95	42.63	2,720	17.3	1.76	39.29
Allentown, Pa.	3,380	17.4	2.20	49.11	2,961	17.6	1.82	43.40
Dallas, Tex.	2,604	15.4	1.71	33.33	2,865	13.8	1.59	32.96
Worcester, Mass.	2,789	20.3	2.11	47.15	5,691	13.5	1.38	64.00
New Haven, Conn.	3,073	17.7	2.16	45.25	3,020	16.3	1.89	41.00
San Antonio, Tex.	2,638	15.5	1.79	34.04	3,315	13.8	1.48	38.14
Memphis, Tenn.	2,591	16.5	1.90	35.71	3,450	14.6	1.46	42.14
Omaha, Nebr.	2,458	20.3	2.27	41.53	2,736	15.1	1.59	34.47
Norfolk, Va.	2,657	16.3	1.98	36.06	3,263	13.1	1.56	35.62
Dayton, Ohio	2,952	16.5	1.96	40.67	2,862	16.3	1.90	38.85
Syracuse, N. Y.	3,707	16.9	1.97	52.12	2,872	17.7	1.95	42.33
Richmond, Va.	2,640	17.4	2.25	38.22	3,728	13.3	1.62	41.37
Nashville, Tenn.	2,631	16.3	1.89	35.66	2,930	14.9	1.64	36.45
Grand Rapids, Mich.	3,076	18.2	2.06	46.65	3,459	15.1	1.64	43.64
Bridgeport, Conn.	3,587	15.8	1.94	47.18	3,602	16.0	1.90	48.10
Oklahoma City, Okla.	2,534	15.7	1.92	33.23	3,407	13.9	1.54	39.54
Canton, Ohio	3,032	17.6	2.21	44.59	3,311	15.1	1.77	41.69
Utica, N. Y.	2,730	18.7	2.21	42.50	2,733	15.4	1.60	35.00
Wheeling, W. Va.	2,293	18.6	2.35	35.56	3,530	12.8	1.49	37.80
Trenton, N. J.	3,010	17.7	2.16	44.29	3,791	12.8	1.37	40.36
Salt Lake City, Utah	2,613	17.4	1.97	37.94	3,047	15.0	1.60	38.08
Tulsa, Okla.	3,132	14.5	1.70	37.91	3,895	14.1	1.44	45.87
San Diego, Calif.	2,666	17.1	1.80	38.09	2,776	15.1	1.62	34.93
Flint, Mich.	3,294	17.1	1.90	46.81	2,623	14.8	1.60	32.29
Fort Worth, Tex.	2,603	16.0	1.62	34.72	2,927	13.1	1.24	31.90
Reading, Pa.	2,727	17.6	2.24	40.08	2,196	16.8	1.81	30.73
Tampa, Fla.	2,542	13.4	1.50	28.30	2,965	11.4	1.21	28.15
Chattanooga, Tenn.	2,648	15.1	1.73	33.31	3,343	15.2	1.50	42.36
Wilmington, Del.	2,606	18.6	2.34	40.34	2,738	16.2	1.94	36.92
Huntington, W. Va.	2,761	16.2	2.14	37.31	3,070	14.9	1.94	38.02
Harrisburg, Pa.	2,705	19.3	2.35	43.60	3,773	16.4	1.72	51.50
Des Moines, Iowa	2,757	16.5	1.98	37.98	3,527	13.1	1.38	38.35
Duluth, Minn.	4,345	14.5	1.58	52.57	3,113	16.7	1.65	43.30
Davenport, Iowa	2,322	17.6	2.14	34.00	3,005	15.3	1.58	38.39
Jacksonville, Fla.	2,794	13.7	1.74	31.79	3,280	11.5	1.40	31.39
Johnstown, Pa.	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Tacoma, Wash.	2,574	15.8	1.85	33.87	2,842	13.3	1.37	31.56
South Bend, Ind.	2,626	17.6	2.33	38.52	2,470	15.2	1.75	31.19
Peoria, Ill.	2,643	18.0	2.19	39.54	3,443	15.7	1.80	45.00
Waterbury, Conn.	2,739	18.3	2.12	41.76	(3)	(3)	(3)	(3)
Knoxville, Tenn.	2,548	16.0	1.78	34.06	2,983	14.5	1.48	36.05
Racine, Wis.	3,322	18.6	1.99	51.44	3,063	15.5	1.75	39.59
Miami, Fla.	3,188	13.8	1.56	36.56	4,248	11.7	1.27	41.26
Binghamton, N. Y.	2,767	18.6	2.08	42.94	3,191	15.5	1.60	41.30
Erie, Pa.	2,449	18.3	2.13	37.41	2,858	12.7	1.51	30.31
Spokane, Wash.	2,548	15.5	1.79	32.86	2,611	14.4	1.47	31.34
Sacramento, Calif.	2,566	17.4	1.99	37.27	2,703	14.9	1.66	34.67
Fort Wayne, Ind.	3,090	16.3	2.03	42.07	2,419	14.3	1.68	28.82
Lancaster, Pa.	2,273	19.6	2.53	37.21	(3)	(3)	(3)	(3)
Evansville, Ind.	2,388	17.3	2.17	34.39	3,436	12.2	1.37	35.05
Wichita, Kans.	2,666	15.4	1.76	34.28	2,918	14.1	1.40	34.58
El Paso, Tex.	2,692	16.1	1.84	36.15	3,177	13.4	1.45	35.60
Altoona, Pa.	(3)	(3)	(3)	(3)	2,800	13.6	1.50	31.65
Little Rock, Ark.	3,174	14.3	1.66	37.87	3,057	13.6	1.40	34.54
Charleston, W. Va.	3,094	15.7	1.96	40.44	3,613	13.1	1.57	39.29
Savannah, Ga.	2,683	15.1	1.72	33.72	3,696	13.8	1.50	42.36
San Jose, Calif.	2,432	17.2	2.03	34.88	2,475	14.8	1.69	30.61
Rockport, Ill.	2,259	19.0	2.41	35.72	2,597	17.1	2.15	36.98
Roanoke, Va.	2,506	18.0	2.32	37.40	2,806	13.8	1.83	33.08
Atlantic City, N. J.	3,964	13.4	1.46	44.24	4,298	10.7	1.00	38.37
Total, 96 areas	2,978	17.2	1.96	42.74	3,354	15.0	1.63	41.82
Remainder outside	2,690	15.7	1.79	35.11	2,848	13.5	1.46	31.94
Total	2,899	16.8	1.91	40.66	3,214	14.6	1.59	39.07

[1] Gross payment includes amortization of principal, interest, mortgage insurance premium, taxes, water rent, special assessments, and hazard insurance.
[2] Includes FHA valuation of house, all other physical improvements, and land.
[3] Calculations not shown because the base includes less than 5 cases.

F. Characteristics of Dwellings.

The average new single-family home accepted for insurance in 1938 was valued at $5,530, was built on land valued at $785, and contained five rooms, and four of five of the homes had at least one garage. Property valuation, land valuation, size, and certain other property attributes such as type of exterior material of construction are treated in the succeeding pages.

Number of family units and Federal Housing Administration valuation of dwellings.—Of the mortgages on new one- to four-family homes accepted for Federal Housing Administration insurance in 1938, almost 98 percent were secured by single-family dwellings. Relatively fewer single-family homes were numbered among the existing homes than among the new homes.

Average property valuation increased with the number of dwelling units under the mortgage. However, this upward progression was not at a uniform rate. In fact, average three-family, new properties were valued only about $650 above two-family properties. The three-family existing dwellings were valued slightly higher than the new ones of the same size. Otherwise the average value of new dwellings exceeded that of existing dwellings for each category. The 1938 average valuation for all new one- to four-family structures was $5,587, and for existing structures the average was $5,179, including valuation of house, all other physical improvements, and land.

TABLE 36.—**Size and FHA valuation of dwellings:** *Mortgages accepted for insurance, 1938*

Type of dwelling	Percent of mortgages [1]			Average property valuation [2]		
	New	Existing	Total	New	Existing	Total
1-family	97.6	92.5	95.9	$5,530	$5,069	$5,383
2-family	1.8	6.4	3.3	7,310	6,140	6,572
3-family	.2	.6	.4	7,979	8,386	8,227
4 family	.4	.5	.4	11,375	9,545	10,623
Total	100.0	100.0	100.0	5,587	5,179	5,452

[1] Of the total dwelling units involved, 91 percent are single-family dwellings and 9 percent represent 2-to 4-family dwellings.
[2] Includes FHA valuation of the house, other physical improvements, and land.

FHA valuation of single-family homes.—Over two-fifths of the new, single-family homes which Federal Housing Administration accepted for insurance in 1938 were valued at less than $5,000, over four-fifths at less than $7,000, and only 2 percent at $12,000 or more. With existing homes, almost three-fifths were valued at less than $5,000, but proportionately more existing than new homes were valued at more than $10,000. New homes are defined as those constructed under Federal Housing Administration inspection or not more than 12 months old at time of acceptance of application for Federal Housing Administration mortgage insurance.

The average Federal Housing Administration appraised value of new, single-family homes in 1938 was $5,530. Average valuation has declined steadily since 1935, when it was about $6,450, or $920 higher. In interpreting this sharp decline, it must be remembered that, first, the number of rooms also declined; second, these figures represent the Federal Housing Administration valuation rather than the actual cost of construction; and third, Federal Housing Administration has encouraged construction of small homes by offering a smaller down payment, a higher loan to value ratio, and a longer mortgage term. For existing homes, the drop in average Federal Housing Administration valuation of about $220 was not nearly so great as was that for new. In 1938 the average Federal Housing Administration valuation of existing homes was $5,069.

Table 38 shows a percentage distribution by value groups of new and existing homes for States and metropolitan areas.

TABLE 37.—**Property valuation:** *Percent distribution and cumulation of mortgages accepted for insurance on new, existing, and total, single family homes, 1938*

Property valuation [1]	Percent distribution 1938 homes			Property valuation [1]	Percent cumulation 1938 homes		
	New	Existing	Total		New	Existing	Total
Less than $2,000	0.1	1.9	0.7	Less than $2,000	0.1	1.9	0.7
$2,000 to $2,999	3.7	12.0	6.3	Less than $3,000	3.8	13.9	7.0
$3,000 to $3,999	15.2	22.6	17.5	Less than $4,000	19.0	36.5	24.5
$4,000 to $4,999	23.5	21.4	22.9	Less than $5,000	42.5	57.9	47.4
$5,000 to $5,999	22.8	15.5	20.5	Less than $6,000	65.3	73.4	67.9
$6,000 to $6,999	17.9	10.1	15.4	Less than $7,000	83.2	83.5	83.3
$7,000 to $7,999	7.5	6.1	7.0	Less than $8,000	90.7	89.6	90.3
$8,000 to $9,999	5.7	5.0	5.6	Less than $10,000	96.4	94.6	95.9
$10,000 to $11,999	1.8	2.4	2.0	Less than $12,000	98.2	97.0	97.9
$12,000 to $14,999	1.0	1.6	1.2	Less than $15,000	99.2	98.6	99.1
$15,000 or more	.8	1.4	.9	All groups	100.0	100.0	100.0
Total	100.0	100.0	100.0				
Average valuation:				Median valuation:			
1938	$5,530	$5,069	$5,383	1938	$5,326	$4,602	$5,123
1937 [2]	5,978	5,170	5,453	1937 [2]	5,467	4,705	4,994
1936 [2]	6,255	5,244	5,499	1936 [2]	5,625	4,673	4,893
1935 [2]	6,450	5,290	5,640	1935 [2]	5,800	4,640	4,990

[1] Federal Housing Administration valuation includes value of house, all other physical improvements, and land.
[2] Computations for existing and total homes are based on premium paying mortgages.

CHART 15

FHA PROPERTY VALUATION OF NEW SINGLE FAMILY HOMES

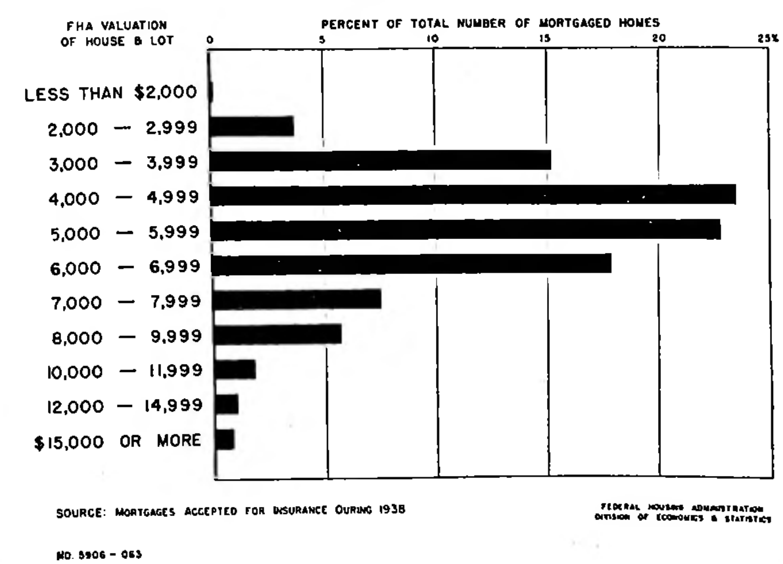


TABLE 38.—**Valuation of homes in States and metropolitan areas:** *Percent distribution of mortgages accepted for insurance on single-family homes, April-October 1938*

State	Percent of new homes with property valuation [1] of—				Percent of existing homes with property valuation [1] of—			
	Less than $4,000	$4,000 to $5,999	$6,000 to $9,999	$10,000 or more	Less than $4,000	$4,000 to $5,999	$6,000 to $9,999	$10,000 or more
Alabama	36	41	21	2	45	36	15	4
Arizona	40	45	11	4	54	27	17	2
Arkansas	59	28	11	2	66	30	3	1
California	21	53	23	3	35	39	21	5
Colorado	24	50	24	2	45	37	16	2
Connecticut	3	45	44	8	20	38	31	11
Delaware	5	55	34	6	18	61	18	3
District of Columbia	----	42	51	7	----	8	63	29
Florida	39	41	16	4	52	30	13	5
Georgia	38	41	19	2	41	37	18	4
Idaho	47	42	9	2	58	32	9	1
Illinois	7	36	45	12	18	37	34	11
Indiana	15	51	31	3	51	35	12	2
Iowa	16	61	21	2	49	36	13	2
Kansas	32	46	21	1	69	23	7	1
Kentucky	21	35	39	5	29	28	33	10
Louisiana	43	38	18	1	49	32	15	4
Maine	34	41	24	1	66	23	10	1
Maryland	4	41	49	6	19	38	35	8
Massachusetts	4	44	48	4	15	42	33	10
Michigan	2	53	42	3	27	41	25	7
Minnesota	8	60	31	1	35	44	19	2
Mississippi	51	41	8	(2)	69	22	8	1
Missouri	15	50	31	4	48	31	17	4
Montana	11	60	28	1	34	48	18	----
Nebraska	23	51	25	1	55	33	11	1
Nevada	17	44	37	2	31	44	22	3
New Hampshire	19	56	23	2	48	30	13	9
New Jersey	2	39	54	5	21	43	30	6
New Mexico	36	48	15	1	43	45	6	6
New York	3	44	49	4	15	37	35	13
North Carolina	32	39	25	4	42	38	16	4
North Dakota	24	52	24	----	62	34	4	----
Ohio	3	34	53	10	18	47	29	6
Oklahoma	44	37	17	2	49	32	15	4
Oregon	40	45	14	1	61	29	9	1
Pennsylvania	4	49	41	6	41	33	20	6
Rhode Island	6	53	37	4	11	56	31	2
South Carolina	27	52	19	2	39	42	17	2
South Dakota	18	54	27	1	74	21	5	----
Tennessee	37	44	17	2	38	44	15	3
Texas	44	39	15	2	56	27	14	3
Utah	28	52	18	2	47	42	7	4
Vermont	46	36	16	2	55	33	10	2
Virginia	14	49	34	3	26	33	36	5
Washington	30	48	20	2	57	30	11	2
West Virginia	14	50	32	4	30	34	32	4
Wisconsin	6	49	39	6	16	48	27	9
Wyoming	27	54	19	----	64	31	5	----
Alaska	5	32	37	26	25	50	25	----
Hawaii	35	38	22	5	50	28	17	5
Total	19	46	31	4	37	37	21	5
Metropolitan area								
New York-NE. N. J.	1	41	54	4	8	43	38	11
Chicago, Ill	2	33	51	14	10	40	37	13
Philadelphia, Pa	5	60	31	4	53	30	14	3
Los Angeles, Calif	22	54	21	3	40	34	20	6
Boston, Mass	3	36	57	4	10	42	35	13
Detroit, Mich	1	53	43	3	21	41	29	9
Pittsburgh, Pa	2	29	60	9	15	40	35	10
St. Louis, Mo	4	55	36	5	29	39	25	7
San Francisco, Calif	8	52	37	3	22	45	27	6
Cleveland, Ohio	----	17	67	16	10	45	36	9
Providence, R. I	6	54	37	3	11	56	32	1
Baltimore, Md	4	46	44	6	24	41	30	5
Minneapolis, Minn	4	60	35	1	35	43	20	2
Buffalo, N. Y	9	53	34	4	24	46	27	3
Cincinnati, Ohio	6	35	53	6	4	36	51	9
Milwaukee, Wis	2	40	50	8	8	48	34	10
Scranton, Pa	(3)	(3)	(3)	(3)	52	44	4	----
Washington, D. C	1	41	52	6	----	22	59	19
Kansas City, Mo	8	51	39	2	52	29	17	2
New Orleans, La	11	61	26	2	31	22	30	17
Hartford, Conn	2	49	45	4	38	28	29	5
Albany, N. Y	----	26	61	13	6	35	47	12
Seattle, Wash	23	49	25	3	53	32	12	3

See footnotes at end of table.

TABLE 38.—**Valuation of homes in States and metropolitan areas:** *Percent distribution of mortgages accepted for insurance on single-family homes, April-October 1938*—Continued

Metropolitan area	Percent of new homes with property valuation [1] of—				Percent of existing homes with property valuation [1] of—			
	Less than $4,000	$4,000 to $5,999	$6,000 to $9,999	$10,000 or more	Less than $4,000	$4,000 to $5,999	$6,000 to $9,999	$10,000 or more
Indianapolis, Ind	5	51	38	6	38	40	18	4
Louisville, Ky	11	39	45	5	14	32	41	13
Springfield, Mass	2	64	29	5	26	43	26	5
Rochester, N. Y	3	58	38	1	44	25	19	12
Birmingham, Ala	19	46	31	4	29	47	17	7
Portland, Oreg	31	53	15	1	58	30	11	1
Atlanta, Ga	24	46	27	3	27	45	24	4
Youngstown, Ohio	3	44	46	7	24	49	22	5
Akron, Ohio	----	23	53	24	29	43	25	3
Toledo, Ohio	1	34	61	4	17	50	29	4
Columbus, Ohio	1	30	56	13	17	52	26	5
Houston, Tex	34	43	20	3	32	44	18	6
Lowell, Mass	----	53	47	----	40	40	20	----
Denver, Colo	21	51	26	2	36	42	19	3
Allentown, Pa	9	36	44	11	34	41	16	9
Dallas, Tex	41	46	12	1	50	23	27	----
Worcester, Mass	3	50	44	3	----	17	83	----
New Haven, Conn	3	31	63	3	9	53	35	3
San Antonio, Tex	47	33	16	4	46	22	23	9
Memphis, Tenn	33	44	19	4	32	46	18	4
Omaha, Nebr	10	52	36	2	50	36	13	1
Norfolk, Va	21	45	33	1	42	30	26	2
Dayton, Ohio	2	63	29	6	14	62	19	5
Syracuse, N. Y	----	41	47	12	12	38	50	----
Richmond, Va	7	50	41	2	17	38	37	8
Nashville, Tenn	30	45	22	3	31	53	14	2
Grand Rapids, Mich	5	50	35	10	20	44	27	9
Bridgeport, Conn	2	45	42	11	12	43	30	15
Oklahoma City	42	33	22	3	28	42	26	4
Canton, Ohio	4	31	61	4	9	49	33	9
Utica, N. Y	11	42	42	5	40	40	20	----
Wheeling, W. Va	3	72	23	2	20	50	20	10
Trenton, N. J	2	27	67	4	26	54	15	5
Salt Lake City	28	50	20	2	39	47	9	5
Tulsa, Okla	12	63	22	3	40	39	12	9
San Diego, Calif	38	44	16	2	46	34	18	2
Flint, Mich	9	46	38	7	53	38	9	----
Fort Worth, Tex	62	24	12	2	68	24	8	----
Reading, Pa	----	54	40	6	54	35	11	----
Tampa, Fla	44	45	8	3	69	24	7	----
Chattanooga, Tenn	32	53	13	2	28	53	17	2
Wilmington, Del	6	52	35	7	18	56	22	4
Huntington, W. Va	10	50	34	6	19	34	42	5
Harrisburg, Pa	3	40	54	3	12	38	38	12
Des Moines, Iowa	13	57	26	4	38	40	18	4
Duluth, Minn	----	33	61	6	22	56	22	----
Davenport, Iowa	19	69	11	1	29	58	13	----
Jacksonville, Fla	40	38	18	4	59	29	7	5
Johnstown, Pa	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Tacoma, Wash	33	45	20	2	63	23	13	1
South Bend, Ind	2	54	42	2	51	35	12	2
Peoria, Ill	5	60	35	----	13	39	35	13
Waterbury, Conn	6	70	21	3	(3)	(3)	(3)	(3)
Knoxville, Tenn	34	49	17	----	45	36	17	2
Racine, Wis	4	48	41	7	9	71	17	3
Miami, Fla	35	45	16	4	35	36	20	9
Binghamton, N. Y	6	63	28	3	28	53	16	3
Erie, Pa	11	66	20	3	54	22	22	2
Spokane, Wash	38	50	10	2	65	26	9	----
Sacramento, Calif	25	54	20	1	43	36	19	2
Fort Wayne, Ind	5	45	46	4	56	37	6	1
Lancaster, Pa	----	55	45	----	(3)	(3)	(3)	(3)
Evansville, Ind	29	44	25	2	42	29	29	----
Wichita, Kans	39	41	19	1	58	28	14	----
El Paso, Tex	15	68	17	----	60	20	20	----
Altoona, Pa	(3)	(3)	(3)	(3)	35	59	6	----
Little Rock, Ark	42	36	12	10	52	38	7	3
Charleston, W. Va	10	48	36	6	27	27	39	7
Savannah, Ga	30	51	19	----	46	27	9	18
San Jose, Calif	23	62	14	1	45	49	5	1
Rockford, Ill	12	62	24	2	14	55	26	5
Roanoke, Va	9	48	42	1	30	26	44	----
Atlantic City, N. J	----	48	52	----	65	23	9	3
Total, 96 areas	13	47	36	4	30	39	25	6
Remainder outside	35	44	19	2	55	31	12	2
Total	19	46	31	4	37	37	21	5

[1] Property value includes valuation of house, all other physical improvements, and land.
[2] Less than 0.5 percent. [3] Calculations not shown because the base includes less than 5 cases.

Number of rooms.—Almost half of the new homes accepted for Federal Housing Administration insurance in 1938 were five-room houses, over nine-tenths contained four to six rooms, and less than 1 percent had more than eight rooms. Most numerous in the existing home category, however, were the six-room houses; four-fifths of all were five- to seven-room houses; and 6 percent had nine or more rooms.

One of the more obvious methods by which new-home buyers might meet the valuation requirement of less than $6,000, which would enable them to enjoy the more favorable terms of a lower insurance premium, a higher loan-to-value ratio, and a longer mortgage duration, was to buy smaller homes. It is not surprising, therefore, to find that the average number of rooms in new homes diminished from 5.8 in 1936 to 5.3 in 1938. The average number of rooms in existing homes accepted for Federal Housing Administration insurance was materially higher than the average for new; the averages are 6.1 and 5.3, respectively.

TABLE 39.—**Number of rooms:** *Percent distribution and cumulation of mortgages accepted for insurance on new, existing, and total, single-family homes, 1938*

Number of rooms	Percent distribution 1938 homes			Number of rooms	Percent cumulation 1938 homes		
	New	Existing	Total		New	Existing	Total
3 or less	0.8	0.6	0.8	3 or less	0.8	0.6	0.8
4	13.8	6.0	11.3	4 or less	14.6	6.6	12.1
5	48.2	30.0	42.4	5 or less	62.8	30.6	54.5
6	28.4	33.2	29.9	6 or less	91.2	69.8	84.4
7	6.5	17.0	9.8	7 or less	97.7	86.8	94.2
8	1.6	7.6	3.5	8 or less	99.3	94.4	97.7
9 or more	.7	5.6	2.3	All groups	100.0	100.0	100.0
Total	100.0	100.0	100.0				
Average number of rooms:				Median number of rooms:			
1938	5.3	6.1	5.6	1938	4.7	5.4	4.9
1937	5.5	(1)	(1)	1937	5.1	(1)	(1)
1936	5.8	(1)	(1)	1936	5.4	(1)	(1)
1935	(1)	(1)	(1)	1935	(1)	(1)	(1)

[1] Data not available.

Number of rooms and property valuation.—Examination of table 40 suggests that number of rooms is an important factor in the cost of a house. Over three-fourths of the new homes valued at less than $2,000 contained 4 rooms or less; of the $5,000 to $5,999 homes only 11 percent had 4 rooms or less and 5-room houses predominated; but with houses valued above $15,000, over 90 percent had 7 or more rooms. For existing homes valued below $2,000, less than a third were of the 4-room or smaller style; and for those homes which were valued at $5,000 to $5,999, nearly three-fourths contained 6 or more rooms.

TABLE 40.—**Rooms and property valuation groups:** *Percent distribution of mortgages accepted for insurance on new and existing, single-family homes, 1938*

Property valuation [1]	Percent distribution of new homes				Percent distribution of existing homes			
	4 rooms or less	5 rooms	6 rooms	7 rooms or more	4 rooms or less	5 rooms	6 rooms	7 rooms or more
Less than $2,000	77.5	18.0	4.5	....	31.9	38.7	18.1	11.3
$2,000 to $2,999	48.7	46.8	4.1	0.4	23.7	42.1	22.9	11.3
$3,000 to $3,999	31.5	58.0	8.6	1.0	9.6	43.2	31.3	15.9
$4,000 to $4,999	20.4	60.2	17.4	2.0	3.2	36.7	37.6	22.5
$5,000 to $5,999	10.7	55.9	29.4	4.0	1.4	26.6	41.9	30.1
$6,000 to $6,999	3.8	45.3	42.6	8.3	.4	17.1	40.7	41.8
$7,000 to $7,999	1.2	24.3	55.4	19.1	.3	7.9	36.7	55.1
$8,000 to $9,999	.4	10.8	56.7	32.1	.2	3.9	28.3	67.6
$10,000 to $11,999	.1	3.9	40.8	55.2	.3	1.4	19.8	78.5
$12,000 to $14,999	.2	1.3	25.7	72.8	....	.4	9.8	89.8
$15,000 or more	.2	.2	6.7	92.0	.3	....	3.3	96.4
All groups	14.6	48.2	28.4	8.8	6.6	30.0	33.2	30.2
Median property valuation	$4,145	$4,952	$6,252	$7,954	$2,946	$3,942	$4,798	$6,103

[1] Includes Federal Housing Administration valuation of house, all other physical improvements, and land.

Garage capacity and Federal Housing Administration property valuation.—Four of every five new homes securing insured mortgages in 1938 had garages; almost 3 in 10 properties had garages of 2 or more car capacity. As would be expected, fewer of the less expensive homes had garages. Among homes valued at less than $2,000, only 2 out of 5 had any garage; 1 in every 100 properties had garages of 2 or more car capacity. In the $5,000 to $5,999 home category, 3 out of 4 of the homes had garages; 1 in 4 had 2 or more car capacity. Of homes valued at $15,000 or more, only 1 in every 100 properties had no garage; and over 4 in 5 have 2 or more car capacity.

Although about the same proportion of existing homes as of new homes have 1-car garages, more have 2 or more car capacity. Relatively fewer of the existing homes than new homes are without garages, 13 and 20 percent, respectively.

TABLE 41.—**Garage capacity and property valuation groups:** *Percent distribution of mortgages accepted for insurance on new and existing, single-family homes, 1938*

Property valuation [1]	Percent distribution of new homes				Percent distribution of existing homes			
	No garage	1-car garage	2 or more car garage	Total	No garage	1-car garage	2 or more car garage	Total
Less than $2,000	58.4	40.5	1.1	100	33.6	54.6	11.8	100
$2,000 to $2,999	31.7	62.0	6.3	100	21.3	61.9	16.8	100
$3,000 to $3,999	21.8	55.6	22.6	100	16.7	59.2	24.1	100
$4,000 to $4,999	22.5	48.5	29.0	100	12.1	54.9	33.0	100
$5,000 to $5,999	24.1	50.6	25.3	100	10.1	49.7	40.2	100
$6,000 to $6,999	18.8	55.4	25.8	100	7.3	46.2	46.5	100
$7,000 to $7,999	10.2	56.4	33.4	100	6.8	38.0	55.2	100
$8,000 to $9,999	8.0	48.9	43.1	100	4.4	33.4	62.2	100
$10,000 to $11,999	5.3	39.4	55.3	100	4.4	26.1	69.5	100
$12,000 to $14,999	2.9	32.3	64.8	100	3.0	17.7	79.3	100
$15,000 or more	.9	15.9	83.2	100	1.1	18.3	80.6	100
All groups	20.0	51.8	28.2	100	12.7	51.2	36.1	100
Median valuation	$5,038	$5,329	$5,628	$5,326	$3,828	$4,201	$5,533	$4,602

[1] Includes Federal Housing Administration valuation of house, all other physical improvements, and land.

Exterior material and average Federal Housing Administration valuation.—On almost two-fifths of the new homes wood was used as the material of exterior construction, and the great bulk of these were of clapboard. Brick homes were also numerous, three-tenths of the new home total. These were mostly brick veneer. Stucco singly, or in its several combinations, constituted the third most important exterior material, with a total of one-fifth of all new homes. Although the same general relationships obtain for the materials of exterior construction of existing homes, there are more frame, fewer brick, and fewer stone houses.

Type of exterior material exerts an important influence on the price of the property. This is evident from table 42.

TABLE 42.—**Type of exterior material and average valuation:** *Percent distribution and average valuation of mortgages accepted for insurance on new, existing, and total, single-family homes, 1938*

Type of exterior material	Percent distribution of homes			Average valuation [1] of homes		
	New	Existing	Total	New	Existing	Total
Wood:						
Clapboard [2]	33.8	43.2	36.9	$4,661	$4,131	$4,463
Shingles [3]	5.1	10.6	6.8	5,743	5,089	5,419
Total	38.9	53.8	43.7	4,802	4,321	4,613
Brick [4] on:						
Masonry [5]	10.0	9.1	9.7	6,490	5,867	6,304
Wood	19.6	10.2	16.6	6,516	6,571	6,526
Total	29.6	19.3	26.3	6,507	6,238	6,444
Stucco [6] on:						
Masonry [5]	2.7	1.8	2.3	5,490	5,764	5,562
Wood	11.9	16.7	13.5	5,099	5,485	5,252
Total	14.6	18.5	15.8	5,171	5,511	5,298
Stucco in combination [7] on:						
Masonry [5]	.2	.3	.2	6,146	7,452	6,872
Wood	8.0	4.9	7.1	5,838	6,372	5,955
Total	8.2	5.2	7.3	5,843	6,443	5,981
Stone [8] on:						
Masonry [5]	.4	.1	.3	6,425	7,973	6,729
Wood	3.1	1.2	2.5	6,950	7,752	7,071
Total	3.5	1.3	2.8	6,902	7,779	7,038
Other:						
Asbestos shingles [9]	5.0	1.6	3.8	5,009	4,186	4,902
Metal siding [10]	(11)	(11)	(11)	6,400	12,500	6,849
Prefabrication	.1	(11)	.1	4,995	4,480	4,927
All other	.1	.3	.2	5,397	5,353	5,381
Total	5.2	1.9	4.1	5,029	4,349	4,933
Grand total	100.0	100.0	100.0	5,530	5,069	5,383

[1] Includes Federal Housing Administration valuation of house, all other physical improvements, and land.
[2] Includes also weather board and beveled, novelty, tongue and grove, ship-lap and other board sidings.
[3] Includes also shingles in combination with any type of board siding.
[4] Includes brick and the small number of brick and wood in exterior combination.
[5] Includes both stone and block or tile.
[6] Includes stucco and similar materials, such as cement, applied as an exterior plaster.
[7] Includes wood, brick, or stone in exterior combination with stucco.
[8] Includes stone exclusively or in exterior combination with wood or brick.
[9] Includes asbestos shingles exclusively or in exterior combination with other materials.
[10] Includes copper sheet metal, or other metal alone or in exterior combination with other materials.
[11] Less than 0.05 percent.

TABLE 43.—**Exterior material of homes and FHA valuation groups:** *Percent distribution of mortgages accepted for insurance on new and existing, single-family homes, 1938*

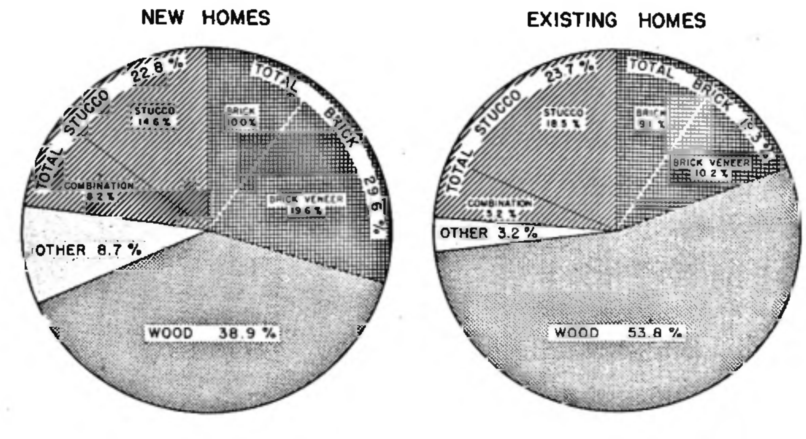
Property valuation	Percent distribution of new homes				Percent distribution of existing homes			
	Wood	Brick	Stucco	Other	Wood	Brick	Stucco	Other
Less than $2,000	96.6		2.2	1.2	80.3	11.6	5.7	2.4
$2,000 to $2,999	84.1	1.7	10.0	3.6	78.6	8.0	10.7	2.7
$3,000 to $3,999	62.8	6.1	24.6	6.5	67.5	10.5	19.2	2.8
$4,000 to $4,999	45.1	16.5	27.9	10.5	56.2	15.7	24.9	3.2
$5,000 to $5,999	32.3	35.1	23.3	9.3	46.0	23.0	28.2	2.8
$6,000 to $6,999	26.2	45.7	20.8	7.3	38.6	29.5	29.3	2.6
$7,000 to $7,999	25.3	48.2	18.7	7.8	32.9	31.7	31.9	3.5
$8,000 to $9,999	19.7	52.2	17.2	10.9	27.2	35.6	32.7	4.5
$10,000 to $11,999	18.3	53.6	18.2	9.9	24.9	38.8	31.4	4.9
$12,000 to $14,999	12.0	56.8	17.5	13.7	20.9	37.3	35.9	5.9
$15,000 or more	13.5	41.2	26.8	18.5	15.3	39.3	35.0	10.4
All groups	38.9	29.6	22.8	8.7	53.8	19.3	23.7	3.2
Average valuation	$4,802	$6,507	$5,402	$5,727	$4,321	$6,238	$5,722	$5,761
Median valuation	4,041	6,233	5,142	5,355	4,054	5,752	5,189	4,850

Exterior material and Federal Housing Administration valuation groups.—That property valuation bears a close relationship to type of exterior material is further corroborated by table 43. There is an inverse relationship between the percentage of wood homes and the property valuation up to $14,999 valuation. That is, as the valuation increases, the proportion of houses with wood exterior decreases. Almost all new homes valued at less than $2,000, about 97 percent, were constructed of wood, but only 14 percent of the houses valued at $15,000 or more were of this type of construction. Conversely, the proportion of brick homes increases as the valuation increases up to $14,999. The trends are better defined for existing than for new homes.

In table 44 types of material used in new and existing homes are distributed for metropolitan areas and States.

CHART 16

MATERIALS OF EXTERIOR CONSTRUCTION IN FHA HOMES



SOURCE:- MORTGAGES ACCEPTED IN 1938 ON SINGLE-FAMILY HOMES

FEDERAL HOUSING ADMINISTRATION
DIVISION OF ECONOMICS AND STATISTICS

Table 44.—Exterior material of homes in States and metropolitan areas: *Percent of mortgages accepted for insurance on single-family homes, April–October 1938*

State	Percent distribution of new homes: Wood	Brick	Stucco [1]	Other [2]	Percent distribution of existing homes: Wood	Brick	Stucco [1]	Other [2]
Alabama	66	27	1	6	67	22	7	4
Arizona	6	47	43	4	15	20	48	8
Arkansas	72	17	1	10	75	18	4	3
California	19	1	70	1	28	1	71	-----
Colorado	36	43	17	4	26	59	13	2
Connecticut	89	6	1	4	90	3	3	4
Delaware	45	30	2	23	36	40	18	6
District of Columbia	3	90	4	3	14	57	20	9
Florida	38	17	2	43	51	8	16	25
Georgia	47	42	1	10	46	45	7	2
Idaho	86	4	7	3	81	4	15	-----
Illinois	43	50	1	6	41	42	13	4
Indiana	70	22	1	7	79	13	3	5
Iowa	76	14	2	8	69	11	12	8
Kansas	72	14	4	10	81	7	8	4
Kentucky	41	46	1	12	56	34	5	5
Louisiana	88	5	2	5	91	4	4	1
Maine	94	2	-----	4	95	4	-----	1
Maryland	13	55	5	27	41	37	18	4
Massachusetts	87	8	-----	5	80	12	4	4
Michigan	17	71	-----	12	57	36	5	2
Minnesota	70	9	17	4	45	4	50	1
Mississippi	67	11	1	21	70	22	5	3
Missouri	26	63	3	8	47	35	13	5
Montana	64	1	20	9	72	7	19	2
Nebraska	50	30	5	15	72	13	13	2
Nevada	34	34	22	10	53	13	28	6
New Hampshire	90	-----	2	8	97	1	1	1
New Jersey	50	25	3	22	72	11	13	4
New Mexico	7	4	84	5	2	12	84	2
New York	19	56	13	12	56	16	21	7
North Carolina	42	49	1	8	52	44	3	1
North Dakota	67	5	24	4	66	13	21	-----
Ohio	63	24	2	11	81	10	5	4
Oklahoma	49	40	1	10	55	37	3	5
Oregon	90	5	3	2	85	3	10	2
Pennsylvania	20	38	1	41	30	47	13	10
Rhode Island	91	7	1	1	91	3	2	4
South Carolina	46	38	2	14	61	34	4	1
South Dakota	85	1	14	-----	77	3	19	1
Tennessee	43	37	2	18	40	44	9	7
Texas	67	25	2	6	57	30	9	4
Utah	54	37	3	6	18	62	18	2
Vermont	89	-----	2	9	93	4	2	1
Virginia	41	46	2	11	48	35	14	3
Washington	82	12	3	3	81	10	8	1
West Virginia	52	21	2	25	61	24	8	7
Wisconsin	51	27	2	20	71	16	7	6
Wyoming	57	14	18	11	74	7	16	3
Alaska	84	5	11	-----	100	-----	-----	-----
Hawaii	99	-----	-----	1	97	-----	3	-----
Total	39	30	21	10	54	19	23	4
Metropolitan area								
New York-NE. N. J.	20	54	11	15	63	13	19	5
Chicago, Ill	36	59	1	4	30	52	14	4
Philadelphia, Pa	6	28	2	64	18	50	19	13
Los Angeles, Calif	11	1	87	1	25	1	74	(3)
Boston, Mass	86	7	1	6	81	14	3	2
Detroit, Mich	12	76	(3)	12	45	40	4	2
Pittsburgh, Pa	21	67	-----	12	38	51	5	6
St. Louis, Mo	9	87	1	3	28	60	7	5
San Francisco, Calif	30	1	68	1	22	(3)	78	(3)
Cleveland, Ohio	57	31	1	11	83	11	4	2
Providence, R. I	91	7	1	1	91	3	1	5
Baltimore, Md	8	52	6	34	42	32	22	4
Minneapolis, Minn	69	11	19	1	38	4	57	1
Buffalo, N. Y	53	34	1	12	76	17	2	5
Cincinnati, Ohio	42	45	8	5	49	27	18	6
Milwaukee, Wis	38	39	2	21	64	22	7	7
Scranton, Pa	(4)	(4)	(4)	(4)	85	8	7	-----
Washington, D. C	10	75	4	11	31	52	9	8
Kansas City, Mo	65	14	11	10	53	15	25	7
New Orleans, La	90	5	5	-----	96	4	-----	-----
Hartford, Conn	91	6	1	2	90	5	3	2
Albany, N. Y	50	35	4	11	88	6	6	-----
Seattle, Wash	80	17	1	2	77	13	9	1
Indianapolis, Ind	54	38	1	7	78	13	4	5
Louisville, Ky	34	62	2	2	45	41	7	7
Springfield, Mass	85	11	-----	4	72	14	7	7

See footnotes at end of table.

Table 44.—Exterior material of homes in States and metropolitan areas: *Percent of mortgages accepted for insurance on single-family homes, April–October 1938*—Con.

Metropolitan area	Percent distribution of new homes: Wood	Brick	Stucco [1]	Other [2]	Percent distribution of existing homes: Wood	Brick	Stucco [1]	Other [2]
Rochester, N. Y	90	4	2	4	91	-----	9	-----
Birmingham, Ala	83	8	1	8	57	33	8	2
Portland, Oreg	90	6	2	2	82	4	11	[illegible]
Atlanta, Ga	39	47	(3)	14	28	64	5	3
Youngstown, Ohio	70	11	3	7	80	14	4	2
Akron, Ohio	61	22	-----	17	86	7	1	6
Toledo, Ohio	63	27	2	8	88	6	4	2
Columbus, Ohio	71	10	1	18	80	12	3	5
Houston, Tex	64	34	(3)	2	45	47	2	6
Lowell, Mass	93	7	-----	-----	100	-----	-----	-----
Denver, Colo	36	51	9	4	16	74	9	1
Allentown, Pa	16	47	4	33	24	61	13	2
Dallas, Tex	46	48	(3)	6	53	38	3	6
Worcester, Mass	84	16	-----	-----	83	-----	-----	17
New Haven, Conn	92	6	2	-----	94	-----	3	3
San Antonio, Tex	76	5	2	17	59	13	19	9
Memphis, Tenn	55	35	1	9	24	57	12	7
Omaha, Nebr	37	46	1	16	63	15	18	4
Norfolk, Va	75	10	1	14	72	24	4	-----
Dayton, Ohio	68	24	1	7	80	6	12	2
Syracuse, N. Y	82	9	-----	9	100	-----	-----	-----
Richmond, Va	49	36	-----	15	40	27	31	2
Nashville, Tenn	19	68	2	11	31	56	6	7
Grand Rapids, Mich	65	30	-----	5	75	19	5	1
Bridgeport, Conn	93	1	1	5	97	3	-----	-----
Oklahoma City, Okla	39	47	1	13	39	54	1	6
Canton, Ohio	76	20	-----	4	69	20	7	4
Utica, N. Y	68	-----	5	27	100	-----	-----	-----
Wheeling, W. Va	87	13	-----	-----	80	10	10	-----
Trenton, N. J	42	17	-----	41	51	33	16	-----
Salt Lake City, Utah	54	39	1	6	13	67	19	1
Tulsa, Okla	21	70	(3)	9	39	51	3	7
San Diego, Calif	21	-----	78	1	31	-----	69	(3)
Flint, Mich	77	21	-----	2	71	9	19	1
Fort Worth, Tex	69	26	-----	5	49	43	5	3
Reading, Pa	27	53	-----	20	8	76	8	8
Tampa, Fla	79	9	7	5	74	6	20	-----
Chattanooga, Tenn	36	9	3	52	80	10	10	-----
Wilmington, Del	43	32	2	23	30	48	15	7
Huntington, W. Va	40	37	1	22	42	52	3	3
Harrisburg, Pa	43	40	-----	17	25	63	-----	12
Des Moines, Iowa	62	27	2	9	52	25	15	8
Duluth, Minn	78	6	16	-----	70	4	22	4
Davenport, Iowa	88	8	-----	4	88	4	8	-----
Jacksonville, Fla	38	54	3	5	56	28	11	5
Johnstown, Pa	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Tacoma, Wash	91	7	2	-----	92	2	4	2
South Bend, Ind	77	10	-----	13	87	8	2	3
Peoria, Ill	75	21	2	2	77	16	7	-----
Waterbury, Conn	91	6	3	-----	(4)	(4)	(4)	(4)
Knoxville, Tenn	49	28	1	22	60	24	9	7
Racine, Wis	56	37	-----	7	97	3	-----	-----
Miami, Fla	20	7	(3)	73	17	4	6	73
Binghamton, N. Y	80	10	5	5	81	3	16	-----
Erie, Pa	69	11	-----	20	62	29	2	7
Spokane, Wash	81	13	1	5	82	10	7	1
Sacramento, Calif	18	2	79	1	37	7	55	1
Fort Wayne, Ind	85	10	-----	5	91	4	2	3
Lancaster, Pa	-----	100	-----	-----	(4)	(4)	(4)	(4)
Evansville, Ind	73	24	-----	3	71	24	-----	5
Wichita, Kans	61	36	2	1	77	16	5	2
El Paso, Tex	-----	23	20	57	-----	40	40	20
Altoona, Pa	(4)	(4)	(4)	(4)	59	29	-----	12
Little Rock, Ark	72	24	-----	4	62	21	10	7
Charleston, W. Va	48	24	2	26	73	11	13	3
Savannah, Ga	58	21	15	6	64	36	-----	-----
San Jose, Calif	32	2	66	-----	37	-----	63	-----
Rockford, Ill	80	16	-----	4	61	19	18	2
Roanoke, Va	20	76	-----	4	19	77	4	-----
Atlantic City, N. J	57	10	5	28	53	15	26	6
Total, 96 areas	31	34	24	11	46	22	28	4
Remainder outside	61	17	13	9	73	11	12	4
Total	39	30	21	10	54	19	23	4

[1] Includes stucco and similar materials, such as cement applied as an exterior plaster, and stucco in exterior combination with wood, brick, or stone.

[2] Includes asbestos shingles, stone exclusively or in exterior combination with wood or brick, miscellaneous finishes of precast concrete materials, prefabrication, metal siding, and any other material of exterior construction.

[3] Less than 0 [illegible] percent.

[4] Calculations not shown because the base includes less than 5 cases.

Valuation characteristics.—Average land valuation increases directly with the average total property valuation. For new homes valued at less than $2,000, there was the lowest average land valuation, or $213; for new homes valued at more than $15,000 average land value was highest, or $3,409. Above $2,000 property valuation, the ratio of land value to property valuation rises consistently from 12 to 19 percent. See table 45.

Average land valuations for existing homes exceed those for new homes, but they follow the general pattern of increase established by new homes. For existing properties with Federal Housing Administration valuation of less than $2,000, the land valuation was $303; for those valued above $15,000, the average Federal Housing Administration valuation was $4,741. Above $2,000 valuation the ratio of land to property valuation of existing homes increased from 18 to 27 percent.

Average land valuation of new homes accepted for insurance in 1938 was $785, which represents a substantial decline from 1935. Although a decline in average new-home valuation accompanied this decrease in land value, the ratio of land to property value distinguishes a relatively greater proportionate decline in land valuation. For existing homes the average land valuation was $1,010, and the ratio of land to property valuation was 20 percent. These are materially higher than the comparable figures of $785 and 14 percent for new homes.

Data covering metropolitan areas and States are recorded on table 46.

TABLE 45.—**Land valuation for property valuation groups:** *Mortgages accepted for insurance on new and existing, single-family homes, 1938*

Property valuation [1]	New homes			Existing homes		
	Average		Land value as percent of property value	Average		Land value as percent of property value
	Property valuation	Land valuation		Property valuation	Land valuation	
Less than $2,000	$1,694	$213	12.6	$1,052	$303	18.3
$2,000 to $2,999	2,609	308	11.8	2,497	448	17.9
$3,000 to $3,999	3,488	423	12.1	3,404	614	18.0
$4,000 to $4,999	4,400	504	12.8	4,352	787	18.1
$5,000 to $5,999	5,384	728	13.5	5,326	1,010	19.1
$6,000 to $6,999	6,305	932	14.8	6,322	1,254	19.8
$7,000 to $7,999	7,328	1,100	15.0	7,329	1,518	20.7
$8,000 to $9,999	8,650	1,368	15.8	8,667	1,887	21.8
$10,000 to 11,999	10,600	1,777	16.8	10,612	2,482	23.4
$12,000 to 14,999	13,006	2,303	17.7	12,890	3,160	24.5
$15,000 or more	17,588	3,409	19.4	17,714	4,741	26.8
All groups	5,530	785	14.2	5,069	1,010	19.9
Average valuation:						
1938	5,530	785	14.2	5,069	1,010	19.9
1937	5,978	913	15.3	[2] 5,170	(3)	(3)
1936	6,255	1,026	16.4	[2] 5,244	(3)	(3)
1935	6,450	1,129	17.5	5,290	(3)	(3)
Median valuation:						
1938	5,326	(3)	----------	4,602	(3)	----------
1937	5,467	781	14.3	[2] 4,705	(3)	----------
1936	5,625	876	15.0	[2] 4,673	(3)	----------
1935	5,800	(3)	----------	4,040	(3)	----------

[1] Includes Federal Housing Administration valuation of house, all other physical improvements, and land.
[2] Computation based on premium-paying mortgages.
[3] Data not available.

TABLE 46.—**Land and property valuation of homes in States and metropolitan areas:** *Mortgages accepted for insurance on single-family homes, April-October 1938*

State	New single-family homes				Existing single-family homes			
	Average total value of property	Amount of average land value	Land as percent of total value	As percent of all properties	Average total value of property	Amount of average land value	Land as percent of total value	As percent of all properties
Alabama	$4,844	$747	15.4	95.4	$4,493	$832	18.5	97.1
Arizona	4,676	461	9.9	99.4	4,264	546	12.8	97.1
Arkansas	4,138	567	13.7	96.3	3,361	630	18.8	91.8
California	5,207	788	15.1	96.6	5,091	1,151	22.6	93.8
Colorado	5,238	486	9.3	97.0	4,518	592	13.1	94.5
Connecticut	6,648	847	12.7	99.2	6,120	1,172	19.2	87.4
Delaware	6,014	781	13.0	100.0	5,165	902	17.5	94.3
District of Columbia	6,463	854	13.2	100.0	8,954	1,803	21.1	100.0
Florida	4,801	689	14.1	97.4	4,521	806	17.8	95.1
Georgia	4,697	652	13.9	99.1	4,732	849	17.9	97.5
Idaho	4,380	383	8.7	95.4	3,904	440	11.3	95.9
Illinois	6,970	961	13.8	99.2	6,305	1,473	23.4	85.7
Indiana	5,543	733	13.2	94.9	4,306	814	18.9	93.7
Iowa	5,220	576	11.0	99.1	4,253	626	14.7	96.5
Kansas	4,819	560	11.6	96.0	3,502	513	14.6	94.2
Kentucky	5,692	794	14.0	98.6	6,496	1,222	18.8	93.6
Louisiana	4,560	759	16.6	96.9	4,466	993	22.2	94.0
Maine	4,767	502	10.5	96.9	3,637	616	16.9	89.8
Maryland	6,483	922	14.2	97.0	6,015	1,235	20.5	90.4
Massachusetts	6,170	732	11.9	97.9	6,208	1,008	16.2	86.0
Michigan	6,031	720	12.0	98.8	5,490	887	16.2	84.2
Minnesota	5,483	554	10.1	99.7	4,856	749	15.4	97.5
Mississippi	4,044	539	13.3	93.0	3,029	639	17.6	96.6
Missouri	5,468	820	15.0	98.6	4,597	960	20.9	95.7
Montana	5,297	363	6.9	90.9	4,478	415	9.3	89.1
Nebraska	5,114	600	11.7	97.2	4,132	654	15.8	97.3
Nevada	5,630	433	7.7	93.5	4,751	638	13.4	97.0
New Hampshire	5,206	500	9.6	98.0	4,840	703	14.5	91.9
New Jersey	6,442	1,047	16.3	99.2	5,607	1,238	22.1	92.3
New Mexico	4,701	557	11.9	98.3	4,547	690	15.2	96.1
New York	6,257	1,110	17.7	98.6	6,639	1,545	23.3	90.5
North Carolina	5,113	703	13.7	98.0	4,596	947	20.6	94.8
North Dakota	4,962	395	8.0	93.5	3,616	420	11.6	95.9
Ohio	6,872	947	13.8	98.4	5,637	1,040	18.5	91.5
Oklahoma	4,593	630	13.7	99.4	4,619	904	19.6	96.1
Oregon	4,543	530	11.7	97.6	3,891	659	16.9	98.1
Pennsylvania	6,310	870	13.8	99.4	4,933	1,019	20.7	96.0
Rhode Island	5,921	771	13.0	96.7	5,692	1,115	19.6	80.9
South Carolina	4,865	653	13.4	97.0	4,634	846	18.2	94.3
South Dakota	5,001	530	10.6	90.1	3,114	410	13.2	93.9
Tennessee	4,661	584	12.5	98.0	4,685	821	17.5	97.0
Texas	4,526	651	14.4	90.2	4,384	839	19.1	93.4
Utah	4,973	550	11.1	95.3	4,480	685	15.3	94.0
Vermont	4,313	521	12.1	100.0	3,908	633	16.2	76.9
Virginia	5,636	719	12.8	98.7	5,581	925	16.6	96.2
Washington	4,948	572	11.6	98.4	4,172	709	17.0	97.9
West Virginia	5,714	830	14.5	97.0	5,349	969	18.1	95.6
Wisconsin	6,234	783	12.6	98.3	5,906	1,278	21.4	86.1
Wyoming	4,668	404	8.6	95.5	3,464	417	12.0	84.3
Alaska	7,174	636	8.9	95.0	4,950	713	14.4	80.0
Hawaii	5,085	1,187	23.3	83.7	4,885	1,803	36.9	87.7
Total	5,530	785	14.2	97.6	5,060	1,010	19.9	92.5
Metropolitan area								
New York-NE. N. J.	6,403	1,166	18.2	98.8	6,581	1,566	23.8	91.7
Chicago, Ill.	7,373	1,052	14.3	99.2	6,739	1,632	24.2	83.7
Philadelphia, Pa.	5,909	849	14.4	90.7	4,322	863	20.0	97.9
Los Angeles, Calif.	5,164	823	15.9	95.6	5,116	1,247	24.4	90.9
Boston, Mass.	6,437	789	12.3	97.2	6,599	1,098	16.6	85.2
Detroit, Mich.	6,027	726	12.0	98.7	5,939	969	16.3	81.6
Pittsburgh, Pa.	7,095	953	13.4	99.2	6,408	1,443	22.5	95.2
St. Louis, Mo.	5,862	916	15.6	98.7	5,482	1,169	21.3	94.2
San Francisco, Calif.	5,814	908	15.6	97.9	5,550	1,270	22.9	95.1
Cleveland, Ohio	7,874	1,090	13.8	90.1	6,360	1,191	18.7	83.1
Providence, R. I.	5,849	744	12.7	97.1	5,485	1,048	19.1	83.5
Baltimore, Md.	6,386	973	15.2	95.8	5,519	1,279	23.2	87.2
Minneapolis, Minn.	5,617	572	10.2	99.5	4,930	784	15.9	96.9
Buffalo, N. Y.	5,806	718	12.4	97.2	5,333	880	16.5	78.1
Cincinnati, Ohio	6,543	972	14.9	98.1	6,734	1,486	22.1	90.5
Milwaukee, Wis.	6,767	930	13.7	97.8	6,324	1,428	22.6	82.6
Scranton, Pa.	(1)	(1)	(1)	(1)	3,920	765	19.5	90.0
Washington, D. C.	6,508	846	12.8	90.6	7,983	1,400	17.5	98.5
Kansas City, Mo.	5,661	859	15.2	99.1	4,409	938	21.3	96.8
New Orleans, La.	5,411	1,111	20.5	99.2	6,282	1,847	29.4	82.1
Hartford, Conn.	6,244	811	13.0	100.0	5,156	1,055	20.5	80.3
Albany, N. Y.	7,389	911	12.3	98.8	6,959	1,058	15.2	100.0
Seattle, Wash.	5,279	659	12.5	99.5	4,368	773	17.7	98.3
Indianapolis, Ind.	6,031	828	13.7	84.3	4,877	970	19.9	94.1
Louisville, Ky.	6,070	825	13.6	99.1	7,776	1,414	18.2	94.5

[1] Calculations not shown because the base includes less than 5 cases.

TABLE 46.—Land and property valuation of homes in States and metropolitan areas: *Mortgages accepted for insurance on single-family homes, April–October 1938*—Continued

Metropolitan area	New single-family homes: Average total value of property	New single-family homes: Amount of average land value	New single-family homes: Land as percent of total value	New single-family homes: As percent of all properties	Existing single-family homes: Average total value of property	Existing single-family homes: Amount of average land value	Existing single-family homes: Land as percent of total value	Existing single-family homes: As percent of all properties
Springfield, Mass	$5,679	$651	11.5	98.2	$5,548	$867	15.6	87.5
Rochester, N. Y	5,801	710	12.2	99.2	5,603	1,208	21.6	84.2
Birmingham, Ala	5,587	874	15.6	99.3	5,064	886	17.5	100.0
Portland, Oreg	4,757	582	12.2	99.0	4,033	696	17.3	98.9
Atlanta, Ga	5,304	781	14.7	99.4	5,211	931	17.9	96.5
Youngstown, Ohio	6,506	859	13.2	100.0	5,434	846	15.6	96.4
Akron, Ohio	8,190	1,127	13.8	100.0	5,172	948	18.3	98.7
Toledo, Ohio	6,738	1,054	15.6	97.6	5,452	1,022	18.8	94.7
Columbus, Ohio	7,087	1,040	14.7	98.5	5,406	1,032	19.1	96.4
Houston, Tex	4,912	785	16.0	93.0	5,276	1,096	20.8	80.4
Lowell, Mass	5,720	537	9.4	100.0	4,460	670	15.0	91.0
Denver, Colo	5,352	500	9.3	96.9	4,810	633	13.2	96.5
Allentown, Pa	7,431	1,083	14.6	100.0	5,350	1,134	21.2	98.7
Dallas, Tex	4,455	686	15.4	98.2	4,525	881	19.5	97.0
Worcester, Mass	5,930	644	10.9	100.0	7,267	833	11.5	85.7
New Haven, Conn	6,366	751	11.8	100.0	5,592	852	15.2	94.1
San Antonio, Tex	4,738	743	15.7	97.2	5,363	1,250	23.3	91.9
Memphis, Tenn	5,015	676	13.5	97.6	5,005	953	19.0	96.0
Omaha, Nebr	5,584	695	12.5	97.8	4,332	738	17.0	97.2
Norfolk, Va	5,259	669	12.7	98.9	5,007	773	15.4	98.0
Dayton, Ohio	5,825	775	13.3	100.0	5,470	913	16.7	94.6
Syracuse, N. Y	7,456	893	12.0	100.0	5,913	850	14.5	88.9
Richmond, Va	5,755	765	13.3	98.9	5,936	1,008	17.0	96.2
Nashville, Tenn	4,949	567	11.5	95.0	4,732	721	15.2	96.5
Grand Rapids, Mich	6,350	774	12.2	100.0	5,601	894	16.0	92.2
Bridgeport, Conn	6,966	861	12.4	100.0	6,621	1,259	19.0	86.8
Oklahoma City, Okla	4,838	802	16.6	99.4	5,176	1,223	23.6	92.7
Canton, Ohio	6,519	829	12.7	98.0	5,950	986	16.6	97.8
Utica, N. Y	5,989	697	11.6	95.0	4,360	810	18.6	90.9
Wheeling, W. Va	5,395	765	14.2	97.5	5,275	1,035	19.6	100.0
Trenton, N. J	6,457	830	13.0	98.1	5,197	938	18.1	95.1
Salt Lake City, Utah	5,097	579	11.4	97.0	4,804	756	15.7	96.3
Tulsa, Okla	5,332	662	12.4	99.7	5,344	961	18.0	100.0
San Diego, Calif	4,812	781	16.2	97.9	4,602	1,005	21.8	97.6
Flint, Mich	6,262	707	11.3	100.0	4,036	667	16.5	85.0
Fort Worth, Tex	4,212	556	13.2	97.2	3,714	599	16.1	90.2
Reading, Pa	5,960	980	16.4	100.0	3,985	660	16.6	100.0
Tampa, Fla	4,674	604	12.9	100.0	3,663	566	15.4	97.4
Chattanooga, Tenn	4,582	633	13.8	100.0	4,861	1,021	21.0	100.0
Wilmington, Del	6,134	810	13.2	100.0	5,285	944	17.9	93.1
Huntington, W. Va	6,059	928	15.3	97.9	5,926	1,106	18.7	95.7
Harrisburg, Pa	6,365	769	12.1	96.8	6,469	1,225	18.9	100.0
Des Moines, Iowa	5,584	653	11.7	100.0	4,703	730	15.3	97.3
Duluth, Minn	6,813	847	12.4	100.0	5,069	694	13.7	100.0
Davenport, Iowa	4,831	529	11.0	98.9	4,758	718	15.1	92.3
Jacksonville, Fla	4,885	694	14.2	98.0	4,375	868	19.8	87.1
Johnstown, Pa	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Tacoma, Wash	4,750	573	12.1	98.2	3,980	720	18.1	97.9
South Bend, Ind	6,016	872	14.5	100.0	4,333	861	19.9	95.7
Peoria, Ill	5,760	777	13.5	100.0	6,242	1,060	17.0	96.9
Waterbury, Conn	5,782	627	10.8	100.0	(1)	(1)	(1)	(1)
Knoxville, Tenn	4,526	559	12.4	100.0	4,538	664	14.6	100.0
Racine, Wis	6,611	828	12.5	96.4	5,327	1,104	20.7	81.0
Miami, Fla	4,993	693	13.9	98.0	5,357	957	17.9	96.9
Binghamton, N. Y	5,674	713	12.6	96.5	5,038	872	17.3	85.7
Erie, Pa	5,191	656	12.6	100.0	4,400	771	17.5	91.3
Spokane, Wash	4,509	381	8.4	99.1	3,753	434	11.6	96.3
Sacramento, Calif	4,952	652	13.2	97.2	4,590	780	17.0	97.2
Fort Wayne, Ind	6,276	1,057	16.8	95.8	4,045	783	19.3	96.7
Lancaster, Pa	5,700	743	13.0	100.0	(1)	(1)	(1)	(1)
Evansville, Ind	4,954	527	10.6	98.0	4,738	740	15.8	95.5
Wichita, Kans	4,622	485	10.5	95.0	4,046	587	14.5	97.7
El Paso, Tex	4,947	607	12.3	97.0	4,600	810	17.6	100.0
Altoona, Pa	(1)	(1)	(1)	(1)	4,203	965	23.0	94.4
Little Rock, Ark	5,187	816	15.7	96.2	4,114	713	17.3	82.9
Charleston, W. Va	6,068	904	14.9	93.5	5,652	1,069	18.9	94.1
Savannah, Ga	4,632	668	14.4	95.9	5,534	973	17.6	100.0
San Jose, Calif	4,785	630	13.2	98.6	4,232	775	18.3	99.2
Rockford, Ill	5,424	659	12.1	96.2	5,590	904	16.2	95.0
Roanoke, Va	5,730	748	13.1	97.6	5,343	867	16.2	91.5
Atlantic City, N. J	5,799	769	13.3	100.0	4,213	669	15.9	82.9
Total inside 96 areas	5,810	800	14.8	97.7	5,441	1,130	20.8	92.0
Remainder outside areas	4,775	584	12.2	97.2	4,119	704	17.1	93.9
Total	5,530	785	14.2	97.6	5,069	1,010	19.0	92.5

[1] Calculations not shown because the base includes less than 5 cases.

Valuation characteristics and city size.—For every comparable city size group, homes inside metropolitan areas were valued very much higher than those outside metropolitan areas. Respective averages for new homes are $5,810 and $4,775.

Both for new and for existing homes, there is a general tendency for valuation of homes to decline with the size of the city. This trend is especially marked for the cities outside metropolitan areas. The same is true of land value as a percent of property value. Table 47 shows these figures for new and existing homes by city size groups.

TABLE 47.—Average land valuation characteristics for city size groups: *Mortgages accepted for insurance under sec. 203 on new and existing single-family homes, 1938*

City size groups[1]	New homes: Average: Property valuation[2]	New homes: Average: Land valuation[3]	New homes: Land as percent of property value	Existing homes: Average: Property valuation[2]	Existing homes: Average: Land valuation[3]	Existing homes: Land as percent of property value
ALL CITIES						
1,000,000 or more	$5,990	$946	15.8	$5,475	$1,246	22.8
500,000 to 999,999	6,353	1,020	16.1	5,746	1,310	22.8
250,000 to 499,999	5,461	785	14.4	4,970	940	18.9
100,000 to 249,999	5,057	689	13.6	4,674	851	18.2
50,000 to 99,999	5,646	803	14.2	5,544	1,122	20.2
25,000 to 49,999	5,290	723	13.7	4,892	910	18.6
10,000 to 24,999	5,487	760	13.8	5,288	1,107	20.9
5,000 to 9,999	5,440	760	14.0	5,149	1,012	19.7
2,500 to 4,999	5,244	688	13.1	4,536	842	18.6
2,499 or less	5,426	718	13.2	4,633	853	18.4
All groups	5,530	785	14.2	5,069	1,010	19.9
CITIES INSIDE METROPOLITAN AREAS						
1,000,000 or more	$5,990	$946	15.8	$5,475	$1,246	22.8
500,000 to 999,999	6,353	1,020	16.1	5,746	1,310	22.8
250,000 to 499,999	5,461	785	14.4	4,970	940	18.9
100,000 to 249,999	5,057	689	13.6	4,674	851	18.2
50,000 to 99,999	5,940	801	14.5	5,818	1,217	20.9
25,000 to 49,999	5,779	891	15.4	5,479	1,137	20.8
10,000 to 24,999	5,967	900	15.1	6,149	1,431	23.3
5,000 to 9,999	6,168	944	15.3	6,155	1,309	21.3
2,500 to 4,999	6,218	909	14.6	5,613	1,139	20.3
2,499 or less	5,878	814	13.8	5,492	1,062	19.3
All groups	5,810	800	14.8	5,441	1,130	20.8
CITIES OUTSIDE METROPOLITAN AREAS						
50,000 to 99,999	$5,257	$728	13.8	$4,835	$877	18.1
25,000 to 49,999	5,023	632	12.6	4,518	766	17.0
10,000 to 24,999	4,854	574	11.8	4,158	680	16.4
5,000 to 9,999	4,628	555	12.0	3,925	651	16.6
2,500 to 4,999	4,440	507	11.4	3,812	643	16.9
2,499 or less	4,531	526	11.6	3,754	639	17.0
All groups	4,775	584	12.2	4,119	704	17.1

[1] Based on population groups as defined on p. 6 in the 1930 Census of Metropolitan Districts.
[2] Includes Federal Housing Administration valuation of house, all other physical improvements, and land.
[3] Federal Housing Administration estimated value of land after construction of main building and completion of other improvements.

G. Home Building and Mortgage Insurance in Metropolitan Areas.

Inadequate as the material is, and although it is subject to limitations discussed in succeeding paragraphs, it is felt that the relationship of home building and mortgage insurance in metropolitan areas is of such widespread interest and importance, that table 48 has been compiled. This table shows building permits for 1- and 2-family houses in all cities located in these areas, which report building permits, together with the number of new-home mortgages accepted for insurance by the Federal-Housing Administration within the respective groups of identical cities covered by the permits. It may be noted that each of the 96 metropolitan areas as defined in the 1930 census is comprised of one or more central cities and smaller cities, towns, and unincorporated territory adjacent to the central city or cities.

In the reporting cities within the 96 areas, building permits for a total of 98,897 new 1- and 2-family dwellings were issued during 1938, compared with 53,623 mortgages on new homes accepted for insurance by the Federal Housing Administration in the identical reporting cities during the same period. Actually, they represent only 78 percent of the total of Federal Housing Administration new-home mortgages, as shown in table 12, which were accepted for insurance for all places within the 96 metropolitan areas during 1938. A comparison of the increases in the two series over the previous year shows that while permits for 1- and 2-family houses increased 15.5 percent during 1938, Federal Housing Administration mortgages on new, small homes in these identical places increased by 84.2 percent.

The table makes evident the relative importance of a limited number of the areas, most active in residential construction during the year. Thus, of the total of 98,897 permits for 1- and 2-family dwellings reported in the selected cities in the 96 areas, the five leading areas, Los Angeles, New York-Northeastern New Jersey, Detroit, San Francisco, and Chicago accounted for 49,715 or more than 50 percent. Among the 20 metropolitan areas with the largest population, it may be noted that for the selected cities in the Chicago, Detroit, and San Francisco areas, the number of Federal Housing Administration new-home mortgages accepted amounts to 66⅔ percent or more of the number of new 1- and 2-family dwellings as shown by building permits. On the other hand, the ratio of Federal Housing Administration mortgages was less than 25 percent for the selected cities in the Boston, Cincinnati, Scranton, and Washington areas.

It may be noted that out of a total national population growth of 17,100,000 during the decade from 1920 to 1930, the Thompson and Whelpton estimate indicates that about 12,100,000 or 71 percent took place in the metropolitan areas. Population in the metropolitan areas increased 28 percent during the decade compared with 19 percent for the nonsatellite cities and towns, located outside the metropolitan areas, 4 percent for nonsatellite rural areas, and 16 percent for the United States as a whole. These data foreshadowed that a high proportion of the total new-home mortgages in the current decade would be on properties located in the rapidly growing metropolitan districts. This has been substantiated not only by the fact that a large part of the present recovery in residential construction has been in the metropolitan areas showing the biggest increase in population during the decade of the twenties, but also by the volume of Federal Housing Administration insured mortgages in these areas.

It should be noted that many new 1- and 2-family homes being built in metropolitan areas and elsewhere are outside the scope of insured mortgage financing. Thus, on the one hand eligibility for insurance requires a favorable neighborhood environment, an acceptable standard of construction and layout, and ownership by borrowers able to supply the required equity and with incomes sufficient to make the required monthly payments. On the other hand, some homes are built without the need for any borrowed funds, while still others represent homes of such high value as to preclude the use of Federal Housing Administration financing with its limitation of a $16,000 mortgage on any one property.

Sources and limitations of data.—Building permit statistics compiled from local building department records and statistics on contracts compiled by the F. W. Dodge Corporation of New York City, constitute the only two basic sources of current construction volume in the United States, and both are valuable in the analysis of construction activity. For purposes of this table, building permit data are used because they are available for cities in all States, and because they are derived from official records assembled and summarized by the Bureau of Labor Statistics.

As stated before, building permit data do not give complete coverage for the territory in the individual metropolitan areas. For purposes of comparison, therefore, it was necessary to use statistics only for those communities in each area in which building permit records were available for both the year 1937 and the year 1938. Data on Federal Housing Administration new-home mortgages were available for the corresponding places as well as for the entire metropolitan areas. Although a considerable proportion of the total population of each district is represented by the communities for which comparable figures have been presented, they represent a lesser proportion of all Federal Housing Administration mortgages in metropolitan areas because small, new homes are predominantly built on the fringes of the existing built-up areas, and in many cases, therefore, such building takes place in the smaller suburbs which are less likely to report building permits than the central cities or older suburban towns. Also, unincorporated places in metropolitan areas seldom report building permits, although in some of these areas there are extensive home-building developments.

In connection with the restricted coverage of building permit reports as reflecting small home building activity within metropolitan areas, it may be noted that in 38 metropolitan areas, 30 percent or more of the new 1- to 4-family homes securing Federal Housing Administration mortgages accepted in 1938 lie outside the selected cities for which the Bureau of Labor Statistics receives regular permit reports.

A minor discrepancy arises from the fact that building permit statistics for 1- and 2-family dwellings are not precisely comparable with the Federal Housing Administration small home mortgages which cover structures having from one to four families. Since 99.4 percent of all Federal Housing Administration new-home mortgages during 1938 were for 1- and 2-family structures, however, the error is not serious. Also, building permits are usually recorded at the beginning of construction, whereas the Federal Housing Administration figures representing new homes cover not only homes to be built shortly, but also those completed within 1 year previous to the date of application for mortgage insurance.

Percentages listed in column 3 of table 48 were derived by relating the actual number of Federal Housing Administration acceptances for selected incorporated places inside each metropolitan district to the estimated number of Federal Housing Administration acceptances for the entire metropolitan district. The latter figure was obtained by finding the ratio of the 1930 population within each metropolitan area to the total population of the counties in which it is located, and by applying that ratio to the total mortgages accepted by the Federal Housing Administration for the same group of counties. In some instances, such factors as shifts in population within these metropolitan areas during the intervening 8 years and greater Federal Housing Administration mortgage insuring activity inside incorporated places in some metropolitan districts yielded the anomaly of more than a 100 percent ratio. These were reduced arbitrarily to 100 percent. It should be realized that the other percentages in this column are likewise subject to some margin of error.

Despite these limitations, table 48 is presented to indicate relative trends in small home residential building in metropolitan areas and Federal Housing Administration mortgages insured on new homes for the year 1938.

Table 48.—Home construction and Federal Housing Administration mortgages in metropolitan areas: *Comparison of building permits issued and Federal Housing Administration new home mortgages accepted for insurance in selected cities within metropolitan districts for the year 1938*

Metropolitan area	Population in 1930	Selected cities in metropolitan areas					
		Population as a percent of total for each area	FHA mortgages as a percent of FHA total in each area	Number of building permits issued on 1- and 2-family dwellings		Number of FHA new home mortgages accepted on 1- to 4-family dwellings	
				During 1938	Percent change from 1937	During 1938	Percent change from 1937
New York-NE. N. J.	10,901,424	89.5	69.5	14,719	+17.2	7,341	+75.8
Chicago, Ill.	4,304,755	96.9	70.1	3,176	+12.5	2,153	+71.6
Philadelphia, Pa.	2,847,148	81.5	57.8	2,250	−8.2	1,160	+52.4
Los Angeles, Calif.	2,318,526	82.3	88.6	18,053	+27.5	10,139	+114.8
Boston, Mass.	2,307,897	89.6	92.4	2,061	−15.0	342	+175.8
Detroit, Mich.	2,104,764	93.8	95.3	8,475	+50.0	6,445	+119.2
Pittsburgh, Pa.	1,953,668	52.7	40.0	1,179	+35.8	378	+60.2
St. Louis, Mo.	1,293,516	81.8	47.5	1,488	−.8	656	+110.0
San Francisco, Calif.	1,290,094	90.8	73.3	5,202	+26.1	3,848	+74.7
Cleveland, Ohio	1,194,989	94.7	73.3	1,240	+12.2	641	+80.1
Providence, R. I.	963,686	84.1	95.0	926	−4.6	302	+224.7
Baltimore, Md.	949,247	84.8	62.7	1,534	+5.6	593	+49.0
Minneapolis, Minn.	832,258	92.6	93.1	1,906	+50.5	834	+131.0
Buffalo, N. Y.	820,573	89.0	34.0	441	−10.4	159	+63.9
Cincinnati, Ohio	759,464	79.2	30.8	1,111	−5.8	170	−11.5
Milwaukee, Wis.	743,414	93.6	68.9	807	−23.2	432	+43.0
Scranton, Pa.	652,312	38.6	20.8	44	+33.5	5	−37.5
Washington, D. C.	621,059	80.1	43.5	2,222	+17.8	517	+170.5
Kansas City, Mo.	608,186	88.7	42.4	305	−25.8	222	+85.0
New Orleans, La.	494,877	92.7	73.6	574	+33.3	192	+966.7
Hartford, Conn.	471,185	60.5	22.4	230	−18.4	51	+104.0
Albany, N. Y.	425,259	77.7	51.2	232	+2.7	84	0
Seattle, Wash.	420,663	86.9	83.2	701	+10.6	481	+30.4
Indianapolis, Ind.	417,685	87.2	95.3	716	+47.9	490	+200.6
Louisville, Ky.	404,396	82.5	72.7	548	−6.3	302	+32.1
Springfield, Mass.	398,991	80.7	40.8	262	+10.9	75	+41.5
Rochester, N. Y.	398,591	82.3	14.8	118	−21.3	54	+17.4
Birmingham, Ala.	382,792	76.8	[1] 100.0	361	+11.4	205	+84.7
Portland, Oreg.	378,728	79.7	77.8	720	−12.5	246	+23.6
Atlanta, Ga.	370,920	72.9	82.5	621	+21.5	775	+63.2
Youngstown, Ohio	364,560	68.1	59.7	228	−15.6	80	+12.7
Akron, Ohio	346,681	89.9	91.7	246	−32.2	77	−24.5
Toledo, Ohio	346,530	83.9	92.8	202	−21.7	192	−4.0

See footnote at end of table.

Table 48.—Home construction and Federal Housing Administration mortgages in metropolitan areas: *Comparison of building permits issued and Federal Housing Administration new home mortgages accepted for insurance in selected cities within metropolitan districts for the year 1938*—Continued

Metropolitan area	Population in 1930	Selected cities in metropolitan areas					
		Population as a percent of total for each area	FHA mortgages as a percent of FHA total in each area	Number of building permits issued on 1- and 2-family dwellings		Number of FHA new home mortgages accepted on 1- to 4-family dwellings	
				During 1938	Percent change from 1937	During 1938	Percent change from 1937
Columbus, Ohio	340,400	91.1	93.4	793	−2.0	284	+18.8
Houston, Tex.	339,216	87.7	74.2	3,001	+38.2	1,142	+83.3
Lowell, Mass.	332,028	81.4	3.6	85	−23.4	2	0
Denver, Colo.	330,761	89.4	75.8	723	−8.5	385	+99.5
Allentown, Pa.	322,172	71.2	79.7	117	−35.7	59	+43.9
Dallas, Tex.	309,658	86.8	95.5	1,712	+37.0	1,469	+108.7
Worcester, Mass.	305,293	69.1	70.2	228	−5.0	40	+1,233.3
New Haven, Conn.	293,724	59.2	27.9	89	+20.3	29	+190.0
San Antonio, Tex.	279,271	84.3	[1] 100.0	810	+11.1	552	+66.8
Memphis, Tenn.	276,126	91.7	[1] 100.0	592	+40.6	432	+69.4
Omaha, Nebr.	273,851	93.5	[1] 100.0	326	−7.1	204	+119.4
Norfolk, Va.	273,233	80.8	57.7	425	+59.2	179	+269.1
Dayton, Ohio	251,928	82.0	59.5	212	0.0	72	−48.2
Syracuse, N. Y.	245,015	90.6	57.8	93	−13.1	26	+766.7
Richmond, Va.	220,513	83.0	21.2	353	+49.6	92	+109.1
Nashville, Tenn.	209,422	73.5	85.5	255	−16.1	280	+12.0
Grand Rapids, Mich.	207,154	83.3	[1] 100.0	171	−23.7	88	+114.6
Bridgeport, Conn.	203,969	71.9	13.8	142	+3.6	23	−42.5
Oklahoma City, Okla.	202,163	91.7	98.0	805	−7.2	593	+79.7
Canton, Ohio	191,231	70.0	[1] 100.0	137	−19.4	66	+100.0
Utica, N. Y.	190,918	54.8	38.1	16	−46.7	8	+700.0
Wheeling, W. Va.	190,623	45.3	79.6	108	+8.0	43	−17.3
Trenton, N. J.	190,219	64.8	44.9	14	−33.3	31	+63.2
Salt Lake City, Utah	184,451	76.0	88.5	592	+15.4	478	+53.7
Tulsa, Okla.	183,207	82.9	[1] 100.0	687	+41.1	479	+152.1
San Diego, Calif.	181,020	87.0	94.3	1,773	−1.2	666	+69.5
Flint, Mich.	179,939	87.0	92.3	138	−41.5	72	+22.0
Fort Worth, Tex.	174,575	93.6	[1] 100.0	945	+31.4	409	+132.4
Reading, Pa.	170,486	70.2	38.1	24	−36.8	8	+700.0
Tampa, Fla.	169,010	83.8	[1] 100.0	650	+18.2	152	+83.1
Chattanooga, Tenn.	168,589	71.1	75.5	114	+3.6	142	+9.2
Wilmington, Del.	163,592	65.2	19.2	66	−55.4	55	−25.7
Huntington, W. Va.	163,367	74.2	[1] 100.0	255	−2.3	124	+244.4
Harrisburg, Pa.	161,672	71.8	50.0	90	+7.1	23	+9.5
Des Moines, Iowa	160,963	91.2	[1] 100.0	423	+57.8	174	+304.7
Duluth, Minn.	155,390	88.5	77.4	167	+46.5	24	+200.0
Davenport, Iowa	154,491	84.8	89.1	374	+11.6	106	+19.1
Jacksonville, Fla.	148,713	87.1	74.0	775	+40.9	499	+34.9
Johnstown, Pa.	147,611	47.7	59.5	39	−17.0	25	+31.6
Tacoma, Wash.	146,771	80.3	36.6	349	+48.5	71	+65.1
South Bend, Ind.	146,569	90.6	[1] 100.0	90	−18.9	66	+65.0
Peoria, Ill.	144,732	78.3	[1] 100.0	324	−10.0	101	+48.5
Waterbury, Conn.	140,575	81.2	[1] 100.0	250	+23.8	51	+31.2
Knoxville, Tenn.	135,714	78.0	63.5	207	−13.4	122	−37.1
Racine, Wis.	133,463	50.6	51.4	48	+71.4	19	+90.0
Miami, Fla.	132,189	88.6	92.7	2,109	+6.6	1,430	+47.4
Binghamton, N. Y.	130,005	81.9	53.7	187	−34.4	80	0
Erie, Pa.	129,817	89.3	52.1	117	+21.9	25	+13.6
Spokane, Wash.	128,798	89.7	[1] 100.0	527	+10.2	155	+84.5
Sacramento, Calif.	126,995	73.8	92.6	853	+50.7	624	+131.1
Fort Wayne, Ind.	126,558	90.8	[1] 100.0	217	−2.3	155	+74.2
Lancaster, Pa.	123,156	56.3	85.7	84	−30.0	18	+260.0
Evansville, Ind.	123,130	83.0	[1] 100.0	141	−9.0	231	+116.7
Wichita, Kans.	119,174	93.2	[1] 100.0	377	−1.3	256	+64.1
El Paso, Tex.	118,461	86.5	[1] 100.0	167	+28.5	111	+825.0
Altoona, Pa.	114,232	71.8	7.7	8	−27.3	2	-----
Little Rock, Ark.	113,137	72.2	73.3	99	−12.4	55	+41.0
Charleston, W. Va.	108,160	64.4	78.7	197	−35.6	106	+33.9
Savannah, Ga.	105,431	80.6	95.7	167	+51.8	67	+272.2
San Jose, Calif.	103,428	64.8	93.6	540	+29.2	424	+223.7
Rockford, Ill.	103,204	83.2	[1] 100.0	98	−82.3	84	+147.1
Roanoke, Va.	103,120	71.8	44.5	129	+29.0	53	+231.3
Atlantic City, N. J.	102,024	82.8	-----	11	−15.4	-----	-----
Total for 96 areas [2]	54,753,645	84.1	78.0	98,897	+15.5	53,623	+84.3

[1] The actual derived percentages exceed 100. For explanation see par. 5 of limitations presented in the text.

[2] The 96 metropolitan districts represent approximately 60 percent of the total nonfarm population in the United States.

Rental Housing and Release Clause Mortgage Insurance Under Sections 207 and 210 of Title II

Insurance of mortgages on large scale projects under title II is authorized in sections 207 and 210 for one or more multifamily dwelling structures, or on a group of single family dwellings. Mortgages insured under section 210 are limited to 5 or more dwelling units in multifamily structures and not less than 10 units in groups of single-family houses. The regulations for both sections of the act, as amended on February 3, 1938, permit the use of blanket mortgages, with appropriate partial release clauses, on projects in which single family houses may be sold to individual home buyers. Statistics on the operations under this phase of the program are presented as follows:

(A) A summary of operations, and the status of projects processed by section and by type of insurance including the mortgage amount per room.

(B) The distribution of the volume of mortgages by type of lending institution and a listing of individual projects by State and city location.

(C) A distribution, by type of project, of dwelling units per project and rooms per dwelling unit, including a discussion of other characteristics.

(D) Size and rental group distributions of dwelling units in the three types of projects constructed.

These analyses are based on data covering all premium paying mortgages insured on large scale housing projects in operation or under construction on December 31, 1938.

(A) Status of Insuring Operations.

The year 1938 was the biggest year of insuring operations in the rental housing field. Although the first applications for mortgage insurance on large scale rental properties were received in August 1934, no commitments were issued, nor insurance contracts closed, until January 1935. The period from 1935 to the amendment of the act in February 1938 was devoted primarily to establishing and developing procedure and in securing actual demonstrations of the plan. The number of mortgages insured during this period is insignificant as compared to the insuring operations since the amendment of the act in 1938.

This section presents a cumulative summary of all operations through December 31, 1938. The operations relative to both rental properties and those for which release clause provisions will make possible ultimate sale to individual home buyers are shown, as well as break-downs by sections 207 and 210, the latter of which came into existence with the amended act. Insurance of mortgages with release clause provisions was first allowed by the revised regulations of November 1, 1937, but did not become extensive until provision for them was incorporated in the act, as amended February 3, 1938.

Cumulative summary.—Through December 31, 1938, there had been submitted 1,034 applications for mortgage insurance under sections 207 and 210 of the National Housing Act, involving proposed mortgages aggregating $765,017,754, of which all but approximately 10 percent of the total number were for rental projects, as shown in table 49. At December 31, of the projects for which applications were submitted, 50 with mortgages aggregating $25,206,250 were occupied and in operation, 88 involving mortgage insurance of $37,291,900 were in the process of construction, and 123 with mortgages aggregating $53,453,250 had commitments outstanding setting forth the terms and conditions of insurance. Of this last group, financial arrangements had been completed for 74 projects. There were 154 additional projects involving proposed mortgages aggregating $62,377,122 under active examination in the Washington, zone and State or district insuring offices. Lack of economic soundness, technical defects and failure to comply with conditions of acceptance accounted for the rejection or withdrawal of the remaining 619 applications with proposed mortgages aggregating $536,689,232.

TABLE 49.—**Status of rental housing insurance operations:** *Disposition of applications received under sections 207 and 210 of the act, cumulative 1935 through December 1938*

Status of operations	Rental housing projects		Release clause projects [1]		Total	
	Number	Amount	Number	Amount	Number	Amount
In operation	47	$24,950,750	3	$255,500	50	$25,206,250
Under construction	65	31,418,300	23	2,873,600	88	37,291,900
Premium-paying loans closed	112	59,369,050	26	3,129,100	138	62,498,150
Financing arranged	55	21,581,000	19	1,325,250	74	22,906,250
Commitments outstanding	48	29,918,500	1	628,500	49	30,547,000
Net total commitments	215	110,868,550	46	5,082,850	261	115,951,400
Held in abeyance	2	4,700,000			2	4,700,000
Expired or withdrawn: [2]						
In Washington	32	21,214,700	9	2,613,800	41	23,828,500
In insuring office	44	62,781,349			44	62,781,349
Total	76	83,996,049	9	2,613,800	85	86,609,849
Rejections: [2]						
In Washington	43	31,918,186	8	2,126,000	51	34,044,786
In insuring office	436	454,938,197	45	6,396,400	481	461,334,597
Total	479	486,856,383	53	8,523,000	532	495,379,383
Total cases processed	772	686,420,982	108	16,219,050	880	702,640,632
Cases in process:						
In Washington	46	24,636,171	3	176,500	49	24,812,671
In zone office	54	21,274,951			54	21,274,951
In insuring office	34	14,669,200	17	1,620,300	51	16,289,500
Total	134	60,580,322	20	1,796,800	154	62,377,122
Total applications received	906	747,001,304	128	18,016,450	1,034	765,017,754

[1] Release clause projects eligible for insurance under the amended act, effective Feb. 3, 1938.
[2] Excluding cases reopened with counter proposals.

Totals for the year.—During the year 1938, total applications foı insurance numbered 641 for a mortgage value of $267,167,788. Of these, 517 for a mortgage amount of $250,663,271 were contemplated for rental occupancy, and 124 for a mortgage value of $16,504,517 were contemplated for ultimate sale under release-clause provisions to be contained in the mortgage.

Commitments were issued during 1938 setting forth the terms and conditions of insurance on 247 projects involving mortgages of $95,202,050. Of these, 193 with mortgages of $88,576,600 were issued on rental projects; and the remaining 54 with mortgages of $6,625,450 were issued on projects containing release-clause provisions.

During the year 1938, contracts of insurance were executed and premium payments started on 117 projects involving mortgages of $47,493,150. Of the contracts executed, 91 with mortgage values of $44,364,050 were on rental projects, and 26 with mortgages of $3,129,-100 were release-clause projects.

Sections 207 and 210.—Section 210 came into existence with the National Housing Act as amended, February 3, 1938. There is no definite distinction as to physical character between projects on which mortgages are insurable under section 210 and section 207. The principal differences between the two sections are: The maximum insurable mortgage, the maximum mortgage per room allocable to dwelling use, and the maximum period of amortization, each of which will be discussed later. Another distinction is that projects with mortgages insured under section 210 are not subject to the supervision of the Administrator after construction is completed, whereas those under section 207 are subject to certain regulatory controls. In order to collect the insurance under section 210 in case of default, the mortgagee must convey the property to the Administrator, whereas under section 207 the mortgagee may at its election either convey the property or assign the mortgage to the Administrator. Rental as well as release-clause projects may be insured under either section 207 or 210 of title II. See table 50.

TABLE 50.—**Operations under sections 207 and 210:** *Distribution of loans closed, net total commitments issued, and total applications received for rental and release clause projects, cumulative 1935 through December 1938*

Section	Rental		Release		Total	
	Number	Amount	Number	Amount	Number	Amount
PREMIUM-PAYING LOANS CLOSED						
207	88	$57,447,550	3	$1,529,000	91	$58,976,550
210	24	1,921,500	23	1,600,100	47	3,521,600
Total	112	59,369,050	26	3,129,100	138	62,498,150
NET TOTAL COMMITMENTS ISSUED						
207	167	$107,070,050	4	$2,157,500	171	$109,227,550
210	48	3,798,500	42	2,925,350	90	6,723,850
Total	215	110,868,550	46	5,082,850	261	115,951,400
TOTAL APPLICATIONS RECEIVED						
207	744	$735,751,154	21	$10,125,800	765	$745,876,954
210	162	11,250,150	107	7,890,650	269	19,140,800
Total	906	747,001,304	128	18,016,450	1,034	765,017,754

Amount of mortgage per room.—In the National Housing Act, as amended February 3, 1938, the maximum amount of mortgage principal that may be allocated to dwelling use is limited to $1,350 a room for projects insured under section 207 and $1,150 a room for those insured under section 210. Of the mortgages insured under section 207 through December 31, 1938, the part attributable to dwelling use averages $1,016 a room. The average amount per room for those insured under section 210 as of the same date is $790. The average amount of mortgage attributable to dwelling use for all projects insured through December 31, 1938, is $1,001 a room.

Table 51 presents a distribution of the 138 projects, for which loans had been closed, by the amount of mortgage per room and according to the type of structure. The mortgage per room as used in compiling this table represents the total mortgage principal divided by the number of rooms in the project. This figure should be distinguished from the amount of mortgage per room given in table 53, which represents only the amount of the mortgage attributable to dwelling use divided by the number of rooms.

It is shown in this table that the widest range of mortgage principal per room is for projects of walk-up structures, which range from less than $500 to over $1,300 per room. The amount of mortgage for 69 percent of the projects of this type ranges between $800 and $1,100 per room with the average at $1,038 per room. The projects consisting of elevator structures range from $800 per room upward, with 80 percent of total number at a mortgage per room of $1,000 or more. The average mortgage per room for these structures is $1,181. The amount of mortgage per room is lowest for projects composed of single-family detached homes, which have an average mortgage per room of $673. The range for these projects is from less than $500 per room to less than $1,100, with 90 percent of the total number falling below $1,000 per room. Approximately 75 percent of the total number of projects for which loans had been closed, have a mortgage of from $800 to $1,200 per room with the average for all projects at $1,028 per room.

TABLE 51.—**Mortgage per room:** *Distribution of premium-paying, rental-housing projects by amount of mortgage principal per room and type of structure, cumulative 1935 through December 1938*

Mortgage per room	Type of project							
	Walk-up		Elevator		Detached		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $500	2	2.1			4	13.2	6	4.3
$500 to $599					2	6.7	2	1.4
$600 to $699	2	2.1			2	6.7	4	2.9
$700 to $799	3	3.2			8	26.7	11	8.0
$800 to $899	10	10.8	1	6.7	8	26.7	19	13.8
$900 to $999	18	19.4	2	13.2	3	10.0	23	16.7
$1,000 to $1,099	36	38.7	3	20.0	3	10.0	42	30.4
$1,100 to $1,199	15	16.1	4	26.7			19	13.8
$1,200 to $1,299	6	6.5	4	26.7			10	7.3
$1,300 to $1,350	1	1.1	1	6.7			2	1.4
Total	93	100.0	15	100.0	30	100.0	138	100.0
Average amount	$1,038.25		$1,181.07		$672.63		$1,028.04	

Mortgage principal.—Under section 207 the insurable mortgage has no minimum limit and a maximum limit of $5,000,000. The mortgages for the 91 projects for which loans had been closed under section 207 by December 31, 1938, ranged from $26,000 to $2,306,000. In several instances a number of projects, each with a separate mortgage, have been constructed on adjacent sites under a single management. Although a group of projects may be operated as a unit, each project is handled separately for reporting purposes. The mortgages insured under section 210 range from $22,000 [1] to $200,000, the maximum insurable limit. The minimum insurable limit for this section is $16,000.

The average mortgage principal for all mortgages insured under both sections is $452,885; for mortgages under section 207 it is $648,094; and for mortgages under section 210 it is $74,928.

Duration and ratio of mortgage to valuation.—The $62,498,150 mortgage principal of all loans closed represents 77 percent of the valuation of the projects. The average insured mortgage is about 10 percent less than the estimated total cost of physical improvements. Under section 207 the average mortgage insured is scheduled for amortization over a period of 26½ years with constant level annuity payments of principal and interest. The predominant interest rate is 4½ percent. Under section 210 the typical mortgage is amortized in 20 years and the predominant interest rate is 5 percent.

Financial structure.—An analysis of the 138 mortgages on projects for which loans had been closed reveals that 85 percent of the estimated total valuation represents the value of physical improvements, 11 percent the value of land upon completion of the projects, and 4 percent the carrying charges and working capital. Of the total liabilities, 77 percent represents the aggregate mortgage principal, and the remaining 23 percent the equity investment of the sponsors, of which land represents 11 percent and cash and services 12 percent.

Although the regulations for section 207 allow dividends of 6 percent of the equity per annum the average rate scheduled for the projects on which loans had been closed is 5 percent.

B. Mortgages by Type of Institution and Project Location.

As of December 31, 1938, 52 institutions had financed 138 mortgages on large-scale housing projects located in 88 cities of 30 States. This section presents a discussion of the types of institutions financing these projects and a list of the projects with the most pertinent data relative to each.

Mortgagee institutions financing projects.—The 138 premium-paying mortgage loans closed on large-scale projects were financed by 52 separate institutions. Among these, 16 insurance companies financed approximately three-fourths of the total mortgage principal of $62,498,150, insured through December 31, 1938. Table 52 shows the distribution of the total amount of mortgages for all types of institutions. Mortgage companies, accounting for 3 percent of the total for all types of projects financed only 2 percent of the rental projects but 13 percent of the release-clause projects. The average insured mortgage on a rental project is $530,081; on a release-clause project it is $120,350.

[1] The mortgage of $15,300 reported in table 53 for the Fort Wayne Housing Authority represents only one-third of the total approved loans closed as of December 31, 1938.

TABLE 52.—**Type of institution:** *Distribution of rental housing mortgages by type of mortgagee, cumulative 1935 through December 1938*

Type of mortgagee	Number of institutions	Volume of mortgages		
		Number	Amount	Percent of amount
National banks	11	15	$1,398,000	2.2
State banks and trust companies	5	5	2,529,000	4.0
Total commercial banks	16	20	3,927,000	6.2
Mortgage companies	10	11	1,683,700	2.7
Building and loan associations	4	5	712,000	1.1
Insurance companies	16	82	48,673,250	77.9
Finance companies	1	1	200,000	.3
Mutual and stock savings banks	1	2	1,600,000	2.6
Federal agencies [1]	2	10	5,164,000	8.3
All others	2	7	538,200	.9
Total	52	138	62,498,150	100.0

[1] Includes the RFC Mortgage Co. with 6 mortgages amounting to $2,664,000 and the Federal National Mortgage Association with 4 mortgages amounting to $2,500,000.

State and city location of projects.—As of December 31, 1938 the 138 mortgages covered large scale housing projects in operation or under construction in 30 States and 88 cities throughout the country. The projects are presented alphabetically by cities by States in table 53, and such descriptive data as the section under which insured and the type of mortgage, the type of structure, the number of dwelling units, the appraised monthly room rental, and the amount of mortgage for each room allocable to dwelling use only are shown for each project.

The monthly room rental presented in this table, as well as in tables 57, 58, and 59, represents the rental for an average month based on the estimated project income during the period of amortization. This figure is lower than the maximum allowable rental. The list is annotated for the purpose of distinguishing between release clause and rental projects, mortgages insured under section 210 and those insured under section 207, projects in operation and those under construction.

In view of the fact that metropolitan areas may include several municipalities and parts of several States, the alphabetical arrangement of table 53 precludes the possibility of incorporating an analysis by metropolitan areas. A number of the rental housing projects listed in the table fall within the larger metropolitan areas of this type. For example, although there are only 7 projects listed under New York City, there are 23 projects located in the New York metropolitan area. Of these, 9 are listed under the New York designations of Fleetwood (Mount Vernon), Greenburgh, Larchmont, Rockville Centre, Scarsdale and Yonkers, and 7 of them are listed under the New Jersey municipalities of Englewood, Hillside, Linden, Newark, Plainfield, and Summit. There are 11 projects in the Washington, D. C. metropolitan area, of which, one is listed under Washington, 7 under Arlington, Va., and 3 under Greenbelt and Silver Spring, Md. Of the 4 projects located in the Philadelphia metropolitan area, one is listed under Philadelphia and the others under Abington, Narberth, and Upper Darby. In the Chicago area, including Evanston there are 3 projects. The St. Louis metropolitan area includes 7 projects, 2 of which are located in Brentwood and Clayton, Mo. There are 2 projects in Kansas City area, 1 in Missouri and the other in Kansas. In the Baltimore area 2 of the 6 projects located there are listed under Dundalk, Md.

TABLE 53.—Premium paying rental housing mortgages insured: *Description of projects in operation or under construction, cumulative 1935 through December 1938*

State, city, and project	Type of structure	Number of dwelling units	Number of rooms	Appraised monthly rental per room	Amount of mortgage	Amount of mortgage per room [1]
Alabama:						
Birmingham:						
Mountain Park Development Co.[2,3]	Detached	11	58	$10.00	$51,200	$881
Mountain Park, Inc.[2,3]	do	14	70	8.99	65,300	850
Redmont Village	Walk-up	200	756	13.59	775,000	1,001
Ridgewood Homes [2,3]	Detached	11	65	8.88	57,200	869
Montgomery:						
Highland Homes [2,3]	do	36	180	5.00	80,000	434
Arizona:						
Phoenix:						
Encanto Apartments [3]	Walk-up	21	76	17.11	69,000	892
Arkansas:						
Crossett:						
Crossett Housing [4]	Detached	199	710	4.70	320,000	405
California:						
Los Angeles:						
F. B. Layne [3]	Walk-up	22	66	6.83	20,000	378
Argyle Village [3]	do	8	25½	14.82	26,000	915
San Jose:						
Campagna [3]	do	9	33	11.21	22,000	653
Colorado:						
Denver:						
Colorado Boulevard Apartments.[3]	do	21	75	15.50	70,000	916
Connecticut:						
Hartford:						
Knollwood Apartments [4]	Elevator	31	101	22.00	95,000	941
District of Columbia:						
Washington:						
Brentwood Village [4]	Walk-up	426	1,506	14.00	1,650,000	1,086
Florida:						
Miami Beach:						
Frankel Apartments [3]	do	16	56	14.20	45,000	804
Georgia:						
Atlanta:						
Emory Court [3,4]	Detached	20	60	11.67	45,000	734
Peach Tree Hill Apartments.[4]	Walk-up	174	552	14.50	640,000	1,130
Columbus:						
Pine Hill Apartments	do	82	303	13.45	320,000	1,037
Illinois:						
Chicago:						
Granville Gardens [4]	do	196	840	14.44	750,000	893
Wolcott Apartments	do	147	610½	15.50	600,000	983
Evanston:						
Isabella Apartments	do	89	352	18.00	450,000	1,278
Indiana:						
Fort Wayne:						
Fort Wayne Housing Authority.	Detached	17	51	3.61	15,300	300
Harvester Park Addition [2,3]	do	10	42	8.40	29,500	702
Hammond:						
Parkland Terrace Corporation.[2,3]	do	51	257½	9.00	200,000	777
Indianapolis:						
Fairfield Colonial	Walk-up	54	230	15.00	260,000	1,087
Linwood Colonial Apartments.[4]	do	39	166	14.00	159,000	958
Marcy Village	do	277	1,093	14.96	1,320,000	1,177
South Linwood Colonial [4]	do	66	257	14.05	258,750	968
New Albany:						
Valley View Gardens [4]	Detached	40	158	6.87	130,000	823
Kansas:						
Emporia:						
Senate Apartments [3]	Walk-up	11	36½	15.90	32,000	857
Garden City:						
Midwest Investment Co.[2,3]	Detached	10	42½	8.11	31,000	700
Johnson County:						
Roeland Park [2,3]	do	46	237	10.50	190,000	802
Kansas City:						
Roseland Court Development Co.[2,3]	do	18	93	9.84	75,000	788
Salina:						
Highland Court [2,3]	do	10	43	9.15	33,600	755
Wichita:						
O. L. Jacques [2,3]	do	10	50	7.00	32,000	629
Robert Campbell Development Co.[2,3]	do	22	110	6.50	49,500	450

See footnotes at end of table.

TABLE 53.—Premium paying rental housing mortgages insured: *Description of projects in operation or under construction, cumulative 1935 through December 1938*—Continued

State, city, and project	Type of structure	Number of dwelling units	Number of rooms	Appraised monthly rental per room	Amount of mortgage	Amount of mortgage per room [1]
Kentucky:						
Louisville:						
Green Tree Manor [4]	Walk-up	265	892½	$14.24	$1,000,000	$1,094
Maryland:						
Annapolis:						
Dreams' Landing [4]	do	56	292	12.47	260,000	864
Baltimore:						
Hilton Village	do	148	569½	13.75	540,000	928
Hunting Ridge [2,3]	Detached	10	60	12.79	60,000	981
Oaklee Village	Walk-up	180	598	12.75	565,000	940
Northwood [4]	do	388	1,316	15.50	1,480,000	1,118
Dundalk:						
Dunmanway Apartments	do	36	156	13.00	142,500	913
Housing Co. of Dundalk [4]	do	272	898	12.00	800,000	877
Fort Severn:						
Fort Severn [2,3]	Detached	10	60	12.79	64,200	1,070
Greenbelt:						
Parkbelt Homes [4]	do	10	50	10.00	35,000	700
Silver Spring:						
Falkland Addition [4]	Walk-up	301	1,171½	14.00	1,225,000	1,039
Falkland Properties [4]	do	178	826	14.50	840,000	1,010
Massachusetts:						
Boston:						
Kilsyth [3]	Elevator	46	156	19.09	150,000	962
Chicopee Falls:						
Chicopee Falls Housing Corporation.[4]	Walk-up	216	785	4.00	190,000	242
Michigan:						
Lansing:						
Hillcrest Housing	do	146	515	15.00	525,000	1,009
Minnesota:						
Minneapolis:						
Kenilworth Apartments [4]	do	46	175	14.65	137,000	744
Parklake Homes	do	66	275	16.75	315,000	1,124
Richmond Housing [2,3]	Detached	10	49	9.80	40,200	820
Victory View Addition [2,3]	do	12	54	9.44	43,600	765
St. Paul:						
Lakeland Manor	Walk-up	265	1,075	15.00	1,100,000	989
Missouri:						
Brentwood:						
Summit Park [2,3,4]	Detached	20	100	12.00	92,000	920
Clayton:						
Adaber Apartments [2,3,4]	Walk-up	18	81	18.15	85,000	1,049
Kansas City:						
Westwood Estates [2,3,4]	Detached	13	67	11.60	62,500	910
St. Louis:						
Fred Schoenfeld	Walk-up	12	36	13.13	26,000	694
Lichtenstein Estates [3]	do	18	78	16.20	82,500	1,071
Manhassett Village	do	354	1,356	15.00	1,600,000	1,155
Regency Apartments [3]	do	18	78	16.73	85,000	1,050
Smelcer [3]	do	15	55½	14.35	48,000	839
New Jersey:						
Englewood:						
Chester Gardens [3,4]	do	31	115	17.35	130,000	1,085
Tracey Gardens [3,4]	do	31	115	17.35	130,000	1,085
Hillside:						
Hollywood Homes [2,3]	Detached	10	50	10.00	35,000	700
Linden:						
Lindcrest	Walk-up	284	952	13.60	950,000	980
Newark:						
MacEvoy Court	Elevator	270	786	18.00	1,130,000	1,303
Plainfield:						
Meadowbrook Village	Walk-up	180	714	15.25	750,000	1,033
Summit:						
New Providence Development Co.[3,4]	do	43	160½	15.61	152,000	919
New York:						
Buffalo:						
Bennett Apts	do	48	168	17.86	212,000	1,197
Delaware Park Corporation	do	144	540	18.00	680,000	1,225
Fleetwood:						
Chester Crest [4]	Elevator	279	1,072	18.00	1,150,000	1,073
Greenburg:						
Fort Hill Village [4]	Walk-up	69	271½	18.00	350,000	1,266
Larchmont:						
Larchmont Acres	Elevator	384	1,392	17.50	1,650,000	1,167

See footnotes at end of table.

TABLE 53.—**Premium paying rental housing mortgages insured:** *Description of projects in operation or under construction, cumulative 1935 through December 1938*—Continued

State, city, and project	Type of structure	Number of dwelling units	Number of rooms	Appraised monthly rental per room	Amount of mortgage	Amount of mortgage per room [1]
New York—Continued.						
New York:						
First Garden Bay Manor	Walk-up	279	932½	$16.50	$1,040,000	$1,087
Garden Housing	Elevator	354	1,320	20.00	1,650,000	1,250
Queens Boulevard	do	540	1,881	18.00	2,306,000	1,201
Second Garden Bay Manor	Walk-up	210	765	16.50	850,000	1,111
Sunlit Gardens	Elevator	144	522	16.18	575,000	1,102
Third Garden Bay Manor	Walk-up	270	985	16.50	1,100,000	1,112
Watson Apartments [3,4]	Elevator	60	180	18.25	185,000	1,028
Rockville Centre:						
Twin Oaks Lodge	Walk-up	21	74	17.37	75,000	1,071
Scarsdale:						
Garth Limited Division [4]	Elevator	168	665	18.00	775,000	1,124
Grayrock Limited Division [4]	do	133	528½	18.00	620,000	1,124
Yonkers:						
Fleetwood Acres	Walk-up	164	604	20.61	800,000	1,229
Georgian Court	Elevator	109	396	19.00	500,000	1,226
Glenwood Apartments	do	357	1,261½	18.00	1,350,000	1,070
North Carolina:						
Charlotte:						
Myrtle Apartments [4]	Walk-up	72	268	14.50	275,000	997
Durham:						
University Apartments [4]	do	114	462	15.00	500,000	1,067
Greensboro:						
Country Club Apartments [4]	do	86	316	16.00	365,000	1,155
High Point:						
Emerywood	do	60	222	14.50	235,000	1,059
Raleigh:						
Raleigh Apartments [4]	do	150	534	14.69	575,000	1,077
Wake Housing [4]	do	147	528	14.95	560,000	1,061
Winston-Salem:						
Twin Castles [4]	do	124	394	15.00	400,000	985
Ohio:						
Cleveland:						
Woodridge Noble [3]	do	20	73	15.59	70,000	959
Columbus:						
Olentangy Village	do	403	1,380½	14.55	1,735,000	1,141
Pennsylvania:						
Abington:						
Jericho Manor	do	137	537	15.42	615,000	1,116
Allentown:						
Highland Dwellings	do	55	228	14.20	230,000	956
Clairton:						
Pennsylvania Housing Corporation [3]	Detached	300	1,704	8.00	1,050,000	616
Harrisburg:						
Park View Apartments	Elevator	117	439½	16.50	550,000	1,225
Lancaster:						
Grand View Gardens	Walk-up	58	229	13.00	250,000	1,015
Meadville:						
Meadville Housing [4]	Detached	202	1,052	7.28	800,000	760
Mount Penn:						
Hollywood Apartments	Walk-up	48	200	13.20	179,000	871
Narberth:						
Montgomery Court	do	114	363	15.60	430,000	1,119
Philadelphia:						
Small Home Buyers Corporation [3]	do	107	535	9.00	378,000	707
Upper Darby:						
Margate Housing [2,4]	do	26	146	8.84	101,000	692
York:						
Elm Terrace [4]	Elevator	43	160	14.26	141,000	833
South Carolina:						
Greenville:						
McDaniel Heights	Walk-up	62	227	13.94	240,000	961
Tennessee:						
Memphis:						
The Village [2,3]	Detached	10	57	11.35	55,000	965
Nashville:						
Woodmont	Walk-up	100	402	14.00	450,000	1,082
Texas:						
Dallas:						
Bell Apartments [3]	do	18	72	15.22	75,000	1,028
Cole's Manor [4]	do	96	288	15.00	300,000	984
Stevens Park	do	96	408	14.72	405,000	988
West Park Property Inc.[3]	do	16	56	16.43	60,000	1,049

See footnotes at end of table.

TABLE 53.—**Premium paying rental housing mortgages insured:** *Description of projects in operation or under construction, cumulative 1935 through December 1938*—Continued

State, city, and project	Type of structure	Number of dwelling units	Number of rooms	Appraised monthly rental per room	Amount of mortgage	Amount of mortgage per room [1]
Texas—Continued.						
Houston:						
Houston Gardens Annex [2,3]	Detached	40	204	$6.81	$114,700	$544
Josephine Apartments [3]	Walk-up	8	30	14.67	28,000	909
Mason Park Terrace [2,3]	Detached	30	150	8.05	87,000	548
River Oaks Gardens [4]	Walk-up	134	445	17.00	511,000	1,105
Virginia:						
Arlington:						
Colonial Village, Inc.[4]	do	276	1,026	12.50	875,000	837
Colonial Village, Extension[4]	do	462	1,598	13.00	1,480,000	919
Colonial Village, Addition [4]	do	236	786	13.81	725,000	922
First Buckingham Community.[4]	do	524	1,720	14.00	1,825,000	1,026
Second Buckingham Community.[4]	do	98	310	14.50	325,000	1,048
Third Buckingham Community.[4]	do	200	612	14.68	650,000	1,053
Fourth Buckingham Community.	do	192	684	14.60	725,000	1,054
Lynchburg:						
Rivermont Park Housing	do	52	172	14.18	185,000	1,065
Newport News:						
Kecoughtan Court Apartments.	do	92	337	13.11	325,000	946
Norfolk:						
Larchmont	do	172	628	13.82	635,000	901
Portsmouth:						
Waterview Apartments [4]	do	70	246	13.02	240,000	953
Richmond:						
George W. Bradley [3,4]	do	12	40	13.25	32,000	800
Gilmour Court [4]	do	155	616½	13.50	650,000	1,037
Loch Lane, Inc.[3,4]	do	32	136	14.85	130,000	956
West Loch Lane [3]	do	38	147	15.00	144,000	980
Roanoke:						
Franklin Heights	do	82	270	13.26	295,000	1,093
Washington:						
Seattle:						
Edgewater Park	do	304	1,032	14.50	1,080,000	1,036
West Virginia:						
Charleston:						
Kanawha Village	do	174	630	14.50	650,000	1,032
Wisconsin:						
Milwaukee:						
Clover Nook Estates [2,3]	Detached	10	50	11.60	50,700	969
Total for 138 projects		16,290	60,793½		62,498,150	
Average		118	440.5	14.40	452,885	1,001

[1] Allocable to dwelling units only.
[2] Release clause.
[3] Insured under sec. 210.
[4] In operation.

C. Physical Characteristics of Projects.

This section presents a discussion of certain physical and financial characteristics of the projects for which loans have been closed. The relative importance of the various types of structures is presented, by showing the number of projects of each type, as well as the number of dwelling units and rooms included. The distribution of projects by the number of dwelling units provided, the distribution of dwelling units by number of rooms in each, and the characteristics regarding size of sites, and the financial structure of the projects are also presented. Only three types of rental housing structures, walk-up, elevator, and detached, are employed in the following tables. The projects have been classified by the predominant type of structure used in the project; thus, a walk-up project may include an elevator building. Row houses have been classified as walk-up structures for the purpose of these tables.

Type of structures built.—Of the 138 mortgages on projects in operation or under construction as of December 31, 1938, the 2- or 3-story walk-up apartments represent 67 percent of the number of projects, 74 percent of the dwelling units, and 72 percent of the number of rooms built. Elevator apartments represented only 11 percent of the projects compared with 22 percent for detached dwelling developments, but they accounted for 19 percent of the dwelling units, and 18 percent of the total number of rooms. See table 54.

TABLE 54.—**Type of structure:** *Distribution of number of premium paying loans closed, dwelling units, and rooms by type of structure, cumulative 1935 through December 1938*

Type of structure	Projects insured		Dwelling units		Rooms	
	Number	Percent	Number	Percent	Number	Percent
Walk-up	93	67.4	12,004	73.7	43,993	72.4
Elevator	15	10.9	3,083	18.9	10,861	17.8
Detached	30	21.7	1,212	7.4	5,940	9.8
Total	138	100.0	16,299	100.0	60,794	100.0

Size of projects.—Projects range in size from 8 to 540 dwelling units. Actually several developments [2] include more dwelling units than are represented by the latter figure, but they have been financed and constructed in sections, each of which is considered a separate unit for reporting purposes. The average project consists of 118 dwelling units. The project composed of elevator structures financed as single developments are the largest, with an average of 206 dwelling units per project. The walk-up structures, representing 67 percent of the total number of projects because financed in sections, are next in size with 129 units to the average project. The detached single family structures with an average of 40 dwelling units to the project, are by far the smallest type of project; over 85 percent of these projects are of less than 50 dwelling units. Almost 60 percent of the insured mortgages cover projects of less than 100 dwelling units. See table 55.

TABLE 55.—**Size of project:** *Distribution of projects with premium paying mortgages, by number of dwelling units and type of structure, cumulative 1935 through December 1938*

Number of dwelling units	Number of projects by type of structure							
	Walk-up		Elevator		Detached		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 50	29	31.2	3	20.0	26	86.8	58	42.0
50 to 99	20	21.5	1	6.7	1	3.3	22	15.9
100 to 199	23	24.7	5	33.3	1	3.3	29	21.0
200 to 299	13	14.0	2	13.3	1	3.3	16	11.6
300 to 399	4	4.3	3	20.0	1	3.3	8	5.8
400 to 499	3	3.2					3	2.2
500 or more	1	1.1	1	6.7			2	1.5
Total	93	100.0	15	100.0	30	100.0	138	100.0
Average units	129		206		40		118	

[2] Colonial Village and Buckingham Community in Virginia, and Garden Bay Manor in New York.

Number of rooms per dwelling unit.—The 138 mortgages on projects for which loans were closed through December 1938 cover 16,299 dwelling units or a total of 60,794 rooms. Most of the half rooms counted are dining alcoves or breakfast nooks. In no case is a bathroom considered in the room count. The dwelling units in the projects under discussion range in size from 1 to 7 rooms, with an average of 3.7 rooms to the unit.

Almost 75 percent of the total dwelling units consist of 3, 3½, or 4 rooms. In detached structures over 70 percent of family units include 5 or 6 rooms, and none are less than three rooms in size. In the elevator apartments almost 90 percent of the total number of family units are from 3 to 4½ rooms in size. The family units in detached-house projects average 4.9 rooms in size; next in size are the walk-up apartments with 3.7 rooms; and the smallest is the elevator apartment which averages 3.5 rooms to the unit. Almost 80 percent of the family units in walk-up apartments are 3, 3½, and 4 rooms in size. The two most popular sizes of dwelling units, regardless of type of structure, are the 3-room unit, representing 35 percent of the total number of units, and the 4-room unit, making almost 25 percent of the total units.

Table 56 presents a distribution of the total number of dwelling units by the number of rooms in each unit and by the three major types of structures.

For purposes of uniformity, the following method of counting the number of rooms has been established. Classified as whole rooms are all living and bedrooms; dining rooms of an area of 110 square feet or more; kitchens, or combination kitchens and dining alcoves, of an area of 60 square feet or more. Classified as half rooms are kitchens less than 60 square feet in area which are separated from other rooms by a complete partition with a door; dining alcoves separated from the kitchen by a partition and door and having outside light. Not counted as rooms are bathrooms; interior foyers, whether intended for dining or not; and strip kitchenettes, located in a room, a recess off the room, or in a closet space with doors.

TABLE 56.—**Size of dwelling units:** *Distribution of dwelling units in premium paying, rental housing projects by number of rooms and type of structure, cumulative 1935 through December 1938*

Number of rooms	Number of dwelling units by type of structure							
	Walk-up		Elevator		Detached		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1	41	0.3	15	0.5			56	0.3
2	177	1.5	96	3.1			273	1.7
2½	6	.1	57	1.8			63	.4
3	4,530	37.7	996	32.3	145	12.0	5,671	34.8
3½	1,830	15.3	738	23.9	1	.1	2,578	15.8
4	3,203	26.7	492	16.0	173	14.3	3,868	23.7
4½	981	8.2	505	16.4	32	2.6	1,518	9.3
5	1,096	9.1	172	5.6	504	41.5	1,772	10.9
6	113	.9	12	.4	356	29.4	481	3.0
7	18	.2			1	.1	19	.1
Total	12,004	100.0	3,083	100.0	1,212	100.0	16,299	100.0
Average rooms	3.66		3.52		4.90		3.73	

Plot area.—The project sites vary in area from approximately one-sixth of an acre for a small walk-up apartment in St. Louis, Mo., to 153 acres for a project in Houston, Tex., on which detached single-family houses were built. The average area of all the projects is 7.7 acres. The percentage of the site covered by building structures ranged from 3 for a walk-up project in Houston, Texas, to 47 for a walk-up apartment in Cleveland, Ohio.

The percentage of the site covered by building structures is influenced by such factors as the project location, the character of the terrain and the type of structure. Projects composed of single family detached structures generally cover a smaller percentage of the site than projects of other types.

Cost per cubic foot.—Other physical characteristics not shown in this report are the estimated construction costs per cubic foot, and room valuation and family-unit valuation for each project. The estimated construction costs vary with the type of structure and location as well as with the type of construction of the project. The average for all projects is 31 cents a cubic foot, and the range [3] is from 16 cents for a project of detached dwellings in Missouri, to 41 cents for an elevator apartment in New Jersey.

Room valuation.—The average room valuation (including the estimated value of land, physical improvement, carrying charges, and working capital) ranges from [3] $467 a room for a project composed of detached single-family dwellings in Indiana to $1,824 a room for an elevator apartment in New Jersey. The average for all of the projects is $1,342 a room. The range of average valuation for each family unit is from [3] $1,400 to $8,570 with average for all projects of $5,005 a unit.

D. Rentals By Room and By Dwelling Unit.

This discussion of rentals is based on appraised monthly rentals. These rentals represent a monthly figure at which the project will earn the income estimated for the period of amortization. Appraised rentals are less than the maximum rent allowable, and frequently are exceeded by actual rentals during the initial periods of operation. The average room rent does not reflect the influence of such factors as location of the apartment within the project and its size; however, the effect of these factors is reflected in the monthly rental for the unit. The present procedure for establishing rental schedules is based on conservative estimates of currently obtainable rentals in the area in which the project is located, rather than an average of the estimated rentals over a period of years.

Average monthly room rental.—The average monthly rental on projects for which mortgages had been closed is $14.40 a room. These rentals range from an average of $3.61 a room for the detached houses built by an Indiana housing authority for families of the lowest incomes to an average of $22 a room for an elevator apartment in Connecticut. In several projects consisting of walk-up and detached structures, the monthly rental per unit includes a garage as well as the dwelling unit; thus, the quoted rentals on a per room or per unit basis are slightly inflated in projects of this nature.

[3] Exclusive of a reconstructed project in Chicopee Falls, Mass.

The average and the range of monthly room rentals vary sharply with the different types of structures. The widest range is found in walk-up apartments with the average rental per project varying from $4 to $20.61 a room; however, almost 90 percent of the rooms in structures of this type rent from $12.50 to $17.50 a room. The average rental of all rooms in walk-up structures is $14.37 a room.

The average monthly rentals for each project in elevator structures range from $14.25 to $22 a room, although more than 80 percent of these rooms rent from $17.50 to $20 a month. The average rental of all rooms in structures of this type is $18.13 a room.

The rooms in detached single-family structures rent for much less than those in structures of other types, with the average monthly rental for all rooms at $7.84 a room. The average room rentals for such projects range from $3.61 to $12.79, with more than 85 percent of the rooms renting for less than $10 a month. Table 57 presents a distribution of the total number of rooms by the average room rental for each type of structure.

TABLE 57.—**Average monthly room rentals:** *Distribution of rooms in premium-paying rental housing projects by average monthly rental and type of structure, cumulative 1935 through December 1938*

Monthly room rental	Number of rooms by type of structure							
	Walk-up		Elevator		Detached		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $5.00	785	1.8			761	12.8	1,546	2.5
$5.00 to $7.49	66	.2			1,754	29.5	1,820	3.0
$7.50 to $9.99	681	1.5			2,576	43.4	3,257	5.4
$10.00 to $12.49	1,223	2.8			729	12.3	1,952	3.2
$12.50 to $14.99	26,486.5	60.2	160	1.5	120	2.0	26,766.5	44.0
$15.00 to $17.49	12,735	28.9	439.5	4.0			13,174.5	21.7
$17.50 to $19.99	1,412.5	3.2	8,840	81.4			10,252.5	16.9
$20.00 or more	604	1.4	1,421	13.1			2,025	3.3
Total	43,993	100.0	10,860.5	100.0	5,940	100.0	60,793.5	100.0
Average rental	$14.37		$18.13		$7.84		$14.40	

Average monthly dwelling rental.—Dwelling units in rental housing projects rent from less than $10 to more than $90 a month. Table 58 presents an analysis of actual rental schedules at the time contracts for mortgage insurance are issued, whereas table 57 is merely an analysis of the average room rentals for each project. This table, therefore, reflects the influence of factors, such as the size of rooms and the arrangement and location of a dwelling unit within a project, which are not indicated in averages for an entire project. The average rental for all family units in all types of structures is $53.71 a month.

The average monthly rental of a detached house is $38.41. Approximately 85 percent of the single-family detached structures rent for less than $50 a month, with over 62 percent of the total units renting from $30 to $50 a month.

The average monthly rental for apartments in walk-up structures is $52.45. Approximately 65 percent of the walk-up apartments rent from $40 to $60 a month and less than one-half of 1 percent of these units rent for less than $10 or for more than $90.

The average apartment in an elevator structure rents for $64.86 a month. In elevator structures, approximately 95 percent of the units rent for more than $50 a month, with more than half of the total number renting for $50 to $70 a month.

TABLE 58.—Monthly rental of dwelling units: *Distribution of dwelling units in premium paying rental housing projects by monthly rental and type of structure, cumulative 1935 through December 1938*

Monthly dwelling unit rental	Number of dwelling units by type of structure							
	Walk-up		Elevator		Detached		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than $10.00	31	0.3			64	5.3	95	0.6
$10.00 to $14.99	93	.8			47	3.9	140	.9
$15.00 to $19.99	36	.3	15	0.5	55	4.6	106	.7
$20.00 to $24.99	80	.7	1	(1)	49	4.0	130	.8
$25.00 to $29.99	44	.4			73	6.0	117	.7
$30.00 to $34.99	99	.8			125	10.3	224	1.4
$35.00 to $39.99	436	3.6	61	2.0	194	16.0	691	4.2
$40.00 to $44.99	2,237	18.6	8	.3	153	12.6	2,398	14.7
$45.00 to $49.99	2,537	21.1	58	1.9	284	23.4	2,879	17.7
$50.00 to $54.99	1,411	11.8	763	24.7	78	6.5	2,252	13.8
$55.00 to $59.99	1,540	12.8	126	4.1	21	1.7	1,687	10.3
$60.00 to $64.99	1,491	12.4	613	19.9	40	3.3	2,144	13.2
$65.00 to $69.99	1,096	9.1	203	6.6	9	.7	1,308	8.0
$70.00 to $74.99	414	3.5	379	12.3	5	.4	798	4.9
$75.00 to $79.99	290	2.4	236	7.6	15	1.3	541	3.3
$80.00 to $84.99	128	1.1	391	12.7			519	3.2
$85.00 to $89.99	14	.1	121	3.9			135	.8
$90.00 or more	27	.2	108	3.5			135	.8
Total	12,004	100.0	3,083	100.0	1,212	100.0	16,299	100.0
Average rental	$52.45		$64.86		$38.41		$53.71	

[1] Less than 0.05 percent.

Distribution of units by size and rental groups.—More than one-third of the total dwelling units in projects for which loans had been closed by December 31, 1938, are 3-room units, two-thirds of which are scheduled to rent from $40 to $50 a month. Next most common, representing almost a quarter of the total units, are the 4-room units, more than half of which range in rental from $55 to $65 a month. Nearly a quarter of the total number of dwellings are 4½-room units or larger, more than half of which range from $65 upward in monthly rentals.

Of the total dwelling units provided, almost 10 percent are scheduled to rent for less than $40 a month, over 30 percent range between $40 and $50 a month, almost 25 percent range from $50 to $60 a month, and almost 15 percent range from $60 to $65 a month. Thus, approximately 80 percent of the total dwelling units are scheduled to rent for less than $65 a month.

Most of the dwelling units in detached structures fall in the lower rental groups, most of those in walk-up structures in the middle range, and the majority of those in elevator structures are found in the upper rental groups.

Almost 40 percent of the 12,004 walk-up apartments are 3-room units, over 90 percent of which are scheduled to rent for less than $50 a month. More than a quarter of the walk-up apartments are 4-room units, of which nearly a half range from $50 to $60 in monthly rental.

About one-third of the 3,083 dwellings in elevator structures are 3-room units, three-quarters of which range in rental from $50 to $55 a month. Another third of the elevator apartments are 4- or 4½-room units, nearly all of which rent for $65 or more a month.

Almost three-quarters of the 1,212 detached dwellings are 5- and 6-room units, one-third of which rent for less than $40 a month. More than half of the detached dwellings of all sizes rent for less than $40 a month. The primary explanation of the low rentals for these dwellings is the fact that operating costs are less for projects of this type, since many services, such as janitor service, are not included.

Table 59 presents the percent distribution of the dwellings in each of the three types of structures by size and monthly rentals.

TABLE 59.—Number of rooms and dwelling unit rentals: *Percent distribution by size and monthly rental of dwelling units in walk-up, elevator, detached house projects, cumulative 1935 through 1938*

Type of structure and number of rooms in dwellings	Monthly dwelling unit rentals							
	Under $40	$40–$44.99	$45–$49.99	$50–$54.99	$55–$59.99	$60–$64.99	$65 and over	Total
Walk-up:								
1 to 2½	1.8	0.1						1.9
3	4.2	16.8	14.5	1.3	0.4		0.5	37.7
3½	.1	1.1	5.0	5.6	2.2	0.4	.9	15.3
4	.2	.6	.5	4.5	8.2	9.0	3.7	26.7
4½ to 7	.6		1.1	.4	2.0	3.0	11.3	18.4
Total	6.9	18.6	21.1	11.8	12.8	12.4	16.4	100.0
Elevator:								
1 to 2½	2.5	.3	1.9	.4	.3			5.4
3				23.6	.8	2.1	5.8	32.3
3½				.7	2.9	17.2	3.1	23.9
4 to 4½					.1	.6	31.7	32.4
5 to 6							6.0	6.0
Total	2.5	.3	1.9	24.7	4.1	19.9	46.6	100.0
Detached:								
3 to 3½	12.1							12.1
4 to 4½	14.4	1.2	1.3					16.9
5	18.0	10.2	4.3	5.3	1.6	2.1		41.5
6	5.5	1.2	17.8	1.2	.1	1.2	2.4	29.4
7	.1							.1
Total	50.1	12.6	23.4	6.5	1.7	3.3	2.4	100.0
All types:								
1 to 2½	1.8	.1	.3	.1	.1			2.4
3	4.0	12.5	10.7	5.4	.5	.4	1.3	34.8
3½		.8	3.7	4.2	2.2	3.6	1.3	15.8
4	1.2	.4	.5	3.3	6.0	6.7	5.6	23.7
4½ to 7	2.3	.9	2.5	.8	1.5	2.5	12.8	23.3
Total	9.3	14.7	17.7	13.8	10.3	13.2	21.0	100.0

Property Improvement Credit Insurance Under Title I

Insurance of short-term character loans for the purpose of modernization, repair, or improvement of residential and other real property, and the payment of claims presented by lending institutions on insured loans in default were authorized by title I of the act. Statistics of this phase of the program are presented under the following subjects:

(A) A summary for all loans insured, by reserve and section, including a distribution by years and by States; and for loans insured since the February 1938 amendment, a break-down by months and by States for the new dwelling and farm improvement loans insured.

(B) Activity of qualified lending institutions under the original and amended title I in advancing insured credit, showing the number of institutions and the volume of insurance by type of institution.

(C) Characteristics of loans insured, showing the types of property and improvement financed; and the distribution of insured loans by size, duration, and amount of monthly payment.

(D) A summary of the volume of claims paid on insured loans in default including a distribution by quarterly periods by insurance reserve, by States, and by type of institution.

(E) Characteristics of defaulted loans, including analyses of a sample of loans on which claims had been paid.

The majority of tables and charts included in these pages represent summaries prepared in Washington and are based on individual loan reports sent to the Federal Housing Administration by the lending institutions operating under contracts for insurance under title I.

A. Summary of Insuring Operations.

Since the approval of title I on June 27, 1934, and through the close of business on December 31, 1938, the Federal Housing Administration insured a grand total of 1,833,185 property improvement or modernization loans amounting to $733,350,548.

Of this total, 1,031,630 notes for $368,464,501 were insured under the 20-percent reserve provision which was effective until April 1, 1936. Between that date, when insurance was reduced to 10 percent of the total aggregate amount advanced by an insured institution, and April 1, 1937, when authority for such insurance expired, an additional 423,024 notes for $191,781,533 were insured, making a total of 1,454,654 notes for $560,246,034 insured under section 2 of the original title I of the act.

The insurance of credit advanced for the purpose of rehabilitating property damaged or destroyed by flood, hurricane, tornado, or other catastrophe was authorized by Congress under section 6 of title I, on April 17, 1936, for a period up to July 1, 1939. By December 31, 1938, a total of 3,555 catastrophe loans amounting to $1,385,888 had been reported for insurance by 246 lending institutions.

After a lapse of 10 months, section 2 of title I was reenacted with some modification by Congress for a period up to July 1, 1939, and approved on February 3, 1938. During the remaining 11 months of that year, 3,450 insured lending institutions reported a total of 374,976 property improvement loans amounting to $171,718,626.

The summary appears in table 60.

TABLE 60.—**Summary of property improvement loans insured:** *Volume of title I. notes under each section and insurance reserve, by years, 1934–38*

Section of act and year	20-percent reserve notes		10-percent reserve notes		Total	
	Number	Amount	Number	Amount	Number	Amount
Sec. 2 (regular loans):						
1934 [1]	72,658	$30,450,582			72,658	$30,450,582
1935	635,747	223,620,146			635,747	223,620,146
1936 [2]	323,225	114,393,773	299,863	$131,296,727	623,088	245,690,500
1937 [3]			123,161	60,484,806	123,161	60,484,806
Total	1,031,630	368,464,501	423,024	191,781,533	1,454,654	560,246,034
Sec. 6 (catastrophe loans):						
1936 [4]			156	133,741	156	133,741
1937 [5]	357	145,010	3	1,472	360	146,482
1938	3,037	1,105,511	2	154	3,039	1,105,665
Total	3,394	1,250,521	161	135,367	3,555	1,385,888
Sec. 2 (amendment):						
1938 [6]			374,976	171,718,626	374,976	171,718,626
Grand total	1,035,024	369,715,022	798,161	363,635,526	1,833,185	733,350,548

[1] Sec. 2 of title I of the National Housing Act approved June 27, 1934; first loans were reported in August 1934.
[2] Original 20-percent insurance reserve reduced by act of Congress to 10 percent effective Apr. 1, 1936.
[3] Expiration of sec. 2 of title I effective Apr. 1, 1937.
[4] Sec. 6 of title I effective Apr. 17, 1936. Institutions insured for full amount of credit advanced for rehabilitation purposes.
[5] Sec. 6 amended Apr. 27, 1937, to permit insurance under 20-percent reserve.
[6] Reenactment and amendment of sec. 2 of title I effective Feb. 3, 1938.

State distribution of title I insurance.—Insurance was written in 1938 on nearly 375,000 loans made for the purpose of improving properties located in each of the 48 States, the District of Columbia, the Territories of Alaska and Hawaii, and all but 188 of the 3,098 counties in the United States.

States in which the largest volume of insured loans were reported were New York and California, with approximately $31,000,000 and $26,000,000 of loans, respectively. Other populous States in which $5,000,000 or more insured loans were reported in 1938, were New Jersey, Michigan, Pennsylvania, Illinois, Ohio, and Massachusetts. In all but 17 of the 48 States the total loans insured exceeded $1,000,000.

New York, California, and New Jersey also reported the largest volume of loans insured under the original act until its expiration on March 31, 1937, and in 23 States total loans insured exceeded $5,000,000.

Table 61 shows a State distribution of modernization and property-improvement loans insured under the original act, since the 1938 amendments and the total from August 1934 to December 31, 1938.

TABLE 61.—State distribution: *Property improvement loans insured under provisions of title I of original and amended act through December 1938*

State location of property	Loans insured under original act, August 1934 through March 1937 [1]		Loans insured under amended act, February 1938 through December 1938		Total loans insured August 1934 through December 1938	
	Number	*Amount*	*Number*	*Amount*	*Number*	*Amount*
Alabama	12,099	$4,012,965	4,814	$1,015,656	16,913	$5,028,621
Arizona	10,962	4,258,947	1,862	1,285,009	12,824	5,543,956
Arkansas	10,475	3,791,144	2,311	875,325	12,786	4,666,469
California	224,775	78,180,002	43,232	25,878,090	268,007	104,058,092
Colorado	7,954	3,040,274	2,823	1,012,700	10,777	4,052,974
Connecticut	23,155	9,499,770	7,832	3,289,158	30,987	12,788,928
Delaware	3,139	1,473,649	848	436,182	3,987	1,909,831
District of Columbia	9,172	4,568,035	2,409	1,031,019	11,581	5,599,054
Florida	18,860	7,967,085	5,990	2,969,170	24,850	10,936,255
Georgia	16,890	6,559,851	5,461	2,098,679	22,351	8,658,530
Idaho	8,129	2,623,146	1,790	764,518	9,919	3,387,664
Illinois	71,451	27,597,955	21,730	8,684,180	93,181	36,282,135
Indiana	38,994	12,186,294	10,074	3,335,318	49,068	15,521,612
Iowa	14,711	5,570,668	4,737	1,709,887	19,448	7,280,555
Kansas	9,238	2,845,967	2,624	809,389	11,862	3,655,356
Kentucky	14,404	5,275,859	4,362	1,642,312	18,766	6,918,171
Louisiana	15,007	4,306,865	2,346	1,028,564	17,353	5,335,429
Maine	4,202	1,654,743	1,504	598,655	5,706	2,253,398
Maryland	20,438	8,450,941	6,914	2,925,445	27,352	11,376,386
Massachusetts	53,296	20,087,137	14,361	5,673,276	67,657	25,760,413
Michigan	72,697	23,175,238	26,253	10,106,349	98,950	33,281,587
Minnesota	24,366	9,482,457	9,877	3,692,866	34,243	13,175,323
Mississippi	7,486	3,024,673	2,713	1,202,941	10,199	4,227,614
Missouri	40,458	12,729,626	10,180	3,494,584	50,638	16,224,210
Montana	3,343	1,776,046	802	475,548	4,145	2,251,594
Nebraska	6,050	2,114,043	2,575	888,383	8,625	3,002,426
Nevada	2,324	1,098,166	464	341,422	2,788	1,439,588
New Hampshire	5,057	2,126,493	1,359	557,118	6,416	2,683,611
New Jersey	95,775	38,268,743	19,937	10,242,022	115,712	48,511,665
New Mexico	2,575	1,335,519	567	356,074	3,142	1,692,193
New York	232,099	117,437,387	51,997	30,818,698	284,096	148,256,085
North Carolina	11,175	4,195,499	3,154	1,249,177	14,329	5,444,676
North Dakota	1,795	935,984	734	341,878	2,529	1,277,862
Ohio	59,024	19,151,500	16,820	6,662,627	75,844	25,814,127
Oklahoma	14,833	4,850,501	3,822	1,504,319	18,655	6,354,820
Oregon	21,528	7,421,194	6,057	2,512,996	27,585	9,934,190
Pennsylvania	84,523	31,211,134	20,679	8,965,020	105,202	40,176,154
Rhode Island	11,454	4,799,843	2,617	1,135,110	14,071	5,934,953
South Carolina	6,474	2,532,581	1,721	668,752	8,195	3,201,333
South Dakota	2,158	971,420	561	246,432	2,719	1,217,852
Tennessee	15,875	5,921,257	6,557	2,317,417	22,432	8,238,674
Texas	43,760	15,053,427	10,218	4,207,372	53,978	19,260,799
Utah	7,220	2,700,734	2,120	783,475	9,340	3,484,209
Vermont	2,208	866,106	605	336,209	2,813	1,202,315
Virginia	17,140	7,381,946	5,404	2,705,125	22,544	10,087,071
Washington	47,898	16,268,841	11,052	4,700,423	58,950	20,969,264
West Virginia	5,928	2,408,894	990	454,052	6,918	2,862,946
Wisconsin	17,439	7,285,701	6,436	2,687,162	23,875	9,972,863
Wyoming	1,916	987,312	518	252,193	2,434	1,239,505
Alaska	183	163,351	66	79,014	249	243,205
Hawaii	595	333,542	97	68,936	692	402,478
Puerto Rico	20	18,980			20	18,980
Canal Zone	3	4,067			3	4,067
Total [2]	1,458,200	561,631,922	374,976	171,718,626	1,833,185	733,350,548

[1] Including 3,555 catastrophe loans for $1,385,888 insured under sec. 6 of title I of original act through Dec. 31, 1938.
[2] Including undistributed adjustments for an *addition* of 5,479 notes and a *deduction* of $351,580.

Monthly trend of insurance.—The property improvement loans reported for insurance each month since the February 1938 amendments show an almost steady upward climb, with a peak of over $22,500,000 reported during the single month of November, and a seasonal decline of less than 19 percent in December. See table 62 and chart 17.

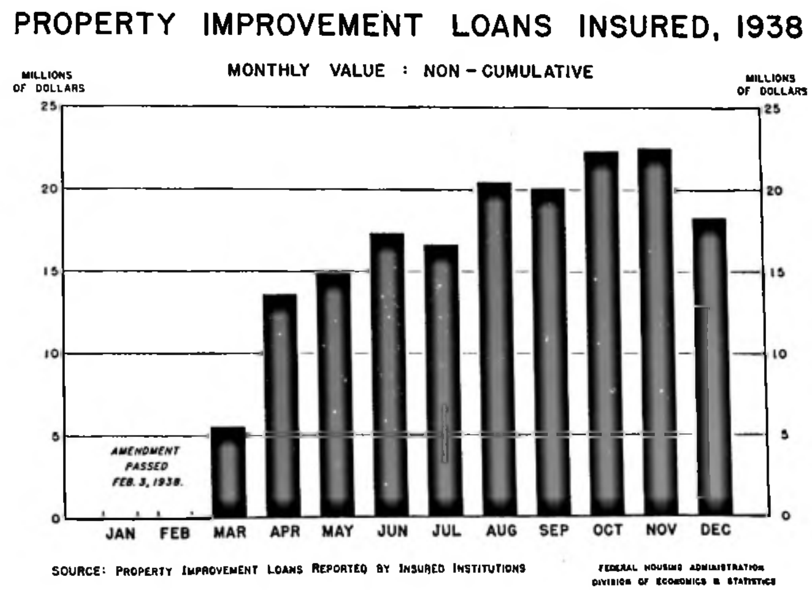
Compared with the 9-month period 2 years earlier, i. e., April to December 1936, when the provisions of the act under the 10-percent insurance reserve were similar, the month-to-month demand for insured loans of this type was greater in 1938 and the over-all demand increased 31 percent.

TABLE 62.—Monthly volume: *Property improvement loans insured under Sections 2 and 6 of title I, January through December 1938*

Month	Sec. 2, regular loans		Sec. 6, catastrophe loans		Total	
	Number	Amount	Number	Amount	Number	Amount
January			10	$4,486	10	$4,486
February			3	1,186	3	1,186
March [1]	11,987	$5,516,031	9	3,581	11,996	5,519,612
April	28,117	13,578,533	82	53,798	28,199	13,632,331
May	31,599	14,858,208	26	16,022	31,625	14,874,230
June	34,468	17,340,785	26	25,938	34,494	17,366,723
July	34,605	16,637,638	19	24,321	34,624	16,661,959
August	42,230	20,471,304	11	14,225	42,241	20,485,529
September	44,509	20,104,435	9	5,201	44,518	20,109,636
October	53,594	22,367,120	814	268,563	54,408	22,635,683
November	53,314	22,540,597	1,614	550,353	54,928	23,090,950
December	40,553	18,294,975	416	137,991	40,969	18,432,966
Total	374,976	171,718,626	3,039	1,105,665	378,015	172,824,291

[1] Though sec. 2 of title I was reenacted and amended Feb. 3, 1938, the first loans were not reported by lending institutions until March. The regulations allow institutions 31 days in which to report loans.

CHART 17.



New dwelling loans by States.—Section 2 of title I as reenacted and amended, provides for insurance against loss on loans made for the purpose of erecting new structures to be used wholly or in part for residential purposes. Under the provisions of the act, and regulations, the net proceeds of such loans may not exceed $2,500 in amount, or 7 years and 32 days in maturity, and lending institutions are permitted a maximum discount charge at a rate equivalent to a charge of $3.50 a $100 on a 1-year note payable in equal monthly installments, i. e., an effective gross charge factor of 6.7 percent per annum for the period of the loan. Applications for new dwelling loans must be accompanied by a signed certificate indicating conformance to minimum property conditions prescribed by regulations issued by the Administration.

During the 10-month period in 1938 when new dwelling loans were eligible for insurance, the Administration insured 5,845 such loans for a total amount of $12,566,365. These loans, representing 7.3 percent of the total dollar amount of all property improvement loans insured, had an average face value (including interest charged) of $2,150, and an average maturity of 6 years and 3 months.

The majority of the loans for new residential structures were made on properties located in California, which reported 3,008 of such loans totaling $7,185,473, or more than 57 percent of the total amount of the loans insured in this category. Approximately one-quarter of the amount of all property-improvement loans insured in both California and Arizona were made for new residential construction purposes.

TABLE 63.—New dwelling loans by States: *Property improvement loans insured under title I February through December 1938*

State location of property	New dwelling loans [1]		Percent of total amount of loans in State	State location of property	New dwelling loans [1]		Percent of total amount of loans in State
	Number	Amount			Number	Amount	
Alabama	46	$62,795	3.9	New Hampshire	5	$5,033	0.9
Arizona	144	308,116	24.0	New Jersey	338	682,185	6.7
Arkansas	10	17,065	1.9	New Mexico	15	28,695	8.0
California	3,008	7,185,473	27.8	New York	216	412,084	1.3
Colorado	9	17,355	1.7	North Carolina	22	18,981	1.5
Connecticut	15	32,527	1.0	North Dakota	2	2,165	.6
Delaware	------	------	------	Ohio	188	445,718	6.7
District of Columbia	------	------	------	Oklahoma	18	27,533	1.8
Florida	49	94,050	3.2	Oregon	79	145,324	5.8
Georgia	39	69,474	3.3	Pennsylvania	39	75,421	.8
Idaho	33	40,174	5.3	Rhode Island	9	8,480	.7
Illinois	223	370,873	4.3	South Carolina	13	20,990	3.1
Indiana	28	50,874	1.5	South Dakota	------	------	------
Iowa	10	15,770	.9	Tennessee	1	2,714	.1
Kansas	4	10,928	1.4	Texas	305	479,640	11.4
Kentucky	4	6,901	.4	Utah	9	7,005	.9
Louisiana	33	63,025	5.2	Vermont	3	4,794	1.4
Maine	6	14,208	2.4	Virginia	97	216,042	8.0
Maryland	24	65,906	2.2	Washington	240	430,551	9.2
Massachusetts	8	8,520	.2	West Virginia	12	21,921	4.8
Michigan	293	592,976	5.0	Wisconsin	85	200,946	7.5
Minnesota	89	162,085	4.4	Wyoming	3	5,234	2.1
Mississippi	18	28,197	2.3	Alaska	12	38,261	47.9
Missouri	14	19,659	.6	Hawaii	------	------	------
Montana	6	15,034	3.2	Canal Zone	------	------	------
Nebraska	2	4,118	.5	Puerto Rico	------	------	------
Nevada	19	40,545	11.9	Total	5,845	12,566,365	7.3

[1] Loans to finance construction of small urban and farm dwellings and summer cottages to be used wholly or partly for residential purposes.

Farm loans by States.—During the year 15,125 loans for improvements to farm property totaling $7,134,892 were reported for insurance under title I. These loans, representing 4.2 percent of the total amount of property improvement loans insured, were made for the purpose of financing repairs and improvements on existing farm dwellings, and the construction of new dwellings and other structures, as provided under the new features of the amended act. The average face amount of farm loans (including interest charges) was $472, which was payable within an average period of 2½ years. About one-quarter of the farm borrowers availed themselves of the opportunity of making their payments on other than a monthly basis, i. e., quarterly, semi-annually, or annually.

As shown in table 64, approximately one-fifth and one-tenth of the total farm loans insured in the United States were made in California and New York, respectively. States in which farm loans represented 10 percent or more of the total amount of property improvement loans insured in the State were Wisconsin, Vermont, Oregon, and Idaho.

TABLE 64.—Farm loans by States: *Property improvement loans insured under title I February through December 1938*

State location of property	Total farm loans [1]		Percent of amount of all loans in State	State location of property	Total farm loans [1]		Percent of amount of all loans in State
	Number	Amount			Number	Amount	
Alabama	380	$134,727	8.3	New Hampshire	137	$49,824	8.9
Arizona	142	101,353	7.9	New Jersey	308	207,739	2.0
Arkansas	197	76,004	8.7	New Mexico	28	11,942	3.3
California	1,961	1,359,420	5.3	New York	1,783	816,651	2.6
Colorado	67	38,752	3.8	North Carolina	116	58,880	4.7
Connecticut	265	121,086	3.7	North Dakota	54	18,553	5.4
Delaware	8	2,714	.7	Ohio	595	245,102	3.7
District of Columbia	1	575	.1	Oklahoma	251	108,214	7.2
Florida	145	75,884	2.7	Oregon	625	254,275	10.1
Georgia	324	120,635	5.7	Pennsylvania	445	219,263	2.4
Idaho	185	74,078	9.7	Rhode Island	49	26,478	2.3
Illinois	438	196,341	2.3	South Carolina	113	39,624	5.9
Indiana	682	217,747	6.5	South Dakota	32	9,750	4.0
Iowa	206	114,590	6.7	Tennessee	329	136,553	5.9
Kansas	94	35,282	4.4	Texas	509	211,567	5.0
Kentucky	227	97,073	5.9	Utah	67	25,794	3.2
Louisiana	81	38,472	3.7	Vermont	59	33,893	10.1
Maine	86	34,720	5.8	Virginia	241	151,095	5.6
Maryland	109	73,316	2.5	Washington	630	259,806	5.5
Massachusetts	270	115,070	2.0	West Virginia	26	11,657	2.6
Michigan	1,050	406,104	4.0	Wisconsin	778	311,875	11.6
Minnesota	447	183,907	5.0	Wyoming	20	12,069	4.8
Mississippi	239	107,870	9.0	Alaska	1	998	1.3
Missouri	315	136,316	3.9	Hawaii	------	------	------
Montana	28	16,039	3.4	Puerto Rico	------	------	------
Nebraska	45	20,113	2.3	Canal Zone	------	------	------
Nevada	19	14,202	4.2	Total	15,125	7,134,892	4.2

[1] Loans to finance new farm homes and improvements to farm buildings and equipment.

Volume and distribution of catastrophe loans.—Of the total 3,555 loans for $1,385,888 insured since April 1936, under section 6 for the purpose of repairing or replacing properties damaged or destroyed by flood or other catastrophe, all but $280,223 was written during the year 1938; and of the $1,105,665 written in that year, 87 percent was on loans reported during the 3-month period of October through December 1938, the period immediately following the New England hurricane on September 21, 1938.

Catastrophe loans were reported in 21 States since April 1936, and among these the 6 New England States together accounted for 68 percent of the total amount.

B. Activity of Qualified Lending Institutions.

Financial-institution activity under the original and amended title I in advancing insured credit, and the volume by type of institution are shown in tables 65 and 66 and chart 18.

Number of institutions participating.—Of the 4,836 private lending institutions which had accepted insurance contracts since the reenactment of section 2 of title I, 3,450 or 71 percent, had reported loans for insurance by December 31, 1938. Under the provisions of the original act up to its expiration on April 1, 1937, some 6,289 separate lending institutions under the 20 percent reserve and 4,154 institutions under the 10 percent reserve had reported loans for insurance.

TABLE 65.—**Activity of lending institutions:** *Number of institutions active under the original and amended act, and percent of amount of all loans insured, cumulative 1934 through December 1938*

Type of lending institution	Number of institutions active			Percent of total amount insured			
	Original 20-percent reserve [1]	Original 10-percent reserve [2]	Present 10-percent reserve [3]	Original 20-percent reserve [1]	Original 10-percent reserve [2]	Present 10-percent reserve [3]	All reserves
National banks	2,748	1,929	1,656	43.5	45.2	48.2	45.1
State banks and trust companies	2,940	1,861	1,482	25.7	27.8	29.2	27.0
Total commercial banks	5,688	3,790	3,138	69.2	73.0	77.4	72.1
Finance companies	146	87	47	23.3	19.5	14.5	20.3
Industrial banks	74	62	57	5.7	5.9	6.2	5.9
Building and loan associations	288	145	135	.9	.6	1.1	.8
Mutual and stock savings banks	60	41	49	.7	.8	.7	.7
Credit unions	21	23	18	.1	.1	.1	.1
All others [4]	12	6	6	.1	.1	(*)	.1
Total, all types	6,289	4,154	3,450	100.0	100.0	100.0	100.0

*Less than 0.05 percent.
[1] Expired Apr. 1, 1936.
[2] Expired Apr. 1, 1937.
[3] Established Feb. 3, 1938.
[4] Includes mortgage companies, insurance companies, and production credit associations.

Types of institutions participating.—Of the $171,718,626 of property improvement loans insured since the 1938 amendments, approximately $133,000,000 of loans, or over three-quarters of the total were made by national and State banks and trust companies, exceeding their relative activity under the provisions of the original act when they accounted for only two-thirds of the total property improvement credit insured.

Finance companies under the 1938 amendments reported a proportionate decline of 5 percent of loans insured by all institutions relative to loans insured under the original 10 percent reserve, while building and loan associations and industrial banks by a similar comparison showed a slight increase in their proportion of the total loans insured under the 1938 amendments.

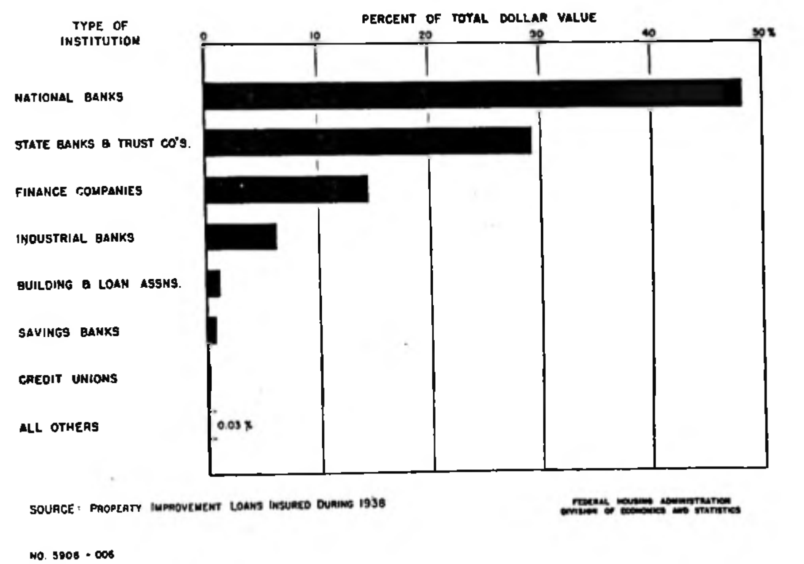
TABLE 66.—**Types of lending institutions:** *Property improvement loans insured under the original act, since the February 1938 amendments, and cumulative through December 1938*

Type of lending institution	Loans insured under original act, August 1934 through March 1937 [1]		Loans insured under amended act, February 1938 through December 1938		Total loans insured August 1934 through December 1938	
	Number	Amount	Number	Amount	Number	Amount
National banks	625,170	$247,649,789	177,876	$82,732,718	803,046	$330,382,507
State banks and trust companies	352,523	148,276,421	104,086	50,067,990	456,609	198,344,411
Total commercial banks	977,693	395,926,210	281,962	132,800,708	1,259,655	528,726,918
Finance companies [2]	368,398	123,787,505	62,713	24,984,139	431,111	148,771,644
Industrial banks	92,025	32,572,551	23,806	10,576,563	115,831	43,149,114
Building and loan associations	8,209	4,418,204	3,315	1,859,225	11,524	6,277,429
Mutual and stock savings banks	10,530	4,192,924	2,695	1,254,880	13,225	5,447,804
Credit unions	798	408,951	320	183,985	1,118	592,936
All others [3]	556	325,577	165	59,126	721	384,703
Total all types	1,458,209	561,631,922	374,976	171,718,626	1,833,185	733,350,548

[1] Including 3,555 catastrophe loans for $1,385,888 insured under section 6 of original act through Dec. 31, 1938.
[2] Includes 151,965 finance company notes for $38,303,225 transferred to national bank ownership.
[3] Includes insurance companies, mortgage companies, and production credit associations.

CHART 18

INSTITUTIONS FINANCING PROPERTY IMPROVEMENT LOANS



C. **Characteristics of Insured Notes.**

Analyses of the type of property and improvement financed with loans insured under title I, and distribution of insured loans by size, duration, and amount of monthly payment are shown in the following tables and charts.

Types of improvement made.—Of the total property improvement loans insured, 12,509, representing a total dollar value of $17,526,080, were new structure loans, of which 5,845, known as class 3 loans, were for the erection of buildings used wholly or partly for residential purposes; and 6,664, known as class 2 loans, were for nondwelling purposes such as the building of garages, wayside stands, gasoline stations, and similar structures.

The installation and repair of heating equipment and material was the major item of expenditure in the largest number of loans, followed by exterior painting, new roofing and roofing repairs, structural additions or alterations, and other types of improvement.

Table 67 shows a distribution of the number and amount of loans insured for each type of property improved and type of improvement made, and the percentage distribution according to type of property and type of improvement. These percentages are shown graphically on chart 19.

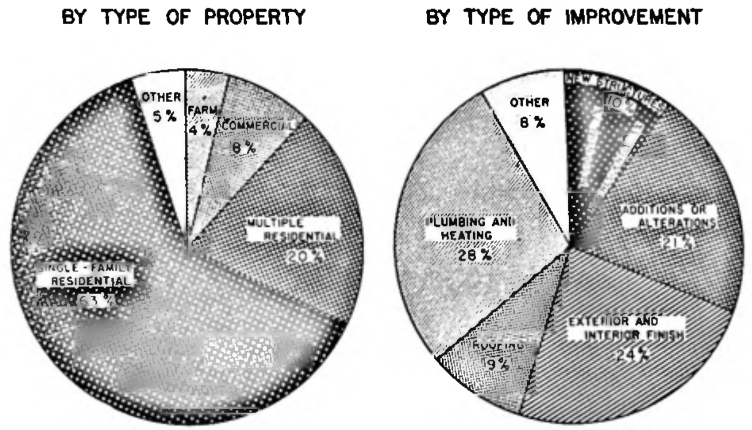
TABLE 67.—**Property improvements financed:** *Volume and percent distribution of loans insured under title I February through December 1938*

Major type of improvement indicated on original note	Type of property improved						
	1- to 4-family dwellings	Multifamily dwellings	Commercial and industrial	Farm homes and buildings	Other	Total	Percent of total
	Number	*Number*	*Number*	*Number*	*Number*	*Number*	*Number*
New residential construction	5,586	37	----------	222	----------	5,845	1.6
New nonresidential construction	60	20	1,000	1,357	4,221	6,664	1.8
Additions and alterations	40,165	7,112	4,062	2,972	2,542	56,853	15.2
Exterior painting	53.368	11,724	893	1,959	974	68,918	18.3
Interior finish	17,405	5,445	1,193	381	519	24,943	6.6
Roofing	49,862	8,018	1,150	3,171	1,049	63,250	16.9
Plumbing	17,811	5,900	771	1,218	713	26,512	7.1
Heating	68,169	17,774	3,225	1,372	2,060	92,000	24.7
Miscellaneous	20,119	3,845	1,480	2,473	1,474	29,391	7.8
Total	272.545	59,974	13,780	15,125	13,552	374,976	100.0
Percent of total	72.7	16.0	3.7	4.0	3.6	100.0	-------
	Amount	*Amount*	*Amount*	*Amount*	*Amount*	*Amount*	*Amount*
New residential construction	$12,101,982	$88,225	----------	$376,158	----------	$12,566,365	7.3
New nonresidential construction	4,605	22,057	$1,786,590	805,936	$2,250,527	4,959,715	2.9
Additions and alterations	20,792,982	6,125,260	5,779,804	1,767,826	1,905,004	36,370,876	21.2
Exterior painting	21,789,574	6,039,419	756,326	915,673	617,946	30,118,938	17.5
Interior finish	6,454,007	3,306,867	1,181,211	160,995	432,341	11,535,421	6.7
Roofing	11,000,876	2,185,138	554,326	850,273	376,700	14,967,313	8.7
Plumbing	6,195,423	4,131,305	583,233	501,862	478,430	11,890,253	6.9
Heating	22,525,340	9,163,595	2,522,004	581,701	1,357,683	36,150,323	21.1
Miscellaneous	6,858,840	2,533,943	1,496,773	1,084,468	1,185,398	13,159,422	7.7
Total	107,723,629	33,595,809	14,660,267	7,134,802	8,604,029	171,718,626	100.0
Percent of total	62.7	19.6	8.5	4.2	5.0	100.0	-------

Types of property improved.—Of the 374,976 property improvement loans insured under the February 1938 amendments, 332,519, or 89 percent of the total, were for the purpose of improving nonfarm residential properties, including single family and multifamily dwellings and apartment houses. Farm property, and commercial or industrial property, each accounted for 4 percent of the total loans insured; the remainder of insured loans were for the purpose of erecting private garages, and other minor or nonresidential structures, and for the improvement of such institutional properties as hospitals, orphanages, schools, and churches.

CHART 19

DISTRIBUTION OF THE PROPERTY IMPROVEMENT DOLLAR



SOURCE: PROPERTY IMPROVEMENT LOANS INSURED IN 1938

FEDERAL HOUSING ADMINISTRATION
DIVISION OF ECONOMICS & STATISTICS

NO. 5908 - 007

Size of loans insured.—Of the total number of notes insured in 1938, one-half were for amounts of less than $300, about two-thirds for less than $400, and about three-quarters for less than $500. While the amended title I provisions authorize insurance on loans up to $10,000 for improvements to existing structures, and up to $2,500 for the erection of new structures, less than 2 percent of all loans were for amounts of $2,500 or more.

Institutions are permitted a maximum discount of $5 on a $100 note for 1 year for improving existing properties, which is equivalent to an actual average return of 9.7 percent per annum on outstanding balances for the period of the loan. A maximum discount of $3.50 per $100 on 1-year notes or an effective rate of return of 6.7 percent, is permitted on loans for the purpose of erecting new dwellings.

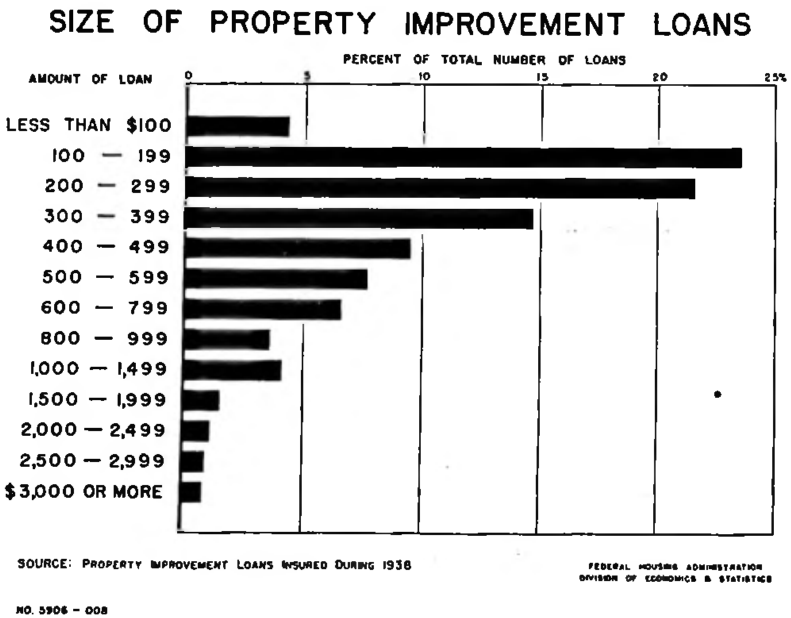
Table 68 and chart 20 show a distribution of loans by size, and the average monthly duration of each size group.

TABLE 68.—Size of loan: *Property improvement loans insured under title I, February through December 1938*

Face amount of loan [1]	Percent distribution: Number	Percent distribution: Amount	Average duration of loan (months)	Face amount of loan [1]	Percent cumulation: Number	Percent cumulation: Amount
Less than $100	4.3	0.7	13	Less than $100	4.3	0.7
$100 to $199	23.6	7.5	20	Less than $200	27.9	8.2
$200 to $299	21.6	11.5	28	Less than $300	49.5	19.7
$300 to $399	14.7	11.0	32	Less than $400	64.2	30.7
$400 to $499	9.5	9.2	34	Less than $500	73.7	39.9
$500 to $599	7.7	9.3	34	Less than $600	81.4	49.2
$600 to $799	6.6	9.8	38	Less than $800	88.0	59.0
$800 to $999	3.6	6.9	40	Less than $1,000	91.6	65.9
$1,000 to $1,499	4.1	10.8	42	Less than $1,500	95.7	76.7
$1,500 to $1,999	1.5	5.8	48	Less than $2,000	97.2	82.5
$2,000 to $2,499	1.1	5.3	52	Less than $2,500	98.3	87.8
$2,500 to $2,999	.9	5.5	47	Less than $3,000	99.2	93.3
$3,000 to $10,000 [2]	.8	6.7	71	Less than $10,000	100.0	100.0
Total	100.0	100.0	30	Average loan $458. Median loan $304.		

[1] Includes finance charges.
[2] Includes loans, which exceed $10,000 because of addition of finance charges. The act provides that the net proceeds to the borrower may not exceed $10,000.

CHART 20



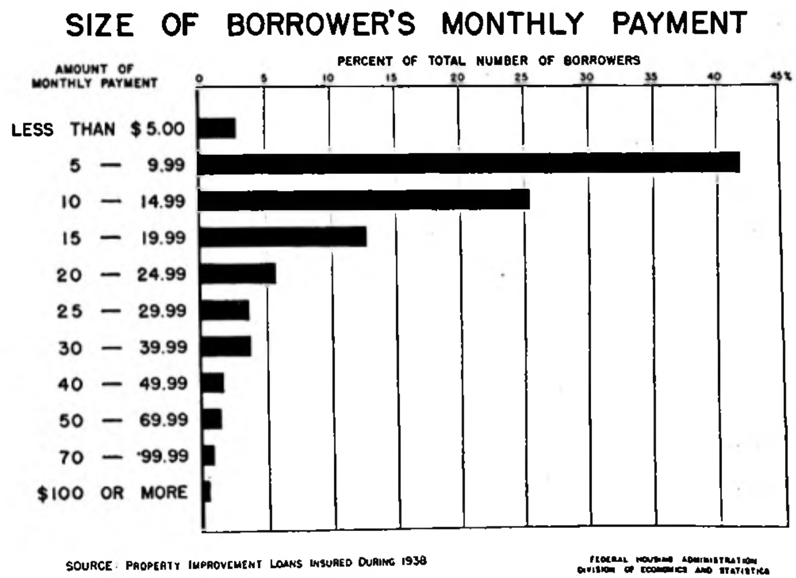
Borrower's monthly payments.—Seventy percent of the borrowers under the property improvement credit plan in 1938 made monthly payments of less than $15, and 45 percent made payments of less than $10. The median monthly payment was slightly over $11 and the average about $15.50. About 1 percent of the total borrowers, largely farmers, paid their installments on a seasonal or crop-income basis, i. e., quarterly, semiannually, or annually. See table 69.

TABLE 69.—Borrower's monthly payment: *Property improvement loans insured under title I, February through December 1938*

Amount of borrower's monthly payment [1]	Percent distribution: Number	Percent distribution: Amount	Average duration of loan (months)	Amount of borrower's monthly payment [1]	Percent cumulation: Number	Percent cumulation: Amount
Less than $5	2.8	0.7	20	Less than $5	2.8	0.7
$5 to $9.99	41.9	19.4	28	Less than $10	44.7	20.1
$10 to $14.99	25.4	19.8	30	Less than $15	70.1	39.9
$15 to $19.99	12.7	15.1	32	Less than $20	82.8	55.0
$20 to $24.99	5.7	9.2	33	Less than $25	88.5	64.2
$25 to $29.99	3.6	7.1	33	Less than $30	92.1	71.3
$30 to $39.99	3.7	11.1	40	Less than $40	95.8	82.4
$40 to $49.99	1.6	5.1	33	Less than $50	97.4	87.5
$50 to $69.99	1.4	5.9	34	Less than $70	98.8	93.4
$70 to $99.99	.8	3.8	29	Less than $100	99.6	97.2
$100 or more	.4	2.8	21	All loans	100.0	100.0
Total [2]	100.0	100.0	30	Average payment $15.53; Median payment 11.13		

[1] Excluding finance charges unless payable on other than a discount basis.
[2] Excluding 0.8 percent of total number and amount of notes payable on other than a monthly basis, i. e., quarterly, semiannually, or annually.

CHART 21



Duration of loans insured.—Although a maximum maturity of 5 years and 32 days was permitted on loans for the improvement of existing properties, and 7 years and 32 days on loans for the construction of new dwellings, 93 percent of the borrowers will have completely amortized their loans within 3 years of date of note, and 42 percent within 2 years of date of note. The median duration was 31 months. Building and loan associations are permitted a maturity in excess of 5 years, though the rate of return permitted and the insurance extends only through the 5-year period.

Table 70 and chart 22 show a distribution of loans by monthly duration, and the average face amount of loans in each group.

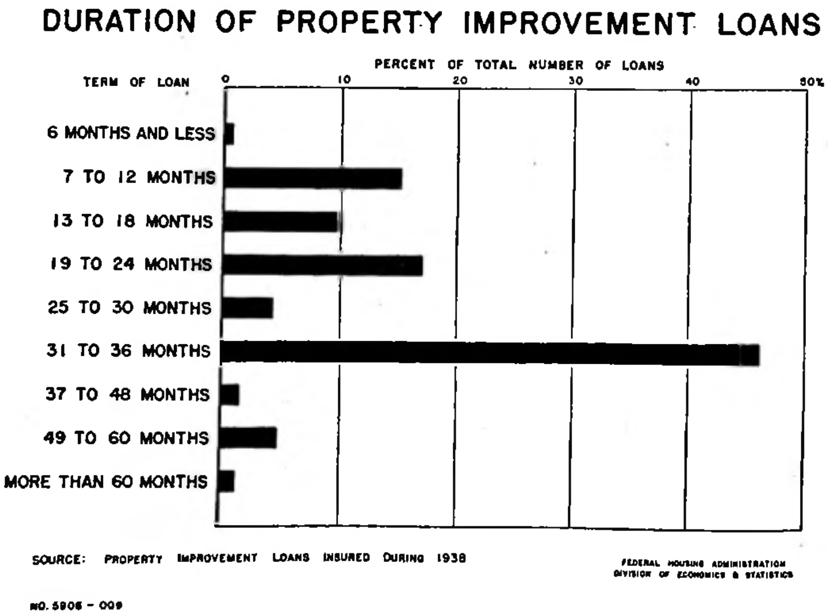
TABLE 70.—**Duration of loans:** *Property improvement loans insured under title I February through December 1938*

Duration of loan	Percent distribution		Average amount of loan	Duration of loan	Percent cumulation	
	Number	Amount			Number	Amount
6 months and less	0.6	0.3	$218	6 months and less	0.6	0.3
7 to 12 months	15.2	6.0	180	12 months and less	15.8	6.3
13 to 18 months	9.6	4.6	220	18 months and less	25.4	10.9
19 to 24 months	17.0	11.3	304	24 months and less	42.4	22.2
25 to 30 months	4.2	3.0	326	30 months and less	46.6	25.2
31 to 36 months	46.1	52.9	526	36 months and less	92.7	78.1
37 to 48 months	1.4	2.5	859	48 months and less	94.1	80.6
49 to 60 months	4.7	13.3	1,286	60 months and less	98.8	93.9
More than 60 months [1]	1.2	6.1	2,322			
Total	100.0	100.0	458	All loans	100.0	100.0
				Average duration, 30 months.		
				Median duration, 31 months.		

[1] New dwelling loans may have a maturity not in excess of 7 years and 32 days.

Loans made by building and loan associations may exceed the 5-year maturity date, although insurance extends only through the 5-year period.

CHART 22



D. Summary of Claims Paid on Defaulted Notes.

The reserves allocated for losses under title I, the volume of claims paid, and their distribution by quarterly periods, by insurance reserve, by States, and by type of institution are described in the following tables and charts.

Reserves allocated for losses.—Under the authority granted by title I of the National Housing Act, from June 27, 1934, to April 1, 1936 lending institutions were insured by the Federal Housing Administration against losses incurred up to 20 percent of the aggregate net amount advanced. The amendment extending title I from April 1, 1936, to April 1, 1937, reduced the amount of insurance from 20 to 10 percent, and reduced the maximum insurance liability from $200,000,000 to $100,000,000. When title I was reenacted and amended and approved February 3, 1938, an insurance reserve of 10 percent was continued in effect. Insurance reserves established for catastrophe loans made under section 6 continued to be accumulated on the 20-percent reserve basis, as previously provided.

Claims paid on loans in default.—Claims for reimbursement of losses are made upon the Administration after the notes have been in default for a prescribed number of days and demand has been made by the insured institution upon the borrowers for the full unpaid balance. Up to the close of business on December 31, 1938, claims had been paid to 2,142 insured lending institutions on 84,860 loans amounting to $19,239,537, and charged against the insurance reserves established for the individual institutions involved. Unlike the provisions of title II of the act, institutions are not required to contribute a premium to an insurance fund out of which claims might be paid. All claims certified for payment by the General Accounting Office are paid by the United States Treasury from the $100,000,000 reserve fund authorized.

TABLE 71.—**Yearly summary:** *Claims paid to lending institutions on insured loans in default by date of payment, by insurance reserve, and section of title I, 1935 through December 1938*

Year and section	Claims paid under 20 percent insurance reserve		Claims paid under 10 percent insurance reserve		Total claims paid	
	Number	Amount	Number	Amount	Number	Amount
Sec. 2 (regular loans):						
1935	1,288	$447,448			1,288	$447,448
1936	25,206	5,835,876	109	$49,009	25,315	5,884,885
1937	24,300	5,226,086	4,522	1,664,735	28,822	6,890,821
1938	19,603	2,993,291	9,555	2,919,418	29,158	5,912,709
Total	70,397	14,502,701	14,186	4,633,162	84,583	19,135,863
Sec. 6 (catastrophe loans):						
1936						
1937			2	76	2	76
1938	10	1,731	3	430	13	2,161
Total	10	1,731	5	506	15	2,237
Total under original act	70,407	14,504,432	14,191	4,633,668	84,598	19,138,100
Sec. 2 (amendment): 1938			262	101,437	262	101,437
Grand total	70,407	14,504,432	14,453	4,735,105	84,860	19,239,537

Chart 23 shows graphically the status of title I insuring operations through December 31, 1938, and table 71 presents a yearly summary of claims paid under sections 2 and 6 of the act, and under the 10-percent and 20-percent insurance reserves against which the claims have been charged. A more detailed statement of claims paid, cash collections, and types of repossessed equipment and its disposition, appears in the accounts and finance section of this report.

Table 71 reveals that 84,583 claims under section 2 of the act, which includes loans insured under both the 20 percent and the 10 percent reserves, have amounted to $19,135,863. Claims paid under section 6, or on catastrophe loans, have totaled 15 for $2,237 and 262 claims have been paid on loans insured since the passage of the 1938 Amendments for $101,437.

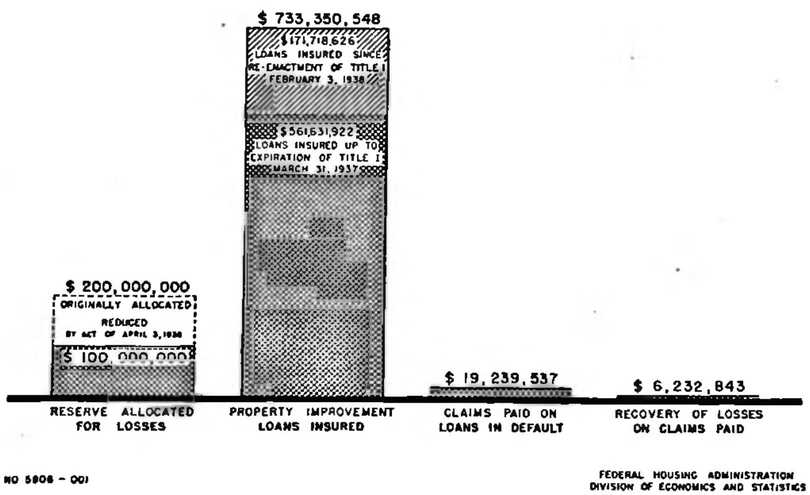
The largest volume of claims which the administration has been called upon to pay was filed in 1937 and totaled 28,824 for $6,890,897.

Chart 23 shows the reserves allocated for losses on all classes of loans and indicates the reduction from $200,000,000 to $100,000,000 by the act of April 3, 1936. The volume of loans insured under the original act and since the 1938 amendments became effective, are also shown, and finally the volume of claims paid and the recovery of losses on claims paid.

CHART 23

STATUS OF TITLE I INSURING OPERATIONS

THROUGH DECEMBER 31, 1938



Claims on class A and class B notes.—Under the original act, a distinction was made between regular character loans of $2,000 and less, called class B notes, and loans made for amounts up to $50,000 for improvements on large industrial and commercial properties, including apartment houses, called class A loans. Under both the 20-percent and 10-percent insurance reserves, the larger class A loans resulted in a lower claim ratio than the smaller class B loans.

The lower ratios of claims paid to notes insured under the 10-percent reserve as compared to the 20-percent reserve are largely explained by the elimination of detachable household or commercial equipment as eligible improvements after April 1, 1936, and partly by the fact that 10-percent reserve notes were made during a shorter and more recent period.

Under the 20-percent reserve, for which the combined claim ratio is 3.9 percent, these percentages are 2.5 percent for class A loans compared to 4.1 percent for class B loans. Under the 10-percent reserve, for which the combined ratio of claims paid to notes insured is 2.4 percent, the corresponding ratios are 1.5 percent for the class A loans compared to 2.6 percent for the class B loans. As stated before, the ratio of all claims paid to the total amount of notes insured under the original act is 3.4 percent.

This better loss ratio of claims paid to notes insured for the larger loans is due to more adequate collateral requirements on the part of the lending institutions, and to the Federal Housing Administration regulation effective in July 1936, requiring credit approval by the Administrator prior to insurance.

Recovery of losses and claims paid.—Up to December 31, 1938, recoveries in the form of cash payment by the original makers of the notes and credits established by the Procurement Division of the United States Treasury for the unpaid balance due on notes secured by repossessed equipment turned over to that Division, totaled $6,232,843. Moreover, on many defaulted notes for which claims had been paid, cash payments are being made to the Collection Division of the Federal Housing Administration.

In addition to collection efforts and credit established with the Procurement Division of the United States Treasury, salvage sales in the past have resulted in substantial recoveries to the Administration.

Quarterly trend.—Table 72 shows the quarterly volume of claims paid to insured lending institutions under the 10-percent and 20-percent insurance reserves from the second quarter in 1935, when the first claims were paid, through the final quarter of 1938. Chart 24 shows graphically the $2,000,000 peak of claims paid under the 20 percent reserve in the last two quarters of 1936 and a declining trend thereafter, indicating that the trend in the volume of notes preceded by some 9 to 13 months the trend in claims paid.

Until the second quarter of 1938, when a declining trend was evidenced, a similar rise in the volume of claims paid under the 10-percent reserve indicates the same period lag.

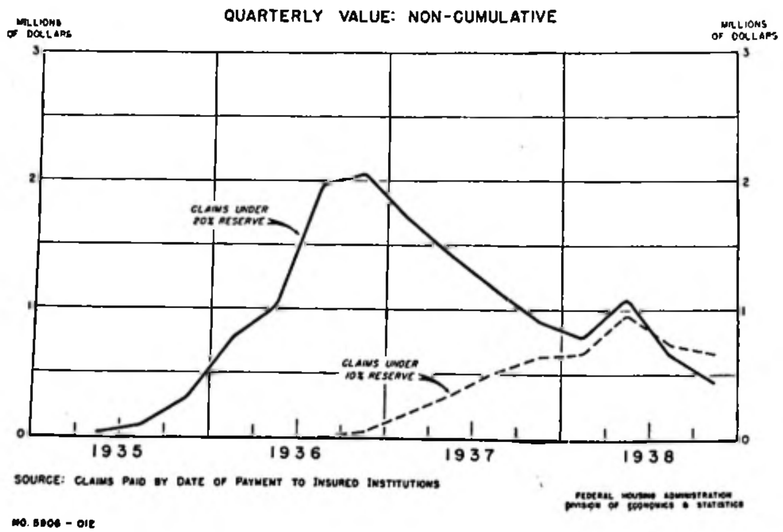
Table 72.—Quarterly volume: *Claims paid to lending institutions on defaulted loans by date of payment and reserve under title I, 1935 through December 1938*

Quarter and year	Claims paid under 20-percent insurance reserve		Claims paid under 10-percent insurance reserve [1]		Total claims paid under all reserves	
	Number	Amount	Number	Amount	Number	Amount
1935:						
April-June [2]	86	$36,496			86	$36,496
July-September	249	98,517			249	98,517
October-December	953	312,435			953	312,435
Total for year	1,288	447,448			1,288	447,448
1936:						
January-March	3,197	776,088			3,197	776,088
April-June	4,706	1,025,499			4,706	1,025,499
July-September	8,634	1,974,572	7	$4,540	8,641	1,979,112
October-December	8,669	2,059,717	102	44,469	8,771	2,104,186
Total for year	25,206	5,835,876	109	49,009	25,315	5,884,885
1937:						
January-March	7,433	1,712,370	434	182,761	7,867	1,895,131
April-June	6,380	1,426,137	933	332,105	7,313	1,758,242
July-September	5,344	1,166,842	1,389	511,323	6,733	1,678,165
October-December	5,143	920,737	1,768	638,622	6,911	1,559,359
Total for year	24,300	5,226,086	4,524	1,664,811	28,824	6,890,897
1938:						
January-March	4,544	793,824	1,874	661,801	6,418	1,455,625
April-June	6,767	1,101,758	3,044	968,361	9,811	2,070,119
July-September	4,596	653,821	2,635	732,111	7,231	1,385,932
October-December	3,706	445,619	2,267	659,012	5,973	1,104,631
Total for year	19,613	2,995,022	9,820	3,021,285	29,433	6,016,307
Grand total	70,407	14,504,432	14,453	4,735,105	84,860	19,239,537

[1] Including 262 claims for $101,437 paid since September 1938 on defaulted loans insured under sec. 2 of title I, as reenacted and amended, February 3, 1938.
[2] First claim was paid in May 1935.

Chart 24

CLAIMS PAID ON INSURED LOANS IN DEFAULT, 1935-1938



Volume and claim ratios by States.—Table 73 shows a distribution of claims paid by State location of property improved and the ratio of the amount of claims paid to the face amount of notes insured under the original act up to December 31, 1938. The highest claim ratio was on properties located in Arkansas, where nearly 9 percent of the notes insured resulted in defaults. Florida and New Jersey each had claim ratios which were 5 percent or greater, while in 8 other States the ratio was equal to or exceeded the national average of 3.41 percent. In the District of Columbia, Minnesota, Montana, and Wyoming the claim ratio was less than 2 percent.

Claims paid on notes insured under the February 1938 amendments have thus far been negligible, and by December 31, 1938, had resulted in a ratio to the face amount of notes insured of only 0.59 percent.

Table 73.—State distribution of claims paid: *Defaulted loans insured under title I of original act and ratio to amount of notes insured, cumulative 1934 through December 1938*

State location of property	Claims paid on notes in default		Claims paid as a percent of amount of notes insured	State location of property	Claims paid on notes in default		Claims paid as a percent of amount of notes insured
	Number	Amount			Number	Amount	
			Percent				*Percent*
Alabama	680	$141,360	3.52	New York	14,047	$4,206,565	3.58
Arizona	544	138,743	3.26	North Carolina	782	142,455	3.40
Arkansas	1,494	327,419	8.64	North Dakota	104	22,936	2.45
California	9,937	2,357,295	3.02	Ohio	2,253	457,065	2.39
Colorado	310	62,071	2.04	Oklahoma	1,256	202,981	4.18
Connecticut	921	250,476	2.64	Oregon	1,021	107,926	2.67
Delaware	120	48,362	3.28	Pennsylvania	4,908	1,060,505	3.40
District of Columbia	263	80,048	1.95	Rhode Island	510	134,894	2.81
Florida	1,808	457,572	5.74	South Carolina	599	120,601	4.76
Georgia	1,035	214,313	3.27	South Dakota	85	24,330	2.50
Idaho	434	86,979	3.32	Tennessee	880	181,901	3.07
Illinois	3,209	712,940	2.58	Texas	3,225	599,456	3.98
Indiana	2,313	408,219	3.35	Utah	327	65,050	2.41
Iowa	520	114,751	2.06	Vermont	98	18,548	2.14
Kansas	536	95,495	3.30	Virginia	724	183,547	2.49
Kentucky	798	168,673	3.20	Washington	2,758	527,187	3.24
Louisiana	1,235	195,287	4.53	West Virginia	307	66,424	2.76
Maine	189	51,948	3.14	Wisconsin	560	147,344	2.02
Maryland	822	214,920	2.54	Wyoming	61	19,645	1.99
Massachusetts	2,513	643,713	3.20	Alaska	10	3,533	2.16
Michigan	6,498	998,942	4.31	Hawaii			
Minnesota	553	124,744	1.32	Puerto Rico			
Mississippi	590	111,390	3.68	Canal Zone			
Missouri	3,111	611,680	4.80				
Montana	95	21,516	1.21				
Nebraska	388	70,266	3.32	Total, original act	84,598	19,138,100	3.41
Nevada	82	27,682	2.52				
New Hampshire	241	64,261	3.02	Total, amended act	262	101.437	.59
New Jersey	8,720	1,916,959	5.01				
New Mexico	97	28,175	2.11	Grand total	84,860	19,239,537	

The average size claim.—Through December 1938 the average claim paid by the Administration from all reserves amounted to $227. The average claim paid was $206 under the 20-percent reserve, and $328 under the 10-percent reserve.

The average size of all loans insured was $400. Under the 20-percent reserve it amounted to $357, while under the 10 percent reserve an average loan of $456 was insured.

Volume and ratios by type of financial institutions.—Table 74 shows the relative experience of different types of institutions reporting loans under the 10 percent and 20 percent reserves combined. It should be noted that by December 31, 2,142 institutions, or only 1 of every 3 of the 6,433 institutions reporting loans for insurance, had submitted eligible claims for insurance on defaulted notes.

The ratio of claims to notes insured varied from 5.6 percent for finance companies to less than 1 percent for building and loan associations. Industrial banks show the next highest ratio of 5.4 percent, while national and state banks show ratios of 2.7 percent and 2.4 percent respectively.

TABLE 74.—**Types of lending institutions:** *Claims paid on insured loans in default and ratio of claims paid to notes insured, cumulative 1934 through December 1938*

Type of institution	Number of institutions	Total claims paid on defaulted notes			Claims paid as a percent of amount of notes insured
		Number	Amount	Percent amount	
National banks	1,055	28,595	$6,680,435	34.9	2.70
State banks and trust companies	848	14,695	3,591,883	18.8	2.42
Total commercial banks	1,903	43,290	10,272,318	53.7	2.60
Finance companies [1]	107	31,161	6,967,909	36.4	5.63
Industrial banks	54	9,689	1,754,079	9.2	5.39
Building and loan associations	49	120	42,382	.2	.96
Mutual and stock savings banks	20	277	79,986	.4	1.91
Credit unions	6	10	5,096	(*)	1.25
All others [2]	3	51	16,240	.1	4.99
Total, original act	2,142	84,598	19,138,100	100.0	3.41
Total, amended act	90	262	101,437		.06
Grand total		84,860	19,239,537		

*Less than 0.05 percent.
[1] Includes 14,887 claims on finance company notes for $2,330,309 transferred to national bank ownership.
[2] Includes mortgage companies, and production credit associations.

Claims paid under 10-percent and 20-percent reserves.—Table 75 shows the relative experience of different types of lending institutions participating in the property improvement insurance program under each of the two reserves. Commercial banks experienced a claim ratio of only 2.9 percent under the 20 percent reserve, and of only 2.0 percent under the 10-percent reserve. This is to be compared with the record of finance companies and industrial banks, older types of institutions in the consumer financing field, which experienced claim ratios of 6.4 percent and 6.7 percent, respectively, under the 20 percent reserve. While building and loan associations and credit unions reported only a small portion of the total insurance written, they experienced the smallest claim ratios of any types of institutions insured. Though not required by the act or the regulations, many of them had the additional protection of mortgage security on property improvement loans insured by the Federal Housing Administration.

TABLE 75.—**Claims paid to institutions under 10-percent and 20-percent reserves:** *Number of institutions involved, volume of loans in default, and ratio of claims paid to notes insured under the original act, cumulative 1935 through December 1938*

Type of institution	Claims paid under 20-percent reserve [1]				Claims paid under 10-percent reserve [2]			
	Number of institutions	Amount of claims	Percent of total	Claims paid as a percent of notes insured	Number of institutions	Amount of claims	Percent of total	Claims paid as a percent of notes insured
National banks	950	$4,795,003	33.1	2.98	498	$1,885,432	40.7	2.17
State banks and trust companies	764	2,679,939	18.5	2.82	397	911,944	19.7	1.71
Total commercial banks	1,714	7,474,942	51.6	2.92	895	2,797,376	60.4	2.00
Finance companies [3]	103	5,526,108	38.1	6.41	55	1,441,891	31.1	3.85
Industrial banks	50	1,420,348	9.8	6.66	36	333,731	7.2	2.97
Building and loan associations	40	27,582	.2	.85	19	14,800	.3	1.25
Mutual and stock savings banks	19	47,063	.3	1.73	13	32,923	.7	2.19
Credit unions	5	2,169	(*)	.99	3	2,927	.1	1.52
All others [4]	3	6,220	(*)	3.10	2	10,020	.2	7.93
Total	1,934	14,504,432	100.0	3.92	1,023	4,633,668	100.0	2.41

*Less than 0.05 percent.
[1] 20 percent insurance reserve provisions under sec. 2 were in effect from June 27, 1934, to Apr. 1, 1936. The amendment of May 25, 1935, provided for eligibility of loans for detachable machinery and equipment.
[2] The 10 percent insurance provisions were in effect from the amendment of Apr. 1, 1936, to Apr. 1, 1937. The amendment of Apr. 1, 1936, declared loans of $2,000 and less for detachable machinery and equipment ineligible for insurance.
[3] Includes claims on finance company notes purchased by national banks.
[4] Includes mortgage companies and production credit associations.

E. Characteristics of Defaulted Notes.

An analysis was made as of February 28, 1938, of the characteristics of some 60,000 defaulted loans which had been insured under the original provisions of title I prior to its expiration on April 1, 1937, and upon which the Federal Housing Administration had reimbursed institutions for losses claimed.

The analysis was confined to claims paid on class B ($2,000 and under) loans in default, which may be considered as being in the small, short-term consumer credit class; it did not include claims paid on class A ($2,001 to $50,000) loans, which were made largely for industrial or commercial purposes, or loans payable on other than a monthly basis. As a result, the ratios of claims to notes, shown in the tables which follow, differ slightly from those shown in the previous tables.

Reason for borrower's default.—Among reasons for default of borrowers on whose notes the Federal Housing Administration had paid a claim, unemployment through loss of job was the largest single reason for default, and was followed by service complaints in connection with equipment purchased. A variety of causes such as bankruptcy, foreclosure, sickness, death, or financial difficulties accounted for the remainder.

Number of payments made by borrowers up to default.—The degree to which defaulting borrowers made an effort to meet their monthly installments is shown on table 76. It reveals that of the total borrowers who had defaulted on their loans, more than one-sixth had failed to make a single payment, with a higher proportion for borrowers on other than single family dwelling property. Of those who had paid one or more monthly installments. the average borrower had made eight payments up to the time of default.

Table 76.—Number of payments made by borrowers: *Percent distribution and cumulation of claims paid on defaulted notes insured under the original provisions of title I through February 1938*

Number of payments made up to default	Percent distribution			Percent cumulation		
	Single-family dwellings	Other properties	All types of properties	Single-family dwellings	Other properties	All types of properties
No payments	14.5	19.2	16.3	14.5	19.2	16.3
1 to 2 payments	16.5	16.9	16.6	31.0	36.1	32.9
3 to 4 payments	13.5	13.7	13.6	44.5	49.8	46.5
5 to 6 payments	11.1	10.9	11.0	55.6	60.7	57.5
7 to 8 payments	9.3	9.0	9.2	64.9	69.7	66.7
9 to 10 payments	8.1	7.6	7.9	73.0	77.3	74.6
11 to 12 payments	6.7	6.4	6.6	79.7	83.7	81.2
13 to 14 payments	5.8	4.8	5.4	85.5	88.5	86.6
15 to 16 payments	4.6	4.1	4.4	90.1	92.6	91.0
17 to 18 payments	3.5	3.1	3.4	93.6	95.7	94.4
19 to 20 payments	2.6	1.9	2.4	96.2	97.6	96.8
21 to 22 payments	1.7	1.2	1.5	97.9	98.8	98.3
23 to 24 payments	1.0	.6	.8	98.9	99.4	99.1
Over 24 payments	1.1	.6	.9	100.0	100.0	100.0
Total	100.0	100.0	100.0			

Note.—Excludes claims paid on class A ($2,001 to $50,000) notes, and on notes payable on other than a monthly basis.

Improvements financed with defaulted notes.—Movable equipment notes account for a greater proportion of defaults than notes for the financing of structural repairs. This is indicated by table 77, which shows that while equipment loans represented only 47 percent of the number and 36 percent of the amount insured, 64 percent of the number and 51 percent of the amount of claims are paid on this type of improvement.

The ratios of claims to notes for equipment loans were 5.5 percent by number and 3.8 percent by amount; these ratios compare unfavorably with the much lower ratio of 2.8 percent by number and 2.1 percent by amount for structural repair notes insured.

It is of further interest that, out of the 64 percent of the number of claims paid on equipment notes, 34 percent represented loans for refrigerators, 11 percent for washing machines, and 4 percent for cooking ranges, while the remaining 15 percent were for other movable equipment since made ineligible for insurance.

Table 77.—Type of improvement on defaulted notes: *Claims paid on class B notes insured under section 2 of the original provisions of title I, and estimated claims to notes ratio 1934 through February 1938*

Major type of improvement	Percent of total notes insured		Percent of total claims paid		Claims paid as a percent of notes insured	
	Number	Amount	Number	Amount	Number	Amount
Alterations and repairs	53.2	64.0	36.1	48.8	2.75	2.05
Machinery and equipment	46.8	36.0	63.9	51.2	5.53	3.83
Total	100.0	100.0	100.0	100.0	4.05	2.69

Note.—Excludes claims paid on class A ($2,001 to $50,000) notes and on notes payable on other than a monthly basis.

Property improved with loans in default.—Table 78 shows the percentage of the total number and amount of notes insured and claims paid, and the ratio of claims paid to the face amount of notes insured for each type of property.

Single family dwellings with 67.4 percent of the notes, accounted for only 60.9 percent of the claims, while commercial and industrial, and multifamily dwelling properties showed a loss ratio of 5.41 and 5.06 percent, respectively, compared with an average of 4.05 percent for number of all types of properties insured.

Table 78.—Types of property improved: *Claims paid on class B notes insured under original provisions of sec. 2 of title I, and ratio of claims paid to total notes insured, cumulative 1934 through February 1938*

Type of property improved	Percent of notes insured		Percent of claims paid		Claims paid as a percent of notes insured	
	Number	Amount	Number	Amount	Number	Amount
Single family dwellings	67.4	59.8	60.9	52.6	3.66	2.36
Multifamily dwellings	18.3	18.0	22.8	21.6	5.06	3.22
Commercial and industrial	8.1	14.4	10.8	19.3	5.41	3.57
Farm home and buildings	3.6	3.9	2.9	2.9	3.23	2.10
Other [1]	2.6	3.9	2.6	3.6	4.13	2.49
Total	100.0	100.0	100.0	100.0	4.05	2.69

[1] Includes professional and business offices in dwellings, private (residential) garages, and miscellaneous types of property.

Note.—Excludes claims paid on class A ($2,001 to $50,000) notes and on notes payable on other than a monthly basis.

Size of loans in default.—Table 79 shows a percentage distribution of the number and amount of notes insured by size of loan, and an estimated ratio of claims paid to notes insured for each size group. The highest claim-ratio recorded was on loans of $100 and less, the ratio for both number and amount of which exceeded 5 percent. For

Table 79.—Size of loans in default: *Claims paid on class B notes insured under section 2 of original provisions of title I, and estimated ratio of claims paid to notes insured in each size group, cumulative 1934 through February 1938*

Face amount of loan [1]	Percent of total notes insured		Percent of total claims paid		Claims paid as a percent of notes insured	
	Number	Amount	Number	Amount	Number	Amount
$100 and less	9.0	1.9	11.9	3.5	5.39	5.06
$101 to $200	30.3	13.2	35.6	16.9	4.77	3.44
$201 to $300	21.1	14.3	21.8	16.4	4.19	3.09
$301 to $400	12.8	12.1	9.9	10.5	3.14	2.31
$401 to $500	7.9	9.9	5.7	7.8	2.94	2.12
$501 to $600	5.5	8.9	4.3	7.2	3.07	2.17
$601 to $800	6.1	9.8	3.9	8.3	3.11	2.29
$801 to $1,000	3.0	7.4	2.2	6.2	3.04	2.23
$1,001 to $1,500	3.3	11.3	2.7	10.1	3.30	2.40
$1,501 to $2,000 [2]	2.0	11.2	2.0	13.1	4.04	3.15
Total	100.0	100.0	100.0	100.0	4.05	2.69

[1] Includes finance charges.
[2] Includes all defaulted loans which exceed $2,000 because of the addition of finance charges.

Note.—Excludes class A ($2,001 to $50,000) loans and loans payable on other than a monthly basis.

loans exceeding $100 in size the claim-ratio tended to decrease progressively as the size of loan increased up to $500; as loans exceeded $500 in size, the claim-ratio tended to increase almost progressively until the upper limit of the $2,000 loans was reached.

Duration of loans in default.—Table 80 shows a percentage distribution of the number and amount of notes insured by duration of loans, and an estimated ratio of claims paid to notes insured for each duration group. The highest claim-ratios were recorded for defaulted loans having a maturity of 2 to 3 years, in which group nearly two-thirds of the total amount of class B insurance was written. The lowest claim-ratios were recorded for the two extreme duration groups: loans having a duration of 1 year or less, and loans with a duration of 4 to 5 years, which was the upper maturity limit permitted by the act.

TABLE 80.—**Duration of notes in default:** *Claims paid on class B notes insured under sec. 2 of original provisions of title I, and estimated ratio of claims paid to notes insured in each duration group, cumulative 1934 through February 1938*

Duration of note	Percent of total notes insured		Percent of total claims paid		Claims paid as a percent of notes insured [1]	
	Number	Amount	Number	Amount	Number	Amount
12 months or less	12.2	5.9	6.5	2.6	2.15	1.18
13 to 18 months	9.2	4.8	8.6	3.5	3.80	1.98
19 to 24 months	15.5	11.5	14.3	8.8	3.73	2.06
25 to 30 months	5.6	3.6	7.8	4.6	5.65	3.41
31 to 36 months	52.2	60.5	59.8	71.0	4.64	3.18
37 to 48 months	2.0	2.9	1.1	2.3	2.33	2.14
49 to 60 months	3.3	10.8	1.9	6.6	2.33	1.64
Total	100.0	100.0	100.0	100.0	4.05	2.69

[1] The estimate of ratio of claims paid to notes insured was based upon an estimated distribution by duration groups of loans insured from August 1934 through November 1936.

NOTE.—Excludes class A ($2,001 to $50,000) loans and loans payable on other than a monthly basis.

ACCOUNTS AND FINANCE

The accounts and records of the Federal Housing Administration have been established and maintained at all times in accordance with governmental procedure, adapted to the requirements of the National Housing Act, and are centrally maintained in Washington, D. C. All funds are deposited with the Treasurer of the United States and payments of expenses and other obligations are made through the Chief Disbursing Officer of the Treasury Department.

Receipts, disbursements, and appropriations.

Receipts of the Federal Housing Administration are received principally in the forms of (*a*) allocations from the Reconstruction Finance Corporation, (*b*) collections of appraisal fees and insurance premiums under title II, (*c*) rents and sales proceeds of properties acquired after defaults under title II, (*d*) recoveries under defaulted title I notes, (*e*) interest on investments, and (*f*) miscellaneous receipts.

Disbursements by this Administration are made principally for (*a*) salaries and expenses, (*b*) furniture and equipment, (*c*) property management, (*d*) cash settlements of title I claims, (*e*) purchases of debentures of this Administration, (*f*) investments, and (*g*) miscellaneous purposes.

Estimates for annual salaries and general expenses of operating this Administration are regularly submitted to Congress in cooperation with the Director of the Budget. The annual budget is partly met by outright appropriation by the Congress through allocations from the Reconstruction Finance Corporation (in accordance with the provisions of sec. 4 of the National Housing Act) while the remainder is made available from the mortgage insurance funds.

During the fiscal year 1938, the $9,400,000 appropriation was met by a $4,400,000 allocation by the Reconstruction Finance Corporation and a $5,000,000 transfer from the mutual mortgage insurance fund. During the current fiscal year, the $8,500,000 appropriation is being met by $5,000,000 from the fund and $3,500,000 from the Reconstruction Finance Corporation. No allocation for operating expenses has yet been made from the Housing Insurance Fund, which was established under the 1938 amendments. (The general authority for charging operation expenses to the funds is contained in secs. 205 (b) and 207 (f) of the National Housing Act. The specific authorizations for such charges are contained in the Independent Offices Appropriation Acts of 1938 and 1939 and are based upon decisions of the Administrator as approved by the Director of the Budget.)

A comparison between all expenses of operation and all business generated from the beginning of the Act to December 31, 1938, is set forth in statement form below.

Statement 1.—*Comparison of volume of business and operating expenses by years, and cumulative through 1938*

	Cumulative totals through Dec. 31, 1938	July 1, 1934, to Dec. 31, 1934	Calendar year 1935	Calendar year 1936	Calendar year 1937	Calendar year 1938
Volume of business transacted:						
Title I: Secs. 2 and 6 property improvement notes	$733,350,548	$30,450,582	$223,020,146	$245,824,241	[1] $60,631,288	[1] $172,824,201
Title II:						
Sec. 203 mortgages on small homes selected for appraisal	2,408,948,798		270,010,238	538,885,200	589,468,385	1,010,584,906
Secs. 207 and 210 mortgages on rental projects accepted for insurance	115,951,400		4,795,000	5,611,000	31,288,250	74,257,150
Total	3,258,250,746	30,450,582	498,425,384	790,320,510	681,387,922	1,257,666,347
Operating expenses: [2]						
Departmental	16,932,995	1,295,733	3,941,800	4,175,984	3,547,108	3,972,361
Field	27,295,844	444,037	6,526,411	7,209,673	5,716,657	7,399,066
Total	44,228,839	1,739,770	10,468,220	11,385,057	9,263,765	11,371,427

[1] Authority to insure loans under title I expired Apr. 1, 1937; amendment to National Housing Act Feb. 3, 1938, authorized resumption of title I insurance.
[2] Expenses paid in subsequent years have been applied to year in which incurred. Figures exclude outlays of $978,480.09 for furniture and equipment.

Title I. Property Improvement Loan Insurance.

Title I, section 2, of the National Housing Act as amended contains the following passage, in connection with the general revival of insurance on property improvement loans for the period from February 3, 1938, to July 1, 1939:

In no case shall the insurance granted by the Administrator under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes on and after the date of enactment of the National Housing Act amendments of 1938 exceed 10 percent of the total amount of such loans, advances of credit, and purchases. The total liability which may be outstanding at any time plus the amount of claims paid in respect of all insurance heretofore and hereafter granted under this section and section 6, as amended, shall not exceed in the aggregate $100,000,000.

Statement 2.—*Property improvement notes insured under title I and claims paid on defaulted notes, by section and reserve, cumulative through Dec. 31, 1938*

Section of act and insurance reserve	Property improvement notes insured		Claims paid on defaulted notes		
	Number	Face amount[1]	Number	Gross amount	Percent of face amount of notes reported
Sec. 2, regular notes:					
20 percent reserve	1,031,630	$368,464,501	70,397	$14,502,701	3.9
10 percent reserve	423,024	191,781,533	14,186	4,633,162	2.4
Sec. 2, amended, property improvement loans: 10 percent reserve	374,976	171,718,626	262	101,437	.1
Sec. 6, catastrophe notes:					
20 percent reserve	3,394	1,250,521	10	1,731	.1
10 percent reserve	161	135,367	5	506	.4
Total	1,833,185	733,350,548	84,860	19,239,537	2.6

[1] The total face amounts of notes reported for insurance exceeded the total amount of insured advances since on discount notes only the net proceeds to the borrower were eligible for insurance.

By November 1938 the reserves established on the books in connection with notes reported for insurance under provisions of title I approached closely to the $100,000,000 limitation imposed under the act. However, it was known that reserves established to cover notes insured under the original provisions of the act were more than sufficient to cover the entire balance outstanding on the notes so insured. Accordingly, a number of the larger institutions were circularized to determine the amounts by which the reserves set up for them exceeded maximum possible claims; i. e., the full balance then due on notes insured under the original reserve. Predicated on the reports from these institutions a release of excess reserves for insuring additional notes was established as set forth in the following statement. With a further application of such procedure, if required, it is believed that ample reserves will be available to meet anticipated requirements at all times during the period through June 30, 1939.

Statement 3.—*Insurance reserves established, released, and remaining free for insurance notes under title I, cumulative through Dec. 31, 1938*

	Established [1]	Released	
Total authorized allocation from Reconstruction Finance Corporation			$100,000,000
Reserve basis:			
Sec. 2—20 percent—to April 1936	$66,323,610	$12,169,090	
10 percent—to April 1937	17,260,338	----------	
10 percent—current	14,978,334	----------	
Sec. 6—10 percent—to January 1937	12,183	----------	
20 percent—current	225,094	----------	
	98,799,559	12,169,090	86,630,469
Free reserves as of Dec. 31, 1938			13,369,531

[1] Proceeds of notes: Where not reported net proceeds were estimated as 90 percent of face of notes.

On account of the insurance provisions of title I, there have been paid 84,860 claims, amounting to $19,239,536.63 which have been charged against the insurance reserves of the insured institutions involved. The notes and other claims against the borrowers, which become the property of the Federal Housing Administration on account of the payment of such losses, are turned over to the collection division of the Federal Housing Administration for collection, salvage, or other disposition.

All cash collections on account of collection efforts are deposited in the Treasury Department as miscellaneous receipts under the title "Collections, Insured Loans, Federal Housing Administration (title I, act of June 27, 1934), symbol 535410."

Following are summaries showing the status of the collection and property accounts:

Statement 4.—*Summary of title I claims accounts cumulative through Dec. 31, 1938*

	Notes insured prior to Feb. 3, 1938, amendment			Notes insured after Feb. 3, 1938, amendment		
			Percent of face amount of notes reported			Percent of face amount of notes reported
Total notes insured, face amount	(1,458,209 notes)	$561,631,921.51	100.000	(374,976 notes)	$171,718,626.23	100.000
Total claims paid	(84,598 notes)	19,138,100.13	3.408	(262 notes)	101,436.50	.059
Recovery:						
Cash collections on notes	$2,684,734.32			$937.43		
Cash receipts on sales of repossessed property by Federal Housing Administration	112,162.53			----------		
Total	2,796,890.85		.498	937.43	----------	.001
Repossessed property credits:						
Transferred to other departments and establishments	3,107,833.12					
Available for transfer	327,175.16					
Total	3,435,008.28		.612			
Total recovery	----------	6,231,905.13	1.110	----------	937.43	.001
Total unrecovered claims	----------	12,906,195.00	2.298	----------	100,499.07	.058
Notes receivable in process of collection	----------	10,865,844.27	1.935	----------	100,499.07	.058
Uncollectible notes transferred to General Accounting Office	----------	2,040,350.73	.303	----------	----------	.000
Not included in above figures:						
Interest collected on notes	----------	27,001.05	----------	----------	3.62	----------
Property on which pick-up orders have been issued	----------	146,168.30	----------	----------	----------	----------

Statement 5.—*Claims paid and cash collections on defaulted title I notes quarterly, and by years, through 1938*

	Claims paid				Cash collections and other cash receipts	
	Quarterly		Calendar year			
	Number	Amount	Number	Amount	Quarterly amount	Calendar year
	Notes insured prior to Feb. 3, 1938, amendments					
1935:						
Second quarter	86	$36,496.36			$546.98	
Third quarter	249	98,516.94			3,889.87	
Fourth quarter	953	312,434.37	1,288	$447,447.67	5,479.08	$9,915.93
1936:						
First quarter	3,197	776,087.92			24,896.84	
Second quarter	4,706	1,025,498.96			41,470.41	
Third quarter	8,641	1,979,112.10			116,211.38	
Fourth quarter	8,771	2,104,186.38	25,315	5,884,885.36	110,628.44	293,207.07
1937:						
First quarter	7,867	1,895,130.83			174,310.28	
Second quarter	7,313	1,758,242.76			205,410.77	
Third quarter	6,733	1,678,164.51			271,464.61	
Fourth quarter	6,911	1,559,358.54	28,824	6,890,896.64	291,109.17	942,294.83
1938:						
First quarter	6,418	1,455,625.18			333,543.14	
Second quarter	9,811	2,070,118.95			351,403.16	
Third quarter	7,186	1,366,120.63			421,037.24	
Fourth quarter	5,756	1,023,005.70	29,171	5,914,870.46	445,435.48	1,551,470.02
	Notes insured after Feb. 3, 1938, amendment					
1938:						
Third quarter	45	19,811.91				
Fourth quarter	217	81,624.59	262	101,436.50	937.43	937.43
Grand total			84,860	19,239,536.63		2,797,834.28

Statement 6.—*Types of equipment repossessed by Federal Housing Administration from defaulting borrowers under title I cumulative through Dec. 31, 1938*

Types of equipment repossessed	Total repossessed		Transferred to other departments and establishments		Available for transfer		Sold by Federal Housing Administration			
	Number	Unpaid balance of notes	Number	Unpaid balance of notes	Number	Unpaid balance of notes	Number	Unpaid balance of notes	Proceeds of sale	Unrecovered balance of notes
Refrigerators	10,706	$1,657,601.30	10,247	$1,589,866.20	450	$67,735.19	81	$25,065.79	$12,342.81	$12,722.98
Ironers	650	39,704.97	607	37,081.01	43	2,623.96	1	77.47	40.00	37.47
Washers	4,571	349,741.83	4,373	336,170.65	108	13,571.18	6	1,368.64	421.81	946.83
Cooking ranges	2,440	245,204.96	2,123	213,523.96	317	31,771.00	14	1,643.20	820.50	822.70
Oil burners	1,114	144,178.81	813	100,739.84	301	43,438.97	61	24,535.62	12,870.83	11,655.79
Furnaces and heating units	1,372	152,832.85	1,195	132,195.21	177	20,637.64	94	32,135.33	13,556.39	18,578.94
Air-conditioning units	24	12,647.52	20	11,226.28	4	1,421.24	4	4,892.93	3,570.00	1,322.93
Retail commercial equipment	1,393	512,206.40	1,164	427,918.38	229	84,288.02	42	76,658.46	31,637.61	44,020.85
Manufacturing equipment	70	53,997.56	59	43,664.12	11	10,333.44	4	1,511.64	380.00	1,131.64
Miscellaneous	928	266,801.99	755	215,447.47	173	51,354.52	120	84,388.92	35,629.62	48,759.30
Cash deposits on accepted bids									883.96	
Total	23,208	3,435,008.28	21,356	3,107,833.12	1,912	327,175.16	427	251,278.00	112,162.53	139,999.43

STATEMENT 7.—*Disposition of repossessed equipment transferred to other Government departments and establishments, cumulative through Dec. 31, 1938*

Departments or establishments, receiving repossessed equipment	Refrigerators	Ironers	Washers	Cooking ranges	Oil burners	Furnace and heating units	Air-conditioning units	Retail commercial equipment	Manufacturing equipment	Miscellaneous	Total	
											Number	Unpaid balance of notes
Agriculture	4,514	98	2,948	134	28	259	5	45	1	29	8,061	$962,691.50
Commerce	467	1	5	19	16	17	------	20	3	7	555	99,272.37
Interior	1,364	188	400	373	383	470	6	274	16	100	3,082	512,427.43
Justice	124	14	7	25	4	5	------	23	6	28	236	61,432.03
Labor	6	------	2	------	1	------	------	------	------	------	9	1,672.70
National Youth Administration	137	36	114	326	75	156	2	189	6	194	1,235	226,531.59
Navy	102	------	------	14	------	2	------	12	------	4	134	25,013.84
Soldiers' Home	25	------	2	20	1	1	------	9	1	2	61	19,961.06
Treasury	431	76	284	116	41	62	------	32	------	32	1,074	154,439.00
Veterans' Administration	837	1	2	177	1	6	------	41	12	10	1,087	196,330.34
War Department	1,949	92	268	743	29	77	3	444	14	152	3,771	655,009.07
Works Progress Administration	220	101	240	173	234	129	4	72	------	187	1,360	164,910.22
Other departments	71	------	2	3	------	2	------	3	------	10	91	28,135.37
Total	10,247	607	4,373	2,123	813	1,195	20	1,104	59	755	21,356	3,107,833.12

Section 3 loans.—The authority for making loans secured by insured modernization notes to institutions holding them, under section 3 of the National Housing Act, expired April 3, 1936, and no additional loans have been made since that date.

Six loans in all, amounting to $141,000, were made under this section and all have been paid in full. Collections on section 3 loans have totaled $141,000 in principal and $3,893.49 in interest, an aggregate of $144,893.49.

Title II. Mutual Mortgage Insurance Accounts.

Insurance contracts on small home mortgages executed in the field under section 203 of the act are reviewed in Washington for the purposes of determining their compliance with the rules and regulations and establishing proper insurance accounts and records.

Each collection remitted by the lending institution to the Federal Housing Administration is identified with its individual mortgage record, verified, and deposited with the Treasurer of the United States to the credit of the mutual mortgage insurance fund.

The receipts from insurance premiums and fees from rental housing projects insured under section 207 prior to the amendments to the National Housing Act of February 3, 1938, are deposited in the mutual mortgage insurance fund.

In accordance with the provisions of the above amendments a separate housing insurance fund was established on February 3, 1938 (see p. 173), to which receipts from all new housing projects insured under sections 207 and 210 are being credited.

The following is a statement of the fee and premium deposits with the Treasurer of the United States on account of collections to th mutual mortgage insurance fund:

STATEMENT 8.—*Mutual mortgage insurance fund—deposits of fees and premiums by years through 1938*

Calendar year	Receipts from small-home mortgages under sec. 203				Receipts from rental housing mortgages under sec. 207 [1]			Total collections from fees and premiums
	Examination and other fees	Insurance premiums		Premiums paid on prepayment of mortgages	Examination fees	Insurance premiums		
		Initial	Renewal			Initial	Renewal	
1935	$763,054.84	$424,842.82	$54,082.06	$522.90	----------	$4,375.00	$7,400.00	$1,254,877.62
1936	1,662,067.98	1,541,663.82	544,864.88	27,938.09	----------	17,200.00	4,375.00	3,798,109.77
1937	1,777,319.80	2,112,038.33	1,952,843.56	148,210.94	$555.00	53,250.00	23,717.51	6,067,935.14
1938	3,150,014.61	2,058,702.73	3,382,523.56	240,691.53	9,345.63	23,848.28	65,137.41	8,930,263.75
Total	7,353,057.23	6,137,247.70	5,934,314.06	417,363.46	9,900.63	98,673.28	100,629.92	20,051,186.28

[1] Receipts amounting to $510,279.21 from rental housing projects insured after the amendment of Feb. 3, 1938, have been deposited to the housing insurance fund as shown in statement 17.

Under provisions of the National Housing Act the payment of losses to mortgagees is accomplished by issuing debentures and certificates of claim in exchange for the property deeded to the Administrator. On mortgages insured prior to February 3, 1938, debentures, bearing interest at 3 percent, without tax exemption, or 2¾ percent, with tax exemption, effective from the date foreclosure proceedings are instituted, are issued for an amount which includes the unpaid principal on date foreclosure proceedings are instituted and payments made by the mortgagee for taxes and hazard insurance. The debentures are dated as of the date foreclosure proceedings were instituted and bear interest from such date. On mortgages insured on and after February 3, 1938, these debentures are tax-exempt and are at 2¾ percent only. In addition to these debentures, certificates of claim are issued in connection with each property in an amount covering expenses incurred by the mortgagee in connection with foreclosure.

STATEMENT 9.—*Small home properties insured under sec. 203 taken over by the Federal Housing Administration through Dec. 31, 1938*

State location of property	Number of properties			Amount of debentures and cash adjustments	Certificates of claim issued	Net mortgages accepted for insurance [1]		Ratio of number acquired properties to net mortgages accepted [2]
	Taken over	Sold	On hand			Number	Amount	Percent
Alabama	7	4	3	$18,355.50	$1,067.60	3,705	$13,229,685	0.19
Arkansas	7	2	5	26,561.78	1,937.43	2,578	7,469,610	.27
California	13	4	9	70,743.63	4,378.40	67,162	284,527,796	.02
Colorado	2	1	1	12,963.48	977.77	3,088	10,655,468	.06
Connecticut	6	2	4	22,678.92	1,720.82	3,111	15,246,045	.19
Florida	6	1	5	20,846.38	3,558.73	8,983	35,930,801	.07
Georgia	9	6	3	29,198.20	1,551.74	6,401	24,387,552	.14
Illinois	32	31	1	187,282.29	13,401.17	18,222	88,260,163	.18
Indiana	2	2	0	6,331.51	560.14	12,718	45,396,691	.02
Kansas	17	8	9	54,706.47	4,984.27	5,768	17,901,617	.29
Kentucky	2	0	2	9,154.56	455.45	3,567	16,082,861	.06
Louisiana	2	1	1	5,157.00	291.20	2,817	10,360,965	.07
Maine	3	2	1	8,397.38	496.18	1,093	3,230,980	.27
Maryland	3	2	1	9,053.36	1,041.23	6,131	27,276,485	.05
Massachusetts	26	11	15	126,886.27	7,634.44	3,695	18,633,987	.70
Minnesota	4	1	3	16,083.58	935.49	6,026	21,982,554	.07
Mississippi	19	17	2	58,723.81	4,051.24	3,439	10,706,489	.55
Missouri	40	14	26	178,230.96	9,730.07	10,085	41,670,497	.40
New Hampshire	3	0	3	19,463.43	1,000.69	806	2,985,451	.37
New Jersey	54	25	29	322,811.91	27,844.28	18,884	91,805,524	.29
New York	35	10	25	206,084.31	21,078.75	25,409	126,514,692	.14
North Carolina	5	2	3	18,384.12	903.37	3,985	16,823,439	.13
North Dakota	3	3	0	8,544.31	611.33	695	2,077,705	.43
Ohio	13	4	9	58,678.94	3,810.81	22,360	98,791,044	.06
Oklahoma	3	2	1	12,631.26	1,458.74	4,941	18,537,892	.06
Pennsylvania [3]	24	11	13	98,758.65	11,622.57	22,607	93,354,017	.11
Rhode Island	2	1	1	12,641.40	706.01	1,339	5,951,420	.15
South Carolina	7	5	2	20,970.56	1,756.60	2,283	8,607,638	.31
South Dakota	4	1	3	11,026.57	708.59	1,116	3,017,830	.36
Tennessee	21	10	11	74,710.78	3,810.11	7,075	25,913,305	.30
Texas	5	1	4	21,665.61	1,182.45	15,925	60,751,427	.03
Utah	5	2	3	24,009.34	2,559.20	3,503	12,346,615	.14
Vermont	3	2	1	19,133.44	2,686.02	1,045	3,324,522	.20
Virginia	44	44	0	96,650.13	8,642.81	6,953	30,671,149	.63
Wisconsin	3	0	3	11,977.52	1,332.45	4,483	22,106,094	.07
Alaska	1	0	1	3,075.70	110.80	212	876,660	.47
All other States						51,696	211,582,423	
Total	435	232	203	1,904,373.12	150,659.55	363,906	1,529,109,183	.12

[1] Includes only premium-paying mortgages and firm commitments outstanding as of Dec. 31, 1938, since records of mortgages by State property location are maintained on the basis of firm commitments to insure.
[2] On the basis of premium-paying mortgages, the percentages shown would run slightly higher; the total of 435 properties taken over is 0.14 percent of the total of 311,983 premium paying mortgages at Dec. 31, 1938.
[3] Includes Delaware.

In accordance with arrangements made between the Federal Housing Administrator and the Secretary of the Treasury, the Division of Loans and Currency of the Treasury Department issues debentures upon the acquisition of property by the Administrator, paying interest thereon and redeeming the debentures upon request of the Administrator and the approval of the Secretary of the Treasury. In this way the debentures are recorded and handled in the same manner as obligations of the United States, and the Federal Housing Administration has the additional advantage of an interdepartmental check and control over the debentures.

The policy of the Administration has been to keep the amount of debentures outstanding at or below the value of property on hand. In accordance with this policy, as a property was disposed of by the Administrator an offer was made to repurchase all debentures in connection with the property. If the mortgagee did not care to sell the debentures, debentures of similar amount were purchased from other mortgagees.

When a property is sold for cash and the proceeds, after deducting for the debentures and net expenses, provide sufficient funds to settle the certificate of claim and make a refund to the mortgagor, payment is made of such certificate and refund shortly after completion of the sale and the final audit of the case. However, if the Administrator accepts a mortgage note on the sold property, no settlement is made of the certificate of claim or refund to the mortgagor until the mortgage note has been paid in full or cash realized on the note by this Administration.

There is given below a profit and loss statement covering defaulted title II properties acquired by the Administration through December 31, 1938, supported by statements 12 and 13 showing cost of properties sold and properties remaining on hand.

STATEMENT 10.—*Turnover of properties acquired by the Federal Housing Administration under sec. 203 through Dec. 31, 1938*

Properties acquired		Properties sold by years						Properties on hand Dec. 31, 1938
		1936		1937		1938		
Year	Number	Number	Loss to fund	Number	Loss to fund	Number	Loss to fund	
1936	13	1		10	$5,290.93	2	$1,038.27	
1937	98			13	5,374.34	67	83,593.11	18
1938	324					139	65,410.94	185
Total	435	1		23	10,665.27	208	150,042.32	203

For the 232 properties sold, the average time between acquisition by the Federal Housing Administration and the date of sale was 5 months and 11 days

Statement 11.—*Mutual mortgage insurance fund—profit and loss on defaulted title II properties sold by calendar year through 1938*

Item	1936, 1 property sold	1937, 23 properties sold	1938, 208 properties sold	Total, 232 properties sold
Gross sales	$3,500.00	$99,839.04	$840,963.56	$944,303.20
Selling expense:				
Advertising	----------	----------	60.48	60.48
Sales allowances	----------	108.00	243.63	351.63
Commissions on sales	172.50	3,034.25	37,338.47	40,545.22
Total	172.50	3,142.25	37,642.58	40,957.33
Net proceeds of sale	3,327.50	96,697.39	803,320.98	903,345.87
Cost of properties sold (statement 12)	2,937.85	105,327.57	941,624.78	1,049,890.20
Net loss	[1] −389.65	8,630.18	138,303.80	146,544.33
Payment of certificates of claim	224.38	1,556.10	9,769.97	11,550.45
Increment on certificates of claim	2.21	8.88	22.11	33.20
Refunds to mortgagors	163.06	470.11	1,946.44	2,579.61
Loss to mutual mortgage insurance fund	----------	10,665.27	150,042.32	160,707.59
Average loss to mutual mortgage insurance fund	----------	463.71	721.36	692.71

[1] Sales gain; excess of proceeds over costs.

SUMMARY OF TERMS OF SALE

	Number	Cash	Mortgage notes	Sales price
Properties sold for all cash	42	$194,320.00	----------	$194,320.00
Properties sold for cash and notes [2]	185	77,453.56	$650,635.00	728,088.56
Properties sold for notes only [2]	5	----------	21,894.64	21,894.64
Total	232	271,773.56	672,529.64	944,303.20

[2] Average percentage of cash down payments ($77,453.56) to sales price where mortgage note is taken ($749,983.20), 10.33 percent.

Statement 12.—*Mutual mortgage insurance fund—analysis of cost of properties sold by years through 1938*

Item	1 property sold in 1936	23 properties sold in 1937	208 properties sold in 1938	Total properties sold 232	Average per case	Percent of total cost
Acquisition and reconditioning costs:						
Debentures and cash adjustments	$2,843.67	$100,361.27	$853,410.61	$956,615.55	$4,123.34	91.12
Interest on debentures prior to acquisition	----------	----------	7,632.60	7,632.60	32.90	.73
Taxes and water rent accrued at date of acquisition	----------	993.98	4,614.34	5,608.32	24.18	.53
Initial reconditioning and improvements	----------	2,822.15	55,716.98	58,539.13	252.32	5.57
Total	2,843.67	104,177.40	921,374.53	1,028,395.60	4,432.74	97.95
Less hazard insurance premium rebates	15.16	214.79	28.12	258.07	1.11	.02
Total acquisition and reconditioning costs	2,828.51	103,962.61	921,346.41	1,028,137.53	4,431.63	97.93
Operating and carrying costs:						
Interest on debentures to date of sale	29.29	1,415.96	9,332.27	10,777.52	46.45	1.03
Taxes, water rent, and hazard insurance	30.05	1,249.33	8,270.20	9,549.58	41.17	.91
Repairs and maintenance	50.00	133.73	7,202.90	7,386.63	31.83	.70
Total	109.34	2,799.02	24,805.37	27,713.73	119.45	2.64
Less: Rental and other income, net	----------	1,434.06	4,527.00	5,961.06	25.69	.57
Total net operating and carrying costs	109.34	1,364.96	20,278.37	21,752.67	93.76	2.07
Total cost of properties sold	2,937.85	105,327.57	941,624.78	1,049,890.20	4,525.39	100.00

CONTINGENT LIABILITIES ON SOLD PROPERTIES

Certificates of claim	----------	$90.00	$8,302.80	$8,392.80	----------	----------
Increment on certificates of claim to date of sale	----------	----------	18.45	18.45	----------	----------
Refunds to mortgagors	----------	----------	1,554.86	1,554.86	----------	----------
Total	----------	90.00	9,876.11	9,966.11	----------	----------

Statement 13.—*Mutual mortgage insurance fund—analysis of cost of properties on hand as of Dec. 31, 1938*

[203 properties on hand Dec. 31, 1938]

Acquisition and reconditioning costs:	
Debentures and cash adjustments (issued, authorized and claims pending)	$947,757.57
Interest on debentures prior to acquisition	10,558.48
Taxes and water rent accrued at date of acquisition	4,016.10
Initial reconditioning and improvements	21,686.61
Total acquisition and reconditioning costs	984,018.76
Operating and carrying costs:	
Interest on debentures	9,801.63
Taxes, water rent, and hazard insurance after acquisition	10,642.81
Repairs and maintenance	1,695.38
Total	22,139.82
Less rental and other income, net	9,033.91
Total net operating and carrying costs	13,105.91
Selling expense on properties on hand	50.00
Total cost of properties on hand	997,174.67

CONTINGENT LIABILITIES ON PROPERTIES ON HAND

Contingent liabilities for certification of claim outstanding	$59,946.74
Contingent liabilities for certification of claim pending	14,300.79
Total contingent liabilities	74,247.53

As funds are deposited in the Treasury and as cash accumulates in excess of the needs of the Federal Housing Administration, the Secretary of the Treasury, upon request of the Administrator, invests such cash in obligations of the United States or those guaranteed by the United States.

A statement showing the cash receipts and disbursements of the mutual mortgage insurance fund to December 31, 1938, and a list of the investments, follow:

Statement 14.—*Mutual mortgage insurance fund—Sources and application of funds through Dec. 31, 1938*

Allocation from Reconstruction Finance Corporation			$10,000,000.00
Receipts:			
Fees and mortgage insurance premiums [1]		$20,051,186.28	
Interest income on Treasury bonds		2,098,977.87	
Sale of Treasury bonds (including premium)		276,487.27	
Real property income:			
Rental income		15,068.37	
Other income		384.13	
Sale of real property		271,768.56	
Sale of real property—earnest money		800.00	
Collections on mortgage notes receivable:			
Collections of principal	$15,939.98		
Collections of interest	11,608.51		
		27,548.49	
Escrow funds received		15,364.21	
			22,757,585.18
Total allocation and receipts			32,757,585.18

[1] Of this amount $209,203.83 was derived from rental housing projects under sec. 207.

STATEMENT 14.—*Mutual mortgage insurance fund—Sources and application of funds through Dec. 31, 1938*—Continued

Total allocation and receipts (brought forward)		$32, 757, 585. 18
Less:		
Transfer to salaries and expense	$8, 000, 000. 00	
Transfer to housing insurance fund	1, 000, 000. 00	
		9, 000, 000. 00
		23, 757, 585. 18
Disbursements:		
Purchase of Treasury bonds	20, 132, 266. 53	
Interest on debentures	26, 764. 51	
Debentures retired and cash adjustments	304, 314. 83	
Increment on certificates of claim	14. 75	
Certificates of claim paid	3, 157. 65	
Refunds to mortgagors	1, 024. 75	
Escrow funds disbursed	7, 129. 77	
Miscellaneous expenses, general reinsurance account	. 83	
Real property expenses:		
Prepaid expense	741. 24	
Acquisition and reconditioning expense	79, 338. 80	
Operating and maintenance expense	26, 105. 88	
Commissions on sales and sales allowances	36, 295. 60	
		20, 617, 155. 14
Cash balance		3, 140, 430. 04

A comparative balance sheet of the mutual mortgage insurance fund as of December 31, 1938, showing the status of the assets, liabilities, and net worth (group and general reinsurance accounts), follows:

STATEMENT 15.—*Mutual mortgage insurance fund investments as of Dec. 31, 1938*

Treasury bonds	Par value	Premium or discount (—) amortized to date	Present book value
Series of 1944–54	$2, 845, 000	$148, 624	$2, 993, 624
Series of 1946–56	2, 788, 100	130, 126	2, 918, 226
Series of 1947–52	2, 940, 000	273, 735	3, 213, 735
Series of 1951–54	550, 000	—4, 836	545, 164
Series of 1955–60	4, 389, 500	47, 689	4, 437, 189
Series of 1956–59	5, 242, 850	57, 452	5, 300, 302
Total investments	18, 755, 450	652, 790	19, 408, 240

STATEMENT 16.—*Mutual mortgage insurance fund comparative balance sheet, Dec. 31, 1937–Dec. 31, 1938*

ASSETS

Item	Dec. 31, 1937	Dec. 31, 1938	Increase or decrease
Current assets:			
Cash	$1, 554, 468. 34	$3, 140, 430. 04	$1, 585, 961. 70
Accrued income	238. 20	1, 146. 72	908. 52
Prepaid expense		741. 24	741. 24
Accrued interest receivable	141, 960. 82	140, 757. 01	—1, 203. 81
Total current assets	1, 696, 667. 36	3, 283, 075. 01	1, 586, 407. 65
Fixed assets:			
Treasury bonds	19, 629, 714. 50	19, 408, 240. 11	—221, 474. 39
Mortgage notes	46, 123. 86	656, 589. 66	610, 465. 80
Real property	234, 201. 85	947, 757. 57	713, 555. 72
Total fixed assets	19, 910, 040. 21	21, 012, 587. 34	1, 102, 547. 13
Total assets	21, 606, 707. 57	24, 295, 662. 35	2, 688, 954. 78

LIABILITIES, GROUP AND GENERAL REINSURANCE ACCOUNTS

Item	Dec. 31, 1937	Dec. 31, 1938	Increase or decrease
Current liabilities:			
Accrued interest payable	$2, 014. 65	$19, 593. 27	$17, 578. 62
Unliquidated obligations	3, 348. 84	29, 353. 51	26, 004. 67
Mortgagors' escrow deposits	590. 04	8, 234. 44	7, 644. 40
Earnest money on pending sales		800. 00	800. 00
Total current liabilities	5, 953. 53	57, 981. 22	52, 027. 69
Fixed liabilities:			
Debentures payable	224, 343. 80	1, 259, 626. 33	1, 035, 282. 53
Debentures payable authorized		111, 300. 00	111, 300. 00
Claims for debentures in process	44, 563. 02	229, 131. 96	184, 568. 94
Total fixed liabilities	268, 906. 82	1, 600, 058. 29	1, 331, 151. 47
Total liabilities	274, 860. 35	1, 658, 039. 51	1, 383, 179. 16
Group and general reinsurance accounts	21, 331, 847. 22	22, 637, 622. 84	1, 305, 775. 62
Total liabilities, group and general reinsurance accounts	21, 606, 707. 57	24, 295, 662. 35	2, 688, 954. 78
CONTINGENT LIABILITIES ON PROPERTIES ON HAND			
Contingent liability for certificates of claim outstanding	15, 530. 28	59, 946. 74	44, 416. 46
Contingent liability for certificates of claim pending	3, 486. 68	14, 300. 79	10, 814. 11
Total contingent liabilities	19, 016. 96	74, 247. 53	55, 230. 57

Housing Insurance Fund: Sections 207 and 210.

The amendments to the National Housing Act of 1938 added section 210 covering provisions for insuring "additional housing" mortgages from $16,000 to $200,000 and changed section 207 to cover insurance of "rental housing" mortgages up to $5,000,000 from its former designation of "low-cost housing" providing for insurance up to $10,000,000 per project.

New subsection (f) under section 207, reads as follows:

> There is hereby created a housing insurance fund (herein referred to as the "housing fund") which shall be used by the Administrator as a revolving fund for carrying out the provisions of this section and section 210, and the Administrator is hereby directed to transfer immediately to such housing fund the sum of $1,000,000 from that part of the fund now held by him arising from appraisal fees heretofore collected by him. General expenses of operations of the Federal Housing Administration under this section and section 210 may be charged to the housing fund.

A transfer of $1,000,000 has been duly made from the mutual mortgage insurance fund on the books of the Treasurer of the United States and set up as the housing insurance fund for the payment of insurance losses and other items in a manner similar to that provided under the mutual mortgage insurance fund for the mortgages insured under section 203 of the act.

All receipts for the credit of the housing insurance fund are deposited in the Treasury of the United States and those not needed for current disbursements from the fund are invested in interest-bearing obligations.

The investments in stock of insured projects indicated in the following statements were made according to the provisions of the act that the Administrator shall be represented on the boards of certain institutions. Section 207 (b) (2) reads as follows:

> Private corporations, associations, cooperative societies which are legal agents of owner-occupants, or trusts formed or created for the purpose of rehabilitating slum or blighted areas, or providing housing for rent or sale, and which possess powers necessary therefor and incidental thereto, and which, until the termination of all obligations of the Administrator under such insurance, are regulated or restricted by the Administrator as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Administrator may make such contracts with, and acquire for not to exceed $100 such stock or interest in, any such corporation, association, cooperative society, or trust as he may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of such housing fund, and shall be redeemed by the corporation, association, cooperative society, or trust at par upon the termination of all obligations of the Administrator under the insurance.

Following are a statement of the receipts and disbursements made on account of the housing insurance fund since its establishment on February 3, 1938, and a balance sheet as of December 31, 1938:

STATEMENT 17.—*Housing insurance fund—sources and application of funds through Dec. 31, 1938* [1]

Transfer from mutual mortgage insurance fund (Sec. 207 (f) National Housing Act amended Feb. 3, 1938)			$1,000,000.00
RECEIPTS			
Fees and mortgage insurance premiums:			
Fees—sec. 207	$257,552.92		
Premiums—sec. 207	183,075.80		
		$440,628.72	
Fees—sec. 210	52,070.18		
Special fees—sec. 210	537.00		
Premiums—sec. 210	17,043.31		
		69,650.49	
Interest income on Treasury bonds		13,379.37	
			523,658.58
Total allocation and receipts			1,523,658.58
DISBURSEMENTS			
Purchase of Treasury bonds:			
Par value	$930,750.00		
Premium paid	18,033.28		
Interest purchased	1,189.30		
		$949,972.58	
Stock in housing corporations		4,130.00	
			954,102.58
Cash balance			569,556.00

[1] Receipts in amount of $209,203.83 on rental housing projects insured prior to the amendments of Feb. 3, 1938, were deposited to the mutual mortgage insurance fund (see statements 8 and 14).

STATEMENT 18.—*Housing insurance fund balance sheet as of Dec. 31, 1938*

ASSETS			
Current assets:			
Cash		$569,556.00	
Accrued interest receivable on Treasury bonds		7,804.87	
			$577,360.87
Fixed assets:			
Investments—Treasury bonds, series 1955–60:			
Par value	$930,750.00		
Premium	17,403.62		
		948,153.62	
Stock in rental housing corporations		5,130.00	
			953,283.62
Total			1,530,644.49
LIABILITIES AND NET WORTH			
Current liabilities:			
Unliquidated obligations		$1,000.00	
Net worth		1,529,644.49	
Total			1,530,644.49

Administrative Accounts.

All expense and other vouchers of the Federal Housing Administration are administratively audited and approved in the Washington office. Those which are regular in nature, such as purchase vouchers under general contracts, ordinary travel expense vouchers, etc., are sent directly to the Chief Disbursing Officer of the Treasury Department for payment. Vouchers which are unusual or on which there have not been established well-defined precedents are forwarded to the Comptroller General of the United States for preaudit. There is no undue accumulation of unpaid accounts on hand.

Statements of the operating expenses of the administrative office at Washington and of the various operating offices throughout the country, for the calendar year 1938, follow:

STATEMENT 19.—*Operating expenses of administrative offices, Washington, D. C., Jan. 1, 1938, to Dec. 31, 1938*

Office or item	Total	Salaries	Travel	Rent	All other
Office of the Administrator	$216,313.27	$183,640.67	$11,190.87		$21,481.73
Administrative Division	713,547.06	635,707.84	4,442.36		73,396.86
Assistant Administrator, title I and educational:					
Administrative	39,131.25	32,104.60	2,862.29		4,164.36
Division of Education	172,200.07	125,337.34	10,590.94		36,271.79
Division of Collection, Investigation, and Fraud	416,903.71	226,915.42	8,255.49		181,732.80
Assistant Administrator, mutual mortgage insurance	268,110.23	202,457.09	46,279.46		19,373.68
Assistant Administrator, underwriting	265,188.89	213,078.24	43,343.81		8,766.84
Assistant Administrator:					
Administrative	33,933.15	17,336.40	1,326.65		15,270.10
Rental and municipal housing:					
Rental housing	298,498.54	262,329.90	19,242.73		16,925.91
Municipal housing	1,039.13	266.66	636.90		135.57
Technical and land planning	96,103.05	87,210.85	6,476.37		2,415.83
Assistant to Administrator, public relations	103,632.50	83,651.91	4,990.33		14,981.26
Economics and statistics	232,955.93	213,661.00	5,576.79		13,718.14
General Counsel	135,369.07	123,089.09	8,544.68		3,735.30
Comptroller	622,738.54	564,225.00	2,272.53		56,241.01
Printing, general	[1] −43,578.67				[1] −43,578.67
Rent of space and equipment	321,728.65			$321,728.65	
Transfer of funds to Treasury and Justice	86,000.00				86,000.00
Total	3,979,814.37	2,971,012.01	176,041.20	321,728.65	511,032.51

[1] Adjustment to properly allocate to field offices printing expenses charged in 1937 annual report to administrative offices.

STATEMENT 20.—*Operating expenses of field offices, Jan. 1, 1938, to Dec. 31, 1938*

State	City	Total	Salaries	Travel	Rent	All other
SMALL HOME INSURING OFFICES						
Alabama	Birmingham	$71,827.74	$46,846.26	$10,450.55	$2,633.60	$11,897.33
Alaska	Juneau	4,656.38	2,790.75	1.04		1,864.59
Arizona	Phoenix	26,144.52	17,232.60	2,508.95	2,049.93	4,353.04
Arkansas	Little Rock	64,050.23	42,994.68	10,478.69	2,044.06	8,537.90
California	Los Angeles	621,022.51	476,583.21	35,139.51	15,748.61	93,551.18
	San Diego	36,222.16	28,993.81	2,155.58	626.38	4,446.39
	Oakland	74,237.87	61,615.95	4,569.07	184.10	7,867.85
	Sacramento	28,486.22	22,840.07	2,821.02		2,816.13
	San Francisco	406,100.07	300,395.21	33,775.67	11,392.29	60,542.90
Colorado	Denver	44,723.71	33,496.58	4,265.84		6,961.29
Connecticut	Hartford	72,103.07	54,978.08	5,669.64	2,500.46	8,954.89
District of Columbia.	Washington	77,683.35	61,564.99	4,391.67	883.54	10,843.15
Florida	Jacksonville	107,701.25	74,347.00	15,137.67	60.07	18,156.51
	Miami	92,985.94	72,204.82	6,118.52		14,662.60
Georgia	Atlanta	123,795.24	86,008.07	19,391.85	2,419.35	15,975.97
Hawaii	Honolulu	24,350.36	17,165.94	205.04	772.00	6,207.38
Idaho	Boise	26,524.17	18,745.09	3,002.81	742.39	4,033.88
Illinois	Chicago	305,974.93	218,370.15	31,133.05	11,229.80	45,241.93
Indiana	Indianapolis	167,170.98	115,722.02	20,087.71	6,363.08	24,998.17
Iowa	Des Moines	71,795.22	48,957.21	13,104.84	−224.61	9,957.78
Kansas	Topeka	71,597.07	50,766.07	10,729.33	959.37	9,142.30
Kentucky	Louisville	84,592.75	59,490.73	10,118.74	549.67	14,433.61
Louisiana	New Orleans	93,405.22	60,414.35	11,246.40	3,259.43	18,485.04
Maine	Bangor	28,632.37	20,133.35	2,910.07	810.40	4,778.55
Maryland	Baltimore	103,063.68	78,419.35	4,603.04	4,960.19	15,081.10
Massachusetts	Boston	108,145.22	80,587.95	7,342.23	5,400.89	14,814.15
Michigan	Detroit	323,399.99	250,201.63	23,618.55	11,170.46	38,409.35
Minnesota	Minneapolis	106,990.17	80,688.58	12,011.87	−5.00	14,294.72
Mississippi	Jackson	58,018.11	41,642.27	7,364.87	1,546.38	7,464.59
Missouri	Kansas City	113,169.12	76,946.44	13,007.90	3,095.51	20,119.27
	St. Louis	115,223.25	86,313.66	8,967.46	4,497.92	15,444.21
Montana	Helena	23,738.01	15,898.98	4,741.94		3,097.09
Nebraska	Omaha	47,321.62	30,802.72	3,397.55		13,121.35
Nevada	Reno	20,574.00	14,192.43	2,143.15	1,300.36	2,938.06
New Hampshire	Concord	20,521.76	13,948.98	2,296.54	1,107.82	3,168.42
New Jersey	Newark	261,560.44	206,822.47	16,159.22	1,089.00	37,489.75
New Mexico	Santa Fe	29,023.67	19,735.27	3,579.23	579.16	5,130.01
New York	Albany	55,945.26	42,941.38	5,571.57		7,432.31
	Buffalo	111,567.38	84,646.15	6,523.32	5,700.00	14,697.91
	Jamaica	220,911.36	180,331.67	6,821.17	5,322.05	28,436.47
	New York	159,866.75	133,373.92	2,118.25		24,374.58
	White Plains	57,107.47	44,714.71	2,078.61	2,300.00	8,104.15
North Carolina	Greensboro	105,335.70	68,607.69	19,953.09	2,659.53	14,115.39
North Dakota	Bismarck	20,904.00	10,695.23	3,540.95	430.49	6,237.33
Ohio	Cincinnati	46,050.53	34,388.95	2,389.45	3,018.59	6,253.54
	Cleveland	186,060.65	139,503.68	14,400.61	8,543.52	23,612.84
	Columbus	90,869.75	71,065.63	8,170.91	78.00	11,555.21
Oklahoma	Oklahoma City	114,620.89	83,526.90	14,249.01	1,202.51	15,642.47
Oregon	Portland	61,828.67	44,495.50	6,415.41	2,229.84	8,687.92
Pennsylvania	Philadelphia	186,865.16	138,698.95	14,040.10	6,737.38	27,388.73
	Pittsburgh	125,728.77	97,819.01	10,054.03	341.93	17,513.80
Rhode Island	Providence	20,278.14	15,473.00	970.52		3,834.62
South Carolina	Columbia	47,417.25	33,921.49	6,043.47		7,452.29
South Dakota	Sioux Falls	18,080.43	12,471.69	2,410.79	367.50	2,830.45
Tennessee	Memphis	119,205.03	85,019.50	15,546.22	27.50	18,612.71
Texas	Dallas	91,187.91	64,401.05	8,939.56	1.10	17,846.20
	Fort Worth	75,303.02	48,684.12	6,944.31	3,026.62	16,647.97
	Houston	89,485.16	62,887.61	7,405.88	2,455.20	16,736.47
	San Antonio	84,198.06	61,315.58	7,584.04	1,610.00	13,687.84
Utah	Salt Lake City	43,858.34	32,947.63	2,530.75	1,896.60	6,474.36
Vermont	Burlington	17,719.51	14,208.01	1,200.97		2,250.53
Virginia	Richmond	113,242.10	84,958.36	11,807.14		16,476.60
Washington	Seattle	110,624.15	80,501.66	7,862.89	4,292.82	17,966.78
West Virginia	Charleston	60,980.52	42,186.09	8,185.92	2,166.69	8,447.82
Wisconsin	Milwaukee	100,178.33	74,914.00	8,578.18	3,275.16	13,410.99
Wyoming	Cheyenne	27,101.83	19,251.49	3,074.88		4,775.46
RENTAL HOUSING OFFICES						
New York	New York (zone I rental housing office).	167,190.48	157,792.84	7,775.69		1,621.95
Georgia	Atlanta (zone II rental housing office).	83,038.20	69,506.08	11,788.84	500.70	1,232.68
Illinois	Chicago (zone III rental housing office).	88,004.98	78,616.71	7,799.00	712.00	877.27
Missouri	St. Louis (zone IV rental housing office).	86,328.81	72,385.62	12,220.84	542.19	1,180.16
California	San Francisco (zone V rental housing office).	62,509.52	50,551.04	9,540.48	1,379.31	1,038.69

Statement 20.—*Operating expenses of field offices, Jan. 1, 1938, to Dec. 31, 1938*—Continued

State	City	Total	Salaries	Travel	Rent	All other
MISCELLANEOUS FIELD OFFICES						
Farm underwriting offices.		$149,062.43	$100,359.07	$45,539.85	$1,194.10	$1,909.41
Kansas	Kansas City, general administrative.	8,651.20	6,970.12	1,363.96		318.12
Ohio	Columbus, State administrative.	13,296.99	11,022.10	1,811.77		463.12
Texas	Dallas, State administrative.	34,869.62	23,634.58	9,489.53		1,745.51
Miscellaneous field offices.		88,405.78	75,816.84	10,588.55	167.00	1,833.39
Grand total		7,400,521.40	5,543,542.27	701,977.82	161,934.84	993,066.47

Note.—Includes expense of prior years paid in 1938.

A comparative balance sheet, consolidating all funds of the Federal Housing Administration as of December 31, 1938, follows:

Statement 21.—*Federal Housing Administration—comparative balance sheet of consolidated funds December 31, 1937–December 31, 1938*

ASSETS

Item	Dec. 31, 1937	Dec. 31, 1938	Increase or decrease
Current assets:			
Cash	$2,221,486.73	$2,261,034.56	$39,547.83
Available funds, Reconstruction Finance Corporation (renovation and modernization)	86,000,000.00	80,000,000.00	*6,000,000.00*
Inventory of stores	35,739.09	44,994.43	9,255.34
Prepaid expense	1,845.12	1,769.62	*75.50*
Notes receivable (convertible into general fund receipts):			
Loans to insured institutions	2,199.95		*2,199.95*
Insured losses (insured prior to Feb. 3, 1938)	9,091,121.52	10,865,844.27	1,774,722.75
Insured losses (insured after Feb. 3, 1938)		100,499.07	100,499.07
Total current assets	97,352,392.41	93,274,141.95	*4,078,250.46*
Fixed assets:			
Furniture and equipment	815,671.10	978,486.09	162,814.99
Mutual mortgage insurance fund, net (statement 16)	21,331,847.22	22,637,622.84	1,305,775.62
Housing insurance fund, net (statement 18)		1,529,644.49	1,529,644.49
Total fixed assets	22,147,518.32	25,145,753.42	2,998,235.10
Total assets	119,499,910.73	118,419,895.37	*1,080,015.36*

LIABILITIES AND CAPITAL

Item	Dec. 31, 1937	Dec. 31, 1938	Increase or decrease
Current liabilities:			
Unliquidated obligations, prior fiscal years	$321,611.40	$132,516.55	*$189,094.85*
Unliquidated obligations, fiscal year 1939		480,392.81	480,392.81
Special deposits	21,943.64	44,506.33	22,562.69
Miscellaneous receipts in process of deposit	131,717.27	74,651.40	*57,065.87*
Total current liabilities	475,272.31	732,067.09	256,794.78
Working capital:			
Unexpended appropriations:			
Unallotted, and unexpended, Title I	86,635,770.33	80,619,463.37	*6,016,306.96*
Unallotted and unencumbered Administrative expenses, etc	1,110,444.09	909,504.10	*200,939.99*
Total working capital	87,746,214.42	81,528,967.47	*6,217,246.95*
Surplus:			
Asset value remaining from expended and obligated appropriatons	9,946,576.78	11,991,593.48	2,045,016.70
Mutual mortgage insurance fund	21,331,847.22	22,637,622.84	1,305,775.62
Housing insurance fund		1,529,644.49	1,529,644.49
Total surplus	31,278,424.00	36,158,860.81	4,880,436.81
Total liabilities, capital and surplus	119,499,910.73	118,419,895.37	*1,080,015.36*

Note.—Italic figures indicate decreases.