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FOURTH ANNUAL REPORT

OF THE

FEDERAL HOUSING ADMINISTRATION

FOR THE YEAR ENDING DECEMBER 31, 1937

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FEDERAL HOUSING ADMINISTRATION

LETTER

FROM

THE ADMINISTRATOR OF THE FEDERAL HOUSING ADMINISTRATION

SUBMITTING

THE FOURTH ANNUAL REPORT OF THE ADMINISTRATION FOR THE YEAR ENDING DECEMBER 31, 1937

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LETTER OF SUBMITTAL

FEDERAL HOUSING ADMINISTRATION,
Washington, D. C., May 25, 1938.

To the Congress of the United States:

In accordance with the provisions of section 5 of the National Housing Act, I herewith submit the fourth annual report on the operations of the Federal Housing Administration for the calendar year 1937.

At the time this report is presented, our organization is busily engaged in administering the greatly enlarged responsibilities imposed by the National Housing Act Amendments of 1938. The handling of increased applications for insurance of mortgages on individual homes and on housing projects of all types submitted under the revised provisions, and the revival of the property improvement and modernization credit insurance plan, are taxing the capacities of our staff.

Thus, with the new year, a new phase of our activities commenced, whereas the past year concluded a well-marked period of somewhat more than 3 years during which the National Housing Act of 1934 remained without important additions.

The 1938 amendments gave immediate impetus to the home-mortgage insurance program. During March and April, the first 2 full months of operations under the new legislation, home mortgages submitted by lending institutions to our field insuring offices increased approximately 40 percent over the corresponding months of 1937. These months represented the peak season of building for the year 1937. May in that year represented a drop of 23 percent under April. However in May 1938, mortgages selected for examination and appraisal show no decline from the March and April weekly averages, and are running more than 60 percent higher than last year at the same time.

The insured property improvement loans under the revived title I are averaging around $3,800,000 a week.

Since December 31, 1937, the completion of construction on 9 rental housing projects financed with insured mortgages makes a total of 19 such projects in operation as of May 21. A total of 21 other projects are now in course of construction, 19 of which were started since the first of the year. In all, commitments have been made to insure mortgages totaling $60,100,000 on 94 large-scale rental housing projects valued at more than $78,000,000.

The Federal Housing Administration lends no money. All the credit insurance that it underwrites covers advances of credit made by private financial institutions such as banks, building and loan associations, and insurance companies.

Gross business transacted through May 21, 1938, totaled approximately $2,400,000,000 made up of home mortgages selected for appraisal, $1,728,000,000; rental housing mortgages, $60,000,000; and modernization and property improvement notes insured, $590,000,000. Of the total business, $340,000,000 has been transacted during the 3½ months following the passage of the National Housing Act amendments of 1938. Total credit amounting to $1,569,007,294, all advanced by private capital, has been insured up to May 21, 1938.

Previous reports have described how the original modernization credit insurance plan, which was continued in effect until April 1, 1937, served in providing better housing and in extending recovery in business and employment generally; how the mutual mortgage insurance system helped to thaw out the home-mortgage money market, which had been frozen almost solid, and to lift home building activity out of an extended period of almost complete inactivity; and how a new form of rental housing enterprise on a commercial basis was pioneered through the insurance of mortgages under section 207. All these results have been achieved through loans made by private lending institutions.

The main body of the present report describes the recent improvements and economies effected in our organization, and the further results achieved by credit-insurance operations during the year 1937, as well as their general bearing on the home-financing structure of the country.

I desire to call attention also to two special features included in this year's report: One, a supplementary section drawn from reports of our field offices and designed to show, chiefly by means of examples, how the mutual mortgage-insurance system has been adapted to meet widely varying local conditions, and is actually serving to make ample credit available for home financing on the most advantageous terms and at the lowest interest rate ever generally provided in the history of the country. The other, a section describing the remarkable increase in the technical competence of many thousands of individuals responsible for the actual handling of home financing transactions and the planning and building of dwellings, both single houses and large-scale operations. This development is strengthening the home-building industry at a strategic point. It has been a vital factor in the growing ability of the industry to provide, for families with small incomes, better planned, better built, and better protected houses, with more attention than ever before to every detail making for convenience, durability, and economy of operation. Since improved products attract more customers, the movement serves to augment the revised National Housing Act as an immediate force for recovery in home building.

The Federal Housing Administration, chiefly through its insistence on high standards, has endeavored to take a constructive part in this long-awaited transformation, which is destined to be of lasting importance to the well-being of our people.

We are deeply sensitive to the fact that in a period of economic stress the responsibilities of the Federal Housing Administration were increased by Congress, and that a growing reliance has been placed upon our organization by all the private groups directly concerned: financial institutions, the home-building industry, and the home-buying and home-owning public.

It is our aim to administer both the emergency and the permanent features of the National Housing Act as amended in 1938 in the manner best calculated to promote further recovery in the residential building industry, and at the same time to strengthen and stabilize the Nation's system of financing home ownership, and rental housing projects for families with small incomes.

Respectfully,

STEWART McDONALD, *Administrator*.

FOURTH ANNUAL REPORT OF THE FEDERAL HOUSING ADMINISTRATION

GENERAL REVIEW

During the calendar year 1937 the Federal Housing Administration accepted for insurance mortgages on 109,611 new and existing small homes located throughout the country. These mortgage loans, all made by private lending institutions, amounted to $447,519,716 or 2 percent more than the total for 1936.

The gross business transacted by the Federal Housing Administration up to January 1, 1938, totaled $2,000,661,382. This figure included mortgages selected for appraisal, commitments to insure large-scale housing projects, and modernization and repair notes insured, as shown in table A, page 8.

Insurance of mortgages on one- to four-family homes, 56 percent of which were secured by newly built dwellings, followed closely the monthly trend of new home-building as indicated by building permits. From January to May, insurance of mortgages, in keeping with the trend in new home-building, remained well ahead of the activity for the corresponding months of 1936, but from June to December there was a decrease from the amounts attained a year earlier.

Figures on loans made across State boundaries, or later sold outside the State, showed that mortgage insurance operations produced a substantial regional interflow of investment funds in the home-mortgage field. This mobility of funds helped to make financing generally available for home-building operations throughout the country in the form of long-term amortized mortgages in amounts up to 80 percent of the appraised value of the property, and at a reasonable cost to the borrower.

The number of lending institutions that have initiated insured mortgages rose to 5,980, a gain of 720 during the year. National and State banks and trust companies continued to handle a majority of insured home mortgages, accounting for nearly 54 percent of the total; building and loan associations, mortgage companies, insurance companies, and savings banks followed in order. Mortgage companies and life insurance companies increased their proportionate share of the business in 1937.

From the standpoint of the Federal Housing Administration organization, operating expenses were reduced, with a corresponding decrease in the unit cost of insuring mortgages. That the underwriting procedure operated successfully in accepting sound mortgages and rejecting unsound ones, was shown by the fact that up to January 1, 1938, only 100 properties out of those securing the 202,704 premium-paying mortgages had been foreclosed with debentures issued or authorized by the Administrator under the insurance contracts.

At the commencement of the fiscal year 1937–38, the mutual mortgage-insurance fund was receiving an average of more than $600,000 a month from appraisal fees, insurance premiums, and interest on investments. Under the Deficiency Appropriation Act approved August 25, 1937 it was provided that the Administrator should charge to the fund during the fiscal year not more than $5,000,000 to be used for field office operating expenses. Under this provision the mutual mortgage-insurance fund continues to be increased by the excess of receipts over such amounts as are utilized for operating expenses. After the transfer of $1,000,000 to defray operating expenses, the net worth of the fund as of December 31, 1937, was $21,331,847.22. With the growing volume of mortgage insurance, and especially with the increase in new business since the signing of the National Housing Act amendments on February 3, 1938, current receipts of the fund now exceed $800,000 monthly.

Properties securing insured mortgages are distributed in more than 2,450 of the 3,100 counties in the United States, with a wide representation in small cities and towns, as well as in large cities and the suburban territory adjacent to them.

Approximately 55 percent of the mortgages insured during the year were in amounts below $4,000.

Fifty-eight percent of the mortgages were for terms of 19 to 20 years and 59 percent of them amounted to from 76 to 80 percent of the value. These figures represent a greater concentration than in 1935 and 1936 of mortgages on the most liberal terms permitted by the National Housing Act, prior to the 1938 amendments.

In spite of the general increase in building costs, the average value of newly built one-family homes involved was $5,978, compared with $6,255 during the preceding year. However, the average number of rooms in the new houses was less in 1937 than in the earlier years. Thus in 1937, 54 percent of the new homes contained five rooms or less, as compared with only 44 percent previously.

All of the new houses insured contained at least one bathroom, while 80 percent had a garage for at least one car.

Forty-nine percent of the borrowers had incomes of $2,500 a year or less, and the mortgage payment was under $30 a month in 52 percent of the cases. In general, there were fewer families that paid high or low percentages of their income for mortgage payments, with the cases more closely grouped in the middle ranges.

Mortgage Insurance for Rental Housing.

Construction started on 14 rental housing projects in 1937, involving mortgages of $9,399,000 and a total valuation of $12,383,909. Thirty-five rental housing projects, with mortgages totaling $31,289,250, were approved for mortgage insurance during the year. The growth in activity in this field was due in part to the prospect of enactment of the National Housing Act Amendments of 1938.

Modernization Credit Insurance.

Modernization and repair notes amounting to $60,382,598, made by private lending institutions on a commercial basis, were reported during the year, bringing the grand total to $560,603,240. The authority for insuring such notes granted originally under the terms of title I, section 2, of the National Housing Act of June 27, 1934, expired on April 1, 1937. However, the amendments of 1938 provided for a revival of this type of credit insurance, to a date not later than June 30, 1939.

Insurance was continued during the year for a limited category designated as "catastrophe loans," in accordance with title I, section 6 of the act, which is to remain effective to July 1, 1939.

General Results of Operations.

In addition to the direct results explained in other sections of this and preceding reports, the credit insurance activities of the Federal Housing Administration have helped to create employment for millions of workers. These activities reduced the burden on the public treasury for relief, contributed to improved living standards, and made home ownership easier and more secure. Thus the Federal Housing Administration is putting men, money, and organizations to work in producing useful goods—in this case, the better housing that the American people so urgently need.

Home Building and Mortgage Insurance

Residential Building in 1937.

New residential building in 1937 amounted to approximately 285,000 family units, exclusive of farm homes. Approximately 210,000 one-family houses were included, the largest number since 1929 when some 316,000 one-family houses were built. The total new family units exceeded those built in 1936 by about 15,000, and were the greatest for any year since 1930 when the number was about 286,000. The quarters provided by the year's construction were more than sufficient to house a year's increase in population, or about 900,000 persons, at an average rate of four persons per home, and also to replace houses destroyed and torn down.

Continuing the trend of preceding years, residential vacancies tended generally to decrease, at least until the last month or two of the year. The Bureau of Labor Statistics index of residential rents showed the greatest percentage rise of any year during the recovery period. In a number of cities reports indicated that some self-sustaining families had been forced to "double-up," while others had been forced to occupy run-down and insanitary quarters.

As another indication of the state of the home real-estate market, foreclosures in 1937 proceeded in a substantially smaller volume than during 1936, and hence were the lowest in several years.

As the year began, hopes were entertained for a substantial increase in residential building over 1936. However, a peak in the commencement of new projects was reached in April when, it was estimated, home-building construction costs in many places had risen 15 to 20 percent within a few months. In view of the upward movement of rents, the subsequent decline in undertaking new building, which persisted with only minor interruptions throughout the year, was attributed to the increase in costs, more than to any other factor. At the year end, although it had dropped sharply, building was still well above the level prevailing 2 years earlier in December 1935–January 1936.

Building Outlook for the Coming Year.

At the opening of 1938 the question as to how soon a rising trend in residential building activity would be resumed confronted those concerned with home building and home financing. It had assumed major importance from a public point of view. Although the effects of the decline in business activity and employment were accepted as a deterring factor, the Nation's housing facilities were generally regarded as inadequate. Hopes for an early upturn were encouraged by the prospect of passage of the National Housing Act amendments of 1938, passed by both the House and the Senate and in conference at the year end.

Mortgage Insurance and New Home-Building.

During the past 2 years, mortgage-insurance activities, both for new and for existing houses, have closely paralleled new home-building activity as indicated by building permits. These statistics, together with more or less fragmentary data from other sources, indicate that the total volume of home financing in the United States during 1937 exceeded that in 1936. Still further increases in demand for capital will come whenever further recovery in residential building occurs.

Under such conditions, the Federal Housing Administration is confronted in 1938 with the task of aiding in the early revival of home building and of helping to balance the flow of ample home-financing credit to meet all legitimate demands throughout the country. Periods of acute housing shortage coincide with dangers of abuse in financing and of "unloading" poorly built houses upon necessitous home seekers. Hence, there is an ever-present need for special emphasis on adherence to high standards.

ORGANIZATION, PERSONNEL, AND RELATIONS WITH OTHER AGENCIES

To carry out its activities the Federal Housing Administration maintains its headquarters office in Washington and has established one or more field offices for each State, one in Hawaii, and one in Alaska. Altogether offices have been established in 87 important cities throughout the United States.

On December 31, 1936, there were 1,280 employees on the staff of the Washington office and 2,249 employees in the field offices; a total personnel of 3,529, carrying an annual pay roll of $7,778,032.

With the expiration of the modernization and renovation credit-insurance program under title I on April 1, 1937, together with the simplification of office procedures and the consolidation of activities, it was possible to reduce this force and, at the same time, to take care of an increasing volume of mortgage-insurance business under title II. Drastic reductions in personnel were also required because of the request of the President that current expenses be reduced to a rate 15 percent less than that indicated by the amount appropriated by Congress.

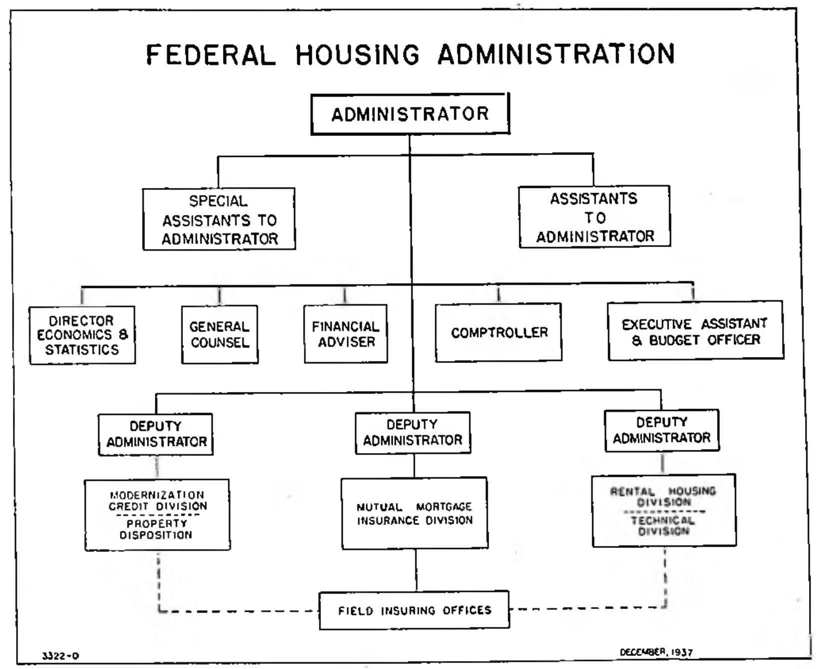
On December 31, 1937, there were 1,120 employees on the rolls of the Washington office and 1,567 employees in the field offices; a total personnel of 2,687, with an annual pay roll of $6,001,150. The decrease in personnel during the year was 842, which effected a pay-roll reduction of $1,776,882, on an annual basis.

The foregoing figures do not include those employees who are paid on a per diem basis. This group of employees consists principally of valuators and architectural inspectors engaged in the valuation and inspection of property, who are used only during peak loads, or to inspect property which is located a considerable distance from the nearest insuring office, thus reducing travel expense.

The use of salaried or per diem employees has proved to be more advantageous and economical than that of fee consultants in many instances, so that comparatively few inspections or appraisals are now made on a fee basis.

On December 31, 1936, the number of per diem employees was 136. At that time these employees received $12.50 per diem when actually employed, and that remuneration included travel expenses.

A study was made to determine the approximate amount of traveling expenses in the form of mileage that would be paid to these employees if they were allowed reimbursement of expenses in addition to salary. As a result, it was determined that the payment of salary at a rate of $10 per diem plus an allowance of 4 cents a mile for travel



by automobile would result in a considerable saving. Accordingly this change was put into effect about July 1.

The number of per diem employees on the rolls December 31, 1937, was 257, the increase representing mainly the transfer of full-time staff members to a per diem basis, in keeping with reduced activities.

The reductions in personnel referred to in the foregoing paragraphs, particularly in the case of field employees, were accompanied by substantial savings in travel expenses. More careful routing of members of the underwriting staff, and the issuance of an order allowing only 4 cents a mile for travel by personally owned automobiles in lieu of the 5 cents a mile allowed by law were instrumental in reducing the total travel expenses charged to the field offices from $886,047 in 1936 to $595,871 in 1937. This saving amounted to $290,176 or nearly 33 percent.

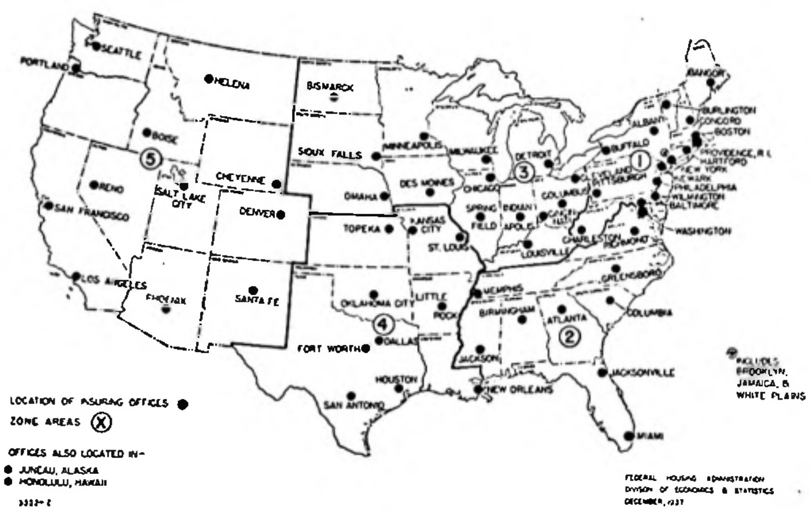
With the decreased personnel in the field offices, and transfer of several offices to buildings owned by the Federal Government, it was possible to release a considerable amount of rented space. Thus, field-office rentals were reduced from $304,274 in 1936, to $212,052 in 1937, or approximately 30 percent.

During the year the classification of virtually all the positions in the Washington office in accordance with the principles of the Classification Act was completed, and the classification of all field positions was under way.

The general plan of organization is indicated in the accompanying chart. Both the Administrator, and the deputy administrators in charge of credit-insurance activities, are assisted by the various staff divisions in formulating rules and regulations and policies, and in handling certain administrative duties. The comptroller and his staff also perform certain advisory functions, as well as accounting and auditing work. For administrative purposes, the field offices are grouped into five zones, each under the direction of an assistant deputy administrator.

FEDERAL HOUSING ADMINISTRATION INSURING OFFICES

— BY ZONES —



Congressional Hearings.

Following is a list of Congressional committee hearings at which the Administrator and other officials of the Federal Housing Administration were requested to appear during the year 1937:

January 26: House Banking and Currency Committee.
February 8: House Committee on Appropriations (Subcommittee on Independent Offices).
February 17: House Civil Service Committee.
February 19: House Banking and Currency Committee.
April 14: Senate Education and Labor Committee.
June 2: Senate Select Committee to Investigate Executive Agencies of the Government.

June 28: Senate Select Committee on Government Organization.
August 3: House Banking and Currency Committee.
November 30, December 1, 7, 8: House Banking and Currency Committee.
December 1, 7, 9, 12: Senate Banking and Currency Committee.
December 17: House Committee on Appropriations (Subcommittee on Independent Offices).

The testimony on January 26 related to the bill (Public Res. No. 6, 75th Cong.) to extend from July 1, 1937, to June 30, 1939, the Federal guarantee of debentures issued by the Federal Housing Administration under the mutual mortgage insurance plan for foreclosed properties. The hearing on February 19 related to the proposed extension of section 6 of the National Housing Act which was subsequently enacted as Public Law 44, Seventy-fifth Congress, providing for the insurance of title I loans in areas suffering from floods, storms, and other disasters.

The testimony before the Senate Committee on Education and Labor on April 14 and before the House Committee on Banking and Currency on August 3 was in regard to the Wagner-Steagall Bill providing for the establishment of the United States Housing Authority. At the latter hearing the Administrator was also asked to discuss certain proposed amendments to the National Housing Act which, although not acted upon in either House at the time, were later embodied in the National Housing Act amendments of 1938.

The President transmitted a special message to Congress on November 27, 1937, suggesting the consideration of certain amendments to the National Housing Act. Extended testimony in regard to the proposed amendments was invited by the House and Senate Banking and Currency Committees and was presented at the hearings in December.

Relations With Other Agencies.

Establishment of the United States Housing Authority under the terms of the act of September 1, 1937, was helpful to the Federal Housing Administration program, in that it established definite lines of policy in regard to Federal assistance for housing of families of low income, and indicated clearly that that program would not interfere with the scope of privately built and financed housing such as makes use of the insured-mortgage method of financing.

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

Representatives of the Dominion of Canada were assisted in preparing plans for a program parallel in many respects to that of the Federal Housing Administration.

Studies of various phases of housing in England were continued and were assisted by conferences with several prominent English builders, who did much to create an understanding in this country of the advantages that have been attained in their country through quantity production, stabilized building operations permitting steady employment of labor, and the marketing of houses, under proper safeguards, with small down payments.

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 fixed-dividend housing projects.

(*c*) Short-term character loans made for the repair and modernization of homes and other buildings. (The general authorization to insure such loans expired on April 1, 1937.)

The following data summarize these insurance operations:

TABLE A.—*Volume of business under titles I and II during 1934, 1935, 1936, and 1937*

	1934	1935	1936	1937	Total
	Amount	*Amount*	*Amount*	*Amount*	*Amount*
Modernization and repair notes insured under title I	$30, 450, 583	$223, 620, 146	$246, 149, 913	$60, 382, 598	$560, 603, 240
Home mortgages accepted for insurance under title II	(1)	170, 594, 864	438, 449, 153	447, 519, 716	1, 056, 563, 733
Rental housing mortgages accepted for insurance under title II	(1)	[2] 4, 795, 000	[2] 5, 610, 000	31, 289, 250	41, 694, 250
Credit insurance accepted under titles I and II	30, 450, 583	399, 010, 010	690, 209, 066	539, 191, 564	1, 658, 801, 223
Home mortgages under consideration Dec. 31, 1937					47, 305, 902
Home mortgages rejected or withdrawn as of Dec. 31, 1937					294, 494, 257
Total volume of business transacted					2, 000, 661, 382
	Number	*Number*	*Number*	*Number*	*Number*
Modernization and repair notes insured under title I	72, 658	635, 747	617, 697	124, 758	1, 450, 860
Home mortgages accepted for insurance under title II	(1)	42, 147	109, 611	108, 738	260, 496
Rental housing mortgages accepted for insurance under title II	(1)	5	8	35	48

[1] Not in operation due to necessary legislative changes.
[2] Data for years 1935 and 1936 adjusted to cover withdrawals and changes in commitments outstanding.

MUTUAL MORTGAGE INSURANCE

When the mutual mortgage insurance system was placed in active operation in 1935, home mortgage money had been frozen almost solid for several years. By the close of that year it had been thawed out and by the end of 1936 mutual mortgage insurance was recognized as a well-established factor in remolding the home-building and home-financing system of the country. It had already played an essential part in the substantial revival that took place in new dwelling construction.

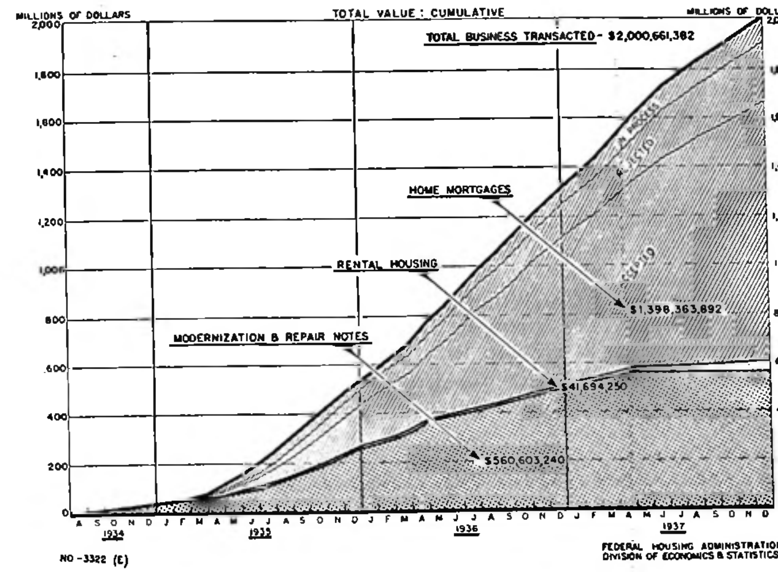
The ability of the underwriting organization to discriminate between sound and unsound risks, a function essential for preserving the fairness of the mutual feature, was well tested and received wide recognition. As home-building activity increased, the Administration's high standards for the layout, design, and construction of houses and home neighborhoods attracted much attention through actual demonstration in new subdivisions. Altogether the worth placed upon the protection and service which the system renders in return for the annual premiums charged was well substantiated by the large

volume of mortgages insured, and the high character of the institutions submitting them.

With such a background, the chief task of administering the mutual mortgage insurance system during the year 1937 was conceived to be that of perfecting the organization and methods at every point, thus obtaining an even higher quality of results at lower costs than before. At the same time it was recognized that greater emphasis upon the broader aspects of the program would help to develop greater stability

TOTAL FEDERAL HOUSING ADMINISTRATION BUSINESS

HOME MORTGAGES SELECTED FOR APPRAISAL, RENTAL HOUSING MORTGAGES ACCEPTED FOR INSURANCE, AND MODERNIZATION & REPAIR NOTES INSURED



in home-mortgage lending institutions and in the home real-estate market in the various cities and towns throughout the country.

The present section contains a condensed interpretation of the statistics presented in later pages, and a general description of the organization's underwriting activities. Various ways in which mutual mortgage insurance is meeting the specific local needs of communities throughout the country are described on pages 111 to 115 of this report.

Volume and Character of Insured Mortgages.

A brief analysis of certain statistics relating to insured mortgages is essential for understanding the organization activities of the Federal Housing Administration which are governed largely by the volume and character of business. Further, it helps to indicate the extent to which the mutual mortgage insurance system is succeeding in its fundamental purposes of (*a*) serving borrowers and (*b*) making home mortgages a more secure investment for the savings and thrift funds of institutions, and helping to develop sound local real-estate conditions and increased stability in the home-building industry.

The 138,000 mortgages selected for examination during the year involved property inspection and valuations, reviews of borrower's credit standing, and other operations, entering into the risk-rating of each individual mortgage. Some 40,000 new houses with plans approved by the Federal Housing Administration prior to building, were inspected during the course of construction to assure compliance with the plans and specifications on which the insurance commitments were based. New houses, old houses, large houses, small houses, houses with business uses attached, houses in small country villages and in the biggest cities, all these and many other variations provide almost limitless variety in the work.

These applications for insurance were submitted by 4,600 lending institutions, over 700 of which submitted mortgages for insurance for the first time during the year 1937.

Of the mortgages selected for examination, about 15,200 were rejected either because the borrower did not appear reasonably able to meet the proposed obligation, or because of defects in the property itself, or in the character of its location, that made it inadequate as security for the loan. In another 5,600 cases the applications were withdrawn.

The 108,738 mortgages accepted for insurance were for a face amount of $447,519,716. Some applications that were accepted were allowed to expire by the applicants.

During the year 102,076 mortgages, valued at $424,372,999, became premium paying. This brought the total premium-paying mortgages as of December 31, 1937, up to 202,704, valued at $827,200,117, an average of $4,081. Of this total, a small percentage had been paid off in full, leaving approximately 200,000 in the hands of more than 6,000 lending institutions.

Monthly mortgage payments made by the borrowers to the lending institutions, or to their duly authorized servicors, averaged approximately $32 on these mortgages. Each month these 200,000 payments have to be exactly apportioned between interest, amortization, and mortgage-insurance premium, and, in addition, the monthly payments to cover taxes, special assessments, and hazard insurance premiums must be duly set aside. The lending institutions, or servicing institutions acting in their behalf, have to remit the 200,000 annual mortgage insurance premiums 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 taxes.

Geographical distribution.—The properties securing insured mortgages are to be found in 2,450 of the 3,100 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 1937, 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 10 percent of the total were in towns of less than 2,500 population, 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—Cal-

Insured-mortgage payments on this $3,000 California home total $22.56 a month, covering taxes, insurance premiums, principal and interest.

This $6,250 Florida home costs $40.54 monthly for 20 years under the FHA plan. The monthly payments include the items listed above.

Monthly outlays for this $6,500 Carolina home total $46.30 under the FHA plan. As in the other cases, payments cover all charges.

This $6,000 New Jersey home is being purchased under a 19½-year FHA-insured mortgage amounting to 73 percent of its value. Monthly payments, including all carrying charges, total $41.97.

Financed by an 80-percent, 19½-year insured mortgage, this $5,250 Minnesota home costs the owner $38.35 a month, including taxes, hazard and mortgage insurance premiums, principal and interest.

ifornia, 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 differences in ranking according to whether number or amount of mortgages on new or existing homes is used. In some of them a substantial majority of the homes are old, while in others mortgages on new homes are preponderant.

Of all the mortgages which became premium-paying in 1937, 74 percent were for less than $5,000, 58 percent were for 19- to 20-year terms, and 59 percent were for amounts from 76 to 80 percent of the appraised value. For the year's business, the average mortgage of $4,157 was for 75 percent of the average property value of $5,550.

Insured mortgages on new homes constituted 56 percent of the total amount during 1937, representing a gain as compared with 53 percent during the last 6 months of 1936.

Ninety-four percent of the mortgage loans were secured by one-family houses, and the appraised value per dwelling unit decreased progressively with the two-, three-, and four-family dwellings. The average value of the four-family houses was $11,146, or $2,787 per dwelling unit, only slightly more than one-half the average value of one-family dwellings.

In 1937, five- and six-room houses comprised 72 percent of the new one-family homes. The five-room houses were most numerous, whereas formerly in the Federal Housing Administration experience the new five- and six-room houses were about equal in number. 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 indicated by real-property inventories in various cities. However, the new homes on the average 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, which indicates high standards of practice for low-priced new homes.

Fifty-six percent of the borrowers purchased homes valued at less than two times their annual income and 49 percent had incomes of less than $2,500 a year. Fifty-two percent of the borrowers paid less than $30 a month for amortization of principal, interest, monthly service charge, and mortgage-insurance premium. The monthly mortgage payment amounted to less than 20 percent of the borrower's income in 91.9 percent of the cases.

Administration of Mutual Mortgage Insurance.

Field office activities.—Economies in pay roll, travel, rent, and other items entering into field-office expenses have been mentioned earlier in this report. The average time required for action on an application

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for insurance of a mortgage was reduced from 15 to 12 days during the year, and in many offices a majority of cases were handled in 9 days or less.

These results were obtained without sacrificing the thorough review of each individual mortgage loan submitted for insurance. As in previous years, this review involved a detailed inspection of the property securing the loan, analysis of its location, and a review of the borrower's ability to meet the obligation. In the case of mortgage-insurance commitments made from plans, inspections are made during construction to make sure that the finished structure complies with the plans and specifications.

The risk-rating procedure of the Federal Housing Administration aims to provide a systematic method of procedure in dealing with many different considerations, and thus enables judgment to reach a logical conclusion in a larger number of cases than if it were left unaided. The procedure requires attention to a series of minor decisions which must be made in order to arrive at the final major decision which is in reality the result of the series. Hence, it prevents major decisions from being reached at a time when, momentarily, minor considerations might be overlooked.

A number of changes in the location and status of field offices were made. Nine new service offices were established during the year in the following cities: Binghamton, N. Y.; Dayton, Ohio; Evansville, Fort Wayne, and Gary, Ind.; Lincoln, Nebr.; St. Paul, Minn.; and Fresno, and Sacramento, Calif. Ten service offices and one insuring office were discontinued. The net effect of these changes was to reduce from 89 to 87 the number of cities in which field offices are maintained. Also, 14 field offices were reduced in grade, mostly from the status of insuring office to underwriting office, thus effecting economies in organization and personnel.

Supervision and training.—The continuous training activity of the underwriting staff established in the preceding years was carried on, as well as periodic field trips by members of the Washington staff, which helped to assure adherence to sound and uniform policies and procedure. A series of zone conferences was held during the autumn. These enabled the district office directors and chief underwriters to confer directly at one time with a number of officials from the Washington headquarters. Considerable attention was devoted to the analysis and rating of houses in so-called training blocks which are used in training new members of the staff, and in establishing standards which may be used for purposes of comparison by all members of the underwriting staff. Preparation of a new edition of the Underwriting Manual was substantially completed during the year. With the aid of the Division of Economics and Statistics an analysis of the local real-estate market was made in a number of cities where new building had been especially active.

Many unsolicited testimonials were received in regard to the fairness of valuations, and the careful scrutiny given to all features of the mortgages presented for insurance.

Interflow of Insured Mortgage Credit.

In keeping with one of the fundamental purposes of the National Housing Act, efforts were continued to encourage the free flow of investment funds to meet the needs of areas where demand for

mortgage money meeting Federal Housing Administration terms exceeded the supply, and also to assure the maintenance of a dependable market for insured mortgages. Several large institutional investors, operating on a larger scale than in previous years, initiated and purchased mortgages on homes situated in many States. In many cases transactions in insured mortgages were reported with the sales price at a premium of 1 to 3 or more percent above the outstanding principal amounts.

Through December 31, 1937, nearly 22 percent of all premium-paying mortgages had been transferred to other holders by the originating institutions, as indicated by reports to the Administration from the active mortgagees and assignees. In dollar amount, the transferred mortgages represented $180,146,872 of the grand total of $827,937,617 in mortgages insured through that date.

Sales of insured mortgages had been made by 1,044 originating institutions through the same date; purchases by 1,272 institutions. Forty-four of the 1,044 selling institutions accounted for around half the sales, however, while 42 of the 1,272 buying institutions accounted for approximately 70 percent of the purchases.

Mortgage companies were the most active sellers, their sales accounting for 37 percent of the total. State banks were the next most active, accounting for 29 percent.

Insurance companies led in purchases, buying around one-third of the total.

Since the insured-mortgage system had not yet been rounded out by the establishment of a national mortgage association, the RFC Mortgage Co. continued to purchase insured home mortgages on new owner-occupied houses. That agency, the largest single purchaser, had reported, as of December 31, 1937, purchases of 9,683 mortgages with a principal amount of $38,964,805. As of that date it had sold 1,505 mortgages with an original principal amount of $6,502,560. Total holdings reported as of December 31, therefore, were 8,178, or $32,462,245. The dollar amounts shown in this section represent the original face amount of the mortgages without deducting amortization payments that have been made on the principal, or mortgages paid off in full.

The cooperation of the RFC Mortgage Co. in purchasing insured mortgages was of far greater significance in providing an adequate distribution of home-mortgage money on reasonable terms to finance new homes than the amount alone would indicate. The very fact that the discount facilities of this agency could be depended on served to increase the confidence with which many institutions made insured mortgage loans even though they did not find occasion to call on it. Among the large purchases of mortgages from the RFC Mortgage Co.'s portfolio may be mentioned a total of 586 mortgages for $2,636,840 made by the comptroller of the State of New York as trustee for the State employees' retirement fund and other sinking and trust funds.

Financial Relations.

Several important developments during the year served to strengthen and make clearer the relationship between the Federal Housing Administration and the private lending institutions which make insured mortgage loans.

The status of various classes of real-estate mortgages and construction loans in the portfolios of National and State member banks of the Federal Reserve System and their eligibility as security for advances and discounts from the Federal Reserve banks were clearly set forth with explanatory comments in the revised regulation A, issued by the Board of Governors of the Federal Reserve System on October 1, 1937.

The Federal Home Loan Bank Board amended its regulations governing Federal savings and loan associations, and associations affiliated with the Federal Savings and Loan Insurance Corporation, by permitting such associations, when authorized by the Board, to make and hold insured mortgages up to 80 percent of the value on houses for from one to four families, and on combination home and business properties, more than 50 miles from their place of business.

The Federal Housing Administration amended its own regulations to permit mortgage-loan correspondents of life-insurance companies or other institutional investors operating on a Nation-wide scale to become approved mortgagees without being required to have a minimum capitalization of $100,000.

Mortgagee conferences were held in a number of regions in order to acquaint the executives of financial institutions with the procedure followed by the Federal Housing Administration in insuring mortgages, and the methods by which the institutions may most readily meet the requirements. In collaboration with the American Institute of Banking, a textbook on home-mortgage lending was prepared for use in a new course to be given in the institute's local chapters, as described elsewhere in this report. The Insured Mortgage Portfolio, a monthly publication devoted to the various phases of the mortgage-insurance program, continued as the principal means of keeping the lending institutions informed of mortgage-insurance activities.

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.

Even during the third full year of operation of the plan it was found that in many instances policy-making officers of lending institutions were not fully informed on the program and had not considered such important points as the preferred status of insured mortgages as investments, nor the advantages to their institutions of not having to handle a large portfolio of repossessed real estate, in case of a major depression. The fact that some seven hundred lending institutions became active mortgagees under the plan for the first time during 1937 indicates that the problem of acquainting lending institutions with the different aspects of mutual mortgage insurance will continue for some time in the future.

Builders and Related Business Groups.

Even in the case of a new house built with an insured mortgage, the Federal Housing Administration usually has no direct formal relationship with the builder. However, numerous contacts do develop as a result of the compliance inspections. Further, conditional commitments issued for houses in operative building developments usually bring the builders into direct contact with the Federal Housing Administration field-office staff. Conferences are apt to cover such varied matters as subdivision layout, 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 and that protect the equities of prospective buyers and the underlying security of the mortgages insured.

Conferences on land planning and on small-home planning and building, described in succeeding pages, have helped to develop cordial relations between the Federal Housing Administration and the businessmen engaged in providing houses.

During the year it appeared that in the case of some large-scale operative building projects the procedure established under section 203 for issuing commitments to insure mortgages on the individual houses after their completion could well be supplemented by a further alternative in the form of a blanket mortgage issued under section 207. Accordingly, regulations were worked out providing for the insurance of loans on large-scale projects comprising houses built for sale. Under this procedure a mortgage on the entire development can be made before construction is commenced and the proceeds of the loan disbursed progressively as the building proceeds. This procedure helps to reduce the costs and any possible uncertainties of financing during the period of construction, and also permits the sponsors to rent some or all of the houses for as long a period as they may wish, as an alternative to selling. At the same time it is provided that as individual houses are sold, with individual financing arrangements in each case, an appropriate portion of the blanket mortgage is to be retired. This procedure, which was further developed under the Housing Act amendments of 1938 will, it is hoped, help to make possible and encourage the participation of well-managed, well-financed, business enterprise in the home-building field.

Mortgagor Relations.

Although the Federal Housing Administration does not deal directly with the great majority of mortgagors whose home mortgages are insured, it is responsible for acquainting present and potential home owners with the terms of Federal Housing Administration insured mortgages and with the protection afforded to the borrower under such a mortgage. 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 a careful disinterested examination of the property and its neighborhood and of the borrower's capacity to pay. In this matter of public education, the Administration has had effective cooperation from many lending institutions and elements in the building industry, and also from the press, the motion-picture industry, and radio-broadcasting stations. Further, it has presented displays of its program, together with informative leaflets, at the national home shows conducted annually in cities throughout the country.

Fortunately there appears to be a growing realization among the business groups concerned that one of the most important elements in the development of a sound and active home-building industry is a well-informed home-buying public. When families have carefully thought through their housing needs, know what they can afford to pay for a house, and recognize the value of expert judgment in regard to such matters as quality of construction and neighborhood stability, they are less likely to overbuy, or accept substandard construction. And as home buyers generally become better informed and better guided, they will become better satisfied, and home building and home financing will proceed on a sounder basis.

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.

As of December 31, the net worth of the fund was $21,331,847, as shown in the accounting statement on page 101. This sum represented an increase of $5,548,126 over the net worth of $15,783,721 a year earlier.

During the year, 76 foreclosed properties were accepted by the Administration in exchange for debentures, making a total of 88 to date. In addition, 12 more claims had been filed upon which the Administrator had authorized issue of debentures.

The Administration already has disposed of 24 of the properties. On these, the value of debentures issued was $103,205 and a net loss of $10,665 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 24 properties sold, there were 5 from which the receipts were sufficient (1) to reimburse the Federal Housing Administration completely, (2) to pay the certificate of claim covering the mortgagee's foreclosure expenses, and (3) to permit refunds totaling $635 to the original mortgagors. In 4 other cases there were partial payments on the certificates of claim, but no refunds to the mortgagors, while the remaining 15 cases resulted in complete cancelation of the certificates of claim and net losses to the fund, all as shown on page 100.

In connection with the mutual mortgage insurance fund, it may be noted that the outstanding principal amount of each mortgage is continually being reduced by the monthly amortization payments and that, in the course of time, some of the mortgages are paid off in full far in advance of their maturity date. Hence, the total outstanding principal insured at a given date is substantially less than the combined original face amount of the mortgages at the time they were insured.

RENTAL HOUSING

The end of 1937 marked the completion of what may be described as the experimental phase of the Administration's program for the insurance of mortgages on large-scale rental housing projects under section 207 of the National Housing Act.

Section 207 provides for the insurance of mortgages on housing projects held by Federal, State, or local government instrumentalities, or private limited-dividend corporations, which, prior to the 1938 amendments, had to be "formed for the purpose of providing housing for persons of low income." The properties, if privately owned, must be regulated or restricted during the life of the mortgage under Federal or State law, or by the Administrator, as to rents, charges, capital structure, rate of return, and method of operation. It has been held as essential that the housing be well planned and constructed, and rented or sold at figures consistent with sound operation, and within the means of families of low income.

Although this portion of the act had been applied entirely to projects intended solely for rent, the regulations were revised as of November 1, 1937, to make the advantages of large-scale operations and insured construction loans available to developers of homes for sale to prospective home buyers. Under the revised regulations, when a limited-dividend corporation obtains insurance for a mortgage made in advance of construction, on a development consisting wholly of single-family houses, and contemplating the sale of such houses, the blanket mortgage embodies provisions for the release of the individual plots of land and houses as they are sold.

Results of Operations.

During the 3 years 1935, 1936, and 1937, and prior to the amendments to the National Housing Act of 1938, the activities of the Rental Housing Division consisted mainly in setting up and demonstrating a procedure; mortgages were not insured in a volume comparable to the business done in the small-house field.

During 1937 construction started on 14 new rental projects in addition to the 7 in operation or under construction at the beginning of the year. By the end of the year 10 of these projects with insured mortgages were in operation, while the other 11 were still under construction. Further, an encouraging increase in the number of applications for mortgage insurance on worthy projects occurred in the closing weeks of the year.

The following table shows the tangible results of the program through 1937, including the number of projects lapsed as well as those completed or in some stage of progress.

Rental housing projects approved for examination, cumulative through December 1937

	Number of projects	Dwelling units	Valuation	Amount of mortgage
Total projects approved for examination	96	20,458	$109,291,780	$83,409,010
In process of examination	38	7,333	44,578,178	34,350,760
Projects held in abeyance	10	1,850	9,568,845	7,364,000
Total commitments issued	48	11,275	54,144,757	41,694,250
Commitments outstanding	12	4,200	21,052,190	16,441,000
Financing arranged	15	2,649	13,391,450	10,248,250
Total premium-paying mortgages insured	21	4,416	19,700,000	15,005,000
Under construction	11	2,282	11,000,000	8,325,000
In operation	10	2,134	8,700,000	6,680,000

Studies of rental housing have shown that the market broadens as rents become lower, whereas the market is relatively limited, and less stable, for high rental property. The economic soundness of rental developments, in other words, increases as the rental scale is lowered and rents still remain sufficient to support capital charges and operating costs. This conclusion is confirmed by the experience in the past of companies such as the City & Suburban Homes Co., of New York, and the Washington Sanitary Housing Co., of the District of Columbia, which have consistently rented dwellings at the lowest rates possible for moderate but stable returns on investment.

The use of the long-term amortized mortgage in the development of large-scale rental projects has been pioneered and has been brought into wider acceptance through the recent demonstration of its merit as a loan instrument.

The importance of professional management for projects of this type, as an aid in achieving financial success and as a protection to lending institutions, also has gained recognition through the example of projects now in operation.

On the other hand, the Administration has received numerous applications for insurance of mortgages on rental housing projects which could not be accepted, particularly early in 1935. Approximately 90 percent of the applications received under the operations of the act have proved entirely ineligible for insurance. Their summary rejection restricted later new applications to a far smaller volume than the opening flood.

Nevertheless, many of the projects examined and actually approved have never been financed or built. One of the main causes of the failure of approved projects to reach the construction stage has been the lack of equity funds on the part of the sponsors proposing the projects. In a number of cases where the organizers were known to be reputable and competent, the Administration was willing to examine projects without requiring definite evidence that equity funds would be forthcoming. Assurances were always required that the land was available, but some commitments to insure mortgages were made on a tentative basis when the sponsors had not yet obtained all the necessary equity financing.

In about 30 or 35 percent of these cases, sponsors were not able to carry out their plans. Mortgage loans in some cases would have been obtained from life-insurance companies or other institutions had it not been for the sponsors' lack of equity funds.

Colonial Village, first rental project built under the FHA plan, offers 974 dwelling units at about $13 per room per month.

Country Club Apartments, Greensboro, N. C , rent at an average of $16 a room. An insurance company financed the $365,000 mortgage.

Buckingham, Arlington, Va., provides 622 units at around $14 a room and was financed through FHA-insured mortgages.

Falkland, Silver Spring, Md., offers 484 units at about $14 a room. A large insurance company holds the mortgages.

Another important cause of the failure of approved projects to be built was the difficulty encountered by their sponsors in obtaining mortgage financing.

However, of the large life-insurance companies, which are the chief institutions big enough to grant large mortgage loans, four had participated actively in the program by the end of 1937. These were the New York Life Insurance Co., the Union Central Life Insurance Co. of Cincinnati, the Prudential Insurance Co. of Newark, N. J., and the Bankers Life Insurance Co. of Des Moines, Iowa.

The real-estate bond market, however, formerly a main source of mortgage financing for multifamily developments, was practically nonexistent during this period as the result of abuses made evident by the economic depression.

Progress has been made in the rental housing field in the face of certain serious handicaps. In the early stages of the program, the reluctance of capital to enter the field, in providing both the equity and the mortgage funds, was due in part to the newness of this type of regulated rental enterprise, and to uncertainty and ambiguity in the wording of section 207.

Before the National Housing Act amendments of 1938, the Federal Housing Administration was authorized to insure mortgages on rental projects only where the purpose was "to provide housing for persons of low income." An interpretation of this language was necessary in order to proceed with the insurance of such projects. In view of the fact that the National Housing Act also required that mortgage insurance be granted only on projects considered economically sound, this language could be construed only to mean multifamily structures or groups of houses built at the lowest possible cost for rent to persons of "relatively" low incomes. There could be no pretense that private capital, even with mutual mortgage insurance, could provide adequate new housing for slum dwellers or others comprising the lowest income groups.

The National Housing Act amendments of 1938 eliminated from section 207 the phrase "housing for persons of low income," replacing it with a limitation on the amount of insurable mortgage per room. This change removed uncertainty and ambiguity, and since it was made life-insurance companies and some large banks have shown greater interest in large mortgage loans. The amendments also incorporated into the language of the act many of the regulatory and operating practices which had been developed during the preceding 3 years.

The establishment early in 1938 of the Federal National Mortgage Association, the first to be chartered under title III of the National Housing Act, provides an additional source of mortgage financing for large-scale developments.

The problem of equity financing to provide the funds not covered by the mortgage is largely a question of obtaining a growing recognition of the possibilities for investment, as opposed to speculative appeal, in the rental housing field. The rental housing program to date, while limited in concrete results, has demonstrated that rental housing can be made a sound investment through proper planning, financing, and management, and thus provide maximum safety for the mortgage lender, together with a high expectation of stability of return for the equity investor.

A change in the traditional attitude toward rental housing on the part of real-estate and construction groups, away from the speculative possibilities of quick resales, and stressing long-range investment returns based on continued service to be rendered, would have an important bearing on the future success of the program of developing a large volume of dwellings for rent to families of modest income.

With such a change, the enormous potential field for housing of this type might attract equity capital from numerous sources not traditionally available for investment in such enterprises. Further, with the growth of constructive investment motives in the rental housing field, property management of a professional nature should also develop. The first examples of financially successful projects insured under the National Housing Act represent definite progress along such lines.

FEDERAL HOUSING ADMINISTRATION STANDARDS AS A STIMULUS TO TECHNICAL COMPETENCE

Frequent reference has been made in this and other annual reports to the Federal Housing Administration's insistence that mortgages, and the properties that secure them, must meet high standards in order to qualify for mortgage insurance. This policy protects the mutual mortgage insurance system and, consequently, the borrowers and lenders that participate in it. Further, it is helping to bring to the owners and occupants of low-priced homes many advantages, such as capable site planning, neighborhood protection, and assurance of sound quality that in the past have been available only to the purchasers of high-priced homes.

By this emphasis on standards, mutual mortgage insurance is constantly stimulating greater technical competence among thousands of individuals who are engaged from day to day in planning, building, and financing homes. This is a definite contribution toward the modernization of the home-building industry, which has been frequently charged with being backward. This contribution may proceed independently, or it may serve to facilitate and strengthen the development of improved forms of business and financial enterprise, the possibilities of which were discussed at the hearings on the National Housing Act amendments of 1938.

Since mortgages and the properties securing them must conform to high standards in order to qualify for mutual mortgage insurance, it follows that educational work that raises prevailing standards in home building and home financing helps to reduce the time and expense involved in processing applications for mortgage insurance.

For example, in dealing with mortgage-lending institutions, the Federal Housing Administration recognizes the value of doing business through supervisory and operating officers who are well acquainted with Federal Housing Administration methods and objectives. Hence it has cooperated with State bankers associations, local clearing houses, building and loan leagues, and like organizations in conducting "mortgagee conferences." At these conferences, representatives explain Federal Housing Administration procedure, the methods that have been found most helpful in examining the borrower's credit standing and probable ability to carry through the transaction, the need for systematic methods in appraising the property, and the scope of the Federal Housing Administration compliance inspections during construction of new buildings. Some 52 such conferences have been held with 7,700 persons in attendance.

At the request of the American Institute of Banking, the Federal Housing Administration Division of Economics and Statistics, aided by other divisions, took part in preparing a textbook, Home Mortgage Lending. The preliminary edition of this textbook, together with the Underwriting Manual which serves as collateral reading, was being used by the close of the year in courses conducted by chapters of the institute in 27 cities. It was also in use in similar courses in seven colleges and universities.

Examples of how home-mortgage institutions handle their varying current problems are given in the monthly Insured Mortgage Portfolio, which reaches all approved mortgagees. The Portfolio also publishes reports of studies by the Division of Economics and Statistics on such matters as the shifting pattern of residential land uses in American cities, the causes and symptoms of changes in the character of neighborhoods, the history and nature of local real-estate cycles, and statistics derived from Federal Housing Administration mortgage insuring operations.

Officers of the Underwriting Division, together with representatives from other Federal agencies, took an active part in preparations for the National Appraisal Forum held in Washington on November 19 and 20. Under the sponsorship of the joint committee on appraisal and mortgage analysis, of which the Director of the Underwriting Division of the Federal Housing Administration is chairman, a catalog of urban real estate appraisal data sources by a staff member of the Underwriting Division was published. Various other statements in regard to the valuation of small houses and the risk-rating of mortgages on them have been published, and presented before groups such as the American Institute of Real Estate Appraisers.

The activities of such groups assist institutions wishing to strengthen their mortgage-lending departments, and members of their staffs desiring to broaden their knowledge.

In the field of home building the Federal Housing Administration proceeds on the assumption that the most desirable house for a family to buy, and the one which at the same time best secures the purchaser's equity and the lender's insured mortgage loan, is one that meets certain basic standards. It should be economically and durably built, well arranged and equipped to meet the needs of a typical family under present-day living conditions, and in a neighborhood so planned and protected as to minimize the possibilities of blight and loss of value during a period of years at least as long as the life of the mortgage. These requirements also usually imply, in the case of new subdivisions, a responsible developer who can give reasonable assurance of carrying through a well-rounded neighborhood development. The home buyer must be protected against buying a house that might become "stranded" through failure of the projected neighborhood to materialize, and against failure to provide anticipated street and utility improvements.

Such standards have been available to well-to-do home buyers and home builders in a considerable number of selected areas in past years, but have rarely been available to families of small means. In the low-priced house field there has been a wide gap between the best demonstrated practice and actual practice. Rapid spread of the best practice to cover the bulk of small home-building operations in the United States adds to the security of the mutual mortgage insurance system. It enables the Federal Housing Administration to fulfill the purposes set forth in the National Housing Act "to encourage improvement in housing standards and conditions" and "to guide the development of housing and the creation of a sound mortgage market in the United States."

In working toward this end the Federal Housing Administration knows that it will continue dealing with many of the same people over a period of years. Its staff members, in reviewing plans for subdivisions and for houses and in making compliance inspections during the course of construction, realize that the person or persons concerned should understand thoroughly the reasons for the Federal Housing Administration requirements, and the best and most economical methods for meeting them. They find almost uniformly that builders want to conform to good practices and appreciate suggestions.

Builders, though eager to follow approved methods, have been handicapped by the lack of opportunity to keep in touch with outstanding accomplishments and the innumerable details of technical progress. They welcome the opportunities afforded by their contacts with the Federal Housing Administration, with its unique facilities for keeping abreast of the best practices.

The idea that those responsible for planning and building houses have been too largely in the position of the tradesman or mechanic who executes work but has only limited opportunity to study methods is rapidly giving way to that of the modern technically trained man who is continually ascertaining and developing the best methods for achieving results, and therefore has to keep in touch with the work of others in his own and related technical fields.

A few examples indicate the effects of the contacts involved in reviewing proposed housing developments under the insured mortgage system.

In the case of one subdivision in a large city in the Middle West, examination by the Federal Housing Administration office revealed that the proposed homes were deficient in plans and in quality of construction. All plans for it were rejected. The mortgagee then discussed the proposed development again with the subdivider. Following the conference, a competent architect was employed to design new plans with adequate specifications. The result was satisfactory Federal Housing Administration commitments and prompt sale of all the homes. The builders of the subdivision intend to expand during the coming year.

The Architectural Section of the Federal Housing Administration cooperated with architects and builders in Chicago during 1937 in regard to the problem of designing suitable houses to be placed on existing narrow lots, in cases where it is not feasible to resubdivide them. The typical bungalow of the 1920's, with side yards only a few feet wide, had not proved an adequate solution to the problem, particularly because of the lack of light and ventilation in sleeping quarters, and because of the cost of masonry and concrete required by the local city building ordinance for protection against fire hazards.

However, the narrow-lot problem now seems near solution with the recent adoption of a new type of row dwelling. On a project financed

through Federal Housing Administration insured mortgages, skillful designers and builders have developed two-story row-houses of the modern "two-room-deep" type. These eliminate excessive costs by providing a single party wall between each two dwellings, instead of two side walls, and by reducing basement and roof areas, as well as heating and utility costs. At the same time, attractive appearance and better ventilation and light demonstrated this new development as a practical contribution toward the solution of the housing problem in Chicago.

Examples given in other portions of this report further illustrate the day-to-day administrative contacts between Federal Housing Administration staff members and persons engaged in planning and building houses. Such contacts are reenforced in many ways. First, printed circulars set forth the general standards promulgated in regard to subdivision development and property standards applicable to the mortgage insurance program. Minimum construction standards have been adapted to local conditions in the various sections of the country, and already have been published in 37 States. Further, the Technical Division has issued the following bulletins:

1. Recent Developments in Dwelling Construction.
2. Modern Design.
3. Contract Documents for Small House Construction.
4. Principles of Planning Small Houses.
5. Planning Neighborhoods for Small Houses.
6. Mechanical Equipment for the Home.

Most of these publications have had a wide circulation and are constantly referred to by building developers and their professional and technical employees and consultants.

The pamphlet, Principles of Planning Small Houses, contained as illustrations suggested floor plans for several small houses of from three to five rooms each, designed to afford the utmost economy in construction consistent with good standards in regard to room size and arrangement and modern equipment. The building of several small houses to demonstrate the use of these plans during 1936 created widespread interest in view of the custom, which had developed in many cities, of building new houses only for families in the upper income groups.

In 1937 several national trade associations in the building-material field, with the cooperation of the Federal Housing Administration, sponsored the building of at least 3,126 houses in 1,250 communities. This demonstration has instilled the building industry with confidence as to its ability to meet the demand for low-priced houses, and has encouraged manufacturers to develop heating and other equipment especially adapted for the most economical installation in small houses. At the same time, through the large number of visitors to these demonstration houses, many families with small incomes, which formerly had considered a new house beyond their means, have consciously become prospective home buyers. The National Lumber Manufacturers Association was awarded special recognition for its part in advancing this program by the Secretary of Commerce, who acted on behalf of an impartial jury, under an award sponsored by the American Trade Association executives.

Land-planning conferences, attended by 9,899 subdivision developers, builders, landscape planners, city officials, and officers of lending institutions, have been held to explain the principles underlying Federal Housing Administration requirements.

Small-home planning conferences, attended by 10,000 individuals, have been held in 34 cities. Good practices in home building were described, as well as some of the mistakes most often found in houses inspected by the Federal Housing Administration during construction.

A motion picture taken during the course of construction of some of the small demonstration houses was shown 234 times to a total of 75,082 persons.

Even broader in scope has been the opportunity given to builders, subdivision developers, and the home-buying public generally to see low-priced houses in well laid-out subdivisions, which have become increasingly numerous.

In the field of large-scale rental projects the Federal Housing Administration has found its mortgage insurance activities hampered by the fact that few men have had practical experience with projects where site planning and architectural plans are coordinated with a definite rental and management program and long-range financing. Opportunities to plan large projects to serve families in the middle and lower rental groups have been few; yet successful design requires laborious work by persons of specialized training. It has been demonstrated that careful planning can be substituted profitably to cover many features where "rule of thumb" methods and guesswork have been customary.

However, the results from past experience in regard to rentals and operating costs over a long period of years have been difficult to assemble, and the concepts and practices of developing a financial program involving a long-term amortized loan for a high percentage of the value are comparatively novel.

Accordingly, the development of the initial large-scale rental projects approved for mortgage insurance has required much original work on the part of the sponsors and their professional advisers and of the Federal Housing Administration staff. One result has been to increase the number of persons concerned with such projects during the past 3 years. At the same time, those projects already built and successfully operated are commanding wide attention.

A factor by no means negligible in the Federal Housing Administration's contribution to residential building and finance is the considerable number of men who have obtained training on its staff, many of whom have left to take positions with private concerns.

Never before has technical proficiency in the residential building industry and its financing progressed so rapidly and in so many directions as it is now doing. Increasing competence on the part of those concerned is rapidly effecting a revolution in the methods and practices of residential building—"revolution" in the sense that the term has been applied to epochal changes in other industries. As in all such matters, major progress is achieved through the combined work of many individuals. Through them a new home-building industry is being wrought.

TECHNICAL DIVISION

Numerous activities of the Technical Division of the Federal Housing Administration have been mentioned in the preceding pages. That division is responsible for determining standards for homes built

with insured mortgages with respect to design, construction, and land planning.

The preparation, revision, and publication during the year of the minimum construction requirements for new dwellings for 37 different regional areas in the United States was a major task. This involved much study of local conditions and consultation with other Government agencies such as the National Bureau of Standards of the Department of Commerce, the Forest Products Laboratory of the Department of Agriculture, and the Public Health Service of the Treasury Department.

The prescribed standards are considered necessary to produce well-constructed dwellings which will serve as sound security for long-term mortgage loans. However, strict compliance with the local building-code requirements and sanitary regulations, and also with the provisions contained in the specifications submitted with the application for mortgage insurance is required where such requirements, regulations, and provisions are of a higher standard. The Federal Housing Administration requirements are minimum; they are not to be built down to, but form a basis to build up from, and the Administration recognizes and gives credit to construction that exceeds its own minimum requirements.

Variations in local practice together with the rapid introduction of new materials and methods of construction require the continual attention of the technical division. Since its establishment the division has examined a total of between 300 and 400 new methods of construction and has made rulings as to the suitability of 70 or 80 of them, for houses serving as security for insured mortgages.

The considerable number of operative building projects undertaken during the first months of 1937 afforded a specially good opportunity for emphasis on the well-planned, well-protected, and well-serviced neighborhood as the proper unit for development. In many cases it was possible to obtain replanning of areas that had been subdivided in the past, or at least improvement in lot dimensions and constructive revisions in deed restrictions. Such measures have aided in restoring to a healthy condition, thousands of acres of land previously headed for blight, even before there were any houses on them, and in recouping some of the waste of urban expansion.

The regional conferences on land planning and on home design and construction have served to supplement and broaden the regular contacts that arise from day to day review of plans and compliance inspection during construction.

Much attention has been given to developing procedures for estimating construction costs. This problem is of great importance in underwriting practice, especially in the case of mortgages for a high percentage of value of new houses.

ECONOMIC PROBLEMS

Previous annual reports have indicated the necessity for obtaining a wider range of information on mortgage financing and the real-estate market in general as a basis for sound operation of the mutual mortgage-insurance system. No comparable field of inquiry has such a conspicuous lack of research material as the field of urban real estate.

Accordingly, the Division of Economics and Statistics has been compelled to utilize a considerable part of its resources in developing methods for obtaining this information. The Division has been able actually to collect only a limited volume of primary data; but it has been able to determine what information is needed, and how it can be assembled.

With such material as it could collect, the Division of Economics and Statistics has attempted to demonstrate what might be accomplished if adequate facts were available. This effort yielded two results during the year: Valuable experience in collecting data served to improve the methods devised to obtain them, and the application of factual material to real-estate and mortgage problems led to widespread awareness of the need for more adequate information.

A leading activity during the year was the development and application of a technique for analyzing local residential real-estate markets. Several cities selected for immediate study had experienced rapid building, and in the opinion of some observers, this had given rise to situations of questionable soundness.

In the course of making real-estate analyses, information was collected in regard to the amount, types, and location of new building in 1937 and preceding years; the number of unsold new houses at various dates; past trends of population growth; the source of mortgage funds and the terms of sale and financing; the trends of prices, rents, and vacancies; and many other factors. Much of this material had never been assembled before in a form applicable to current trends in the residential real-estate market.

These market studies illustrated two distinct functions of the Division of Economics and Statistics. One was the function of reaching conclusions, by means of these studies, with respect to the Federal Housing Administration's underwriting policies. The other was the development of a technique to utilize research material and to show the need for more adequate information.

The Division's policy of demonstrating research methods resulted during 1937 in the adoption by many real-estate operators and managers of a uniform system of accounting for rental projects. This followed the publication of a uniform system based on apartment house experience studies which had been devised to assist the Rental Housing Division in estimating probable income on large-scale rental projects under section 207. It is expected that a considerable quantity of information will be available in the future to extend the study of apartment-house experience.

The Division continued to cooperate with the Works Progress Administration and various other agencies in the compilation of basic local material in regard to real-estate and mortgage financing. Research on city growth and structure was continued, and several articles on the subject were published in the Insured Mortgage Portfolio. A method for analyzing the experience of lending institutions with mortgage loans was completed and one study of this sort was undertaken. Institutions have shown interest in the proposals of the Division for an extensive study of the relative risk involved in making mortgage loans according to types of property and characteristics of the loans.

The decline in residential building in the second half of the year brought to the foreground the question of amending the National Housing Act with the aim of more effective use of mutual mortgage

insurance, especially to hasten the resumption of active home building. Various proposals were considered, and foreign experience along related lines was analyzed.

In the field of operating statistics, quotas for each State were prepared and circulated among the field personnel, and served as a factor in judging relative performance in the various field offices.

The perfecting of statistics of insuring operations of the Federal Housing Administration resulted in information of the type presented in later sections of this report, as well as in other material helpful in administrative control.

One phase of this work of particular interest is the compilation of data for the central and satellite cities, towns, and rural suburban areas lying in each of the 96 principal metropolitan districts of the country. Statistical information covering these areas had previously been available only through the decennial census. More than 58 percent of the population growth of the United States from 1920 to 1930 took place in these areas, although they embraced less than 45 percent of the total population at the end of that period.

Preparation of text for the volume "Home Mortgage Lending," published by the American Institute of Banking, involved a considerable amount of study of the practices followed by home mortgage lending institutions.

LEGAL DEVELOPMENTS

Federal Legislation.

Two amendments to the National Housing Act were enacted during the year.

An act passed by Congress and signed by the President on February 19 extended the Federal guarantee to debentures that might be issued in exchange for mortgages insured prior to July 1, 1939. As the act previously stood, the guaranty related only to mortgages insured prior to July 1, 1937. Under the guaranty, the Government Treasury may be called upon only in the event that the mutual mortgage-insurance fund should at some time become unable to meet its obligations.

An act effective April 22, 1937, amended and revised the authority of the Administrator to insure loans under title I for the restoration, rehabilitation, rebuilding, and replacement of improvements on property damaged or destroyed by earthquake, conflagration, tornado, cyclone, hurricane, flood, or other catastrophe in the years from 1935 to 1939, inclusive. Previously, the authorization under this section had pertained only to properties damaged in the years 1935 and 1936.

As noted earlier in this report, the general authority to insure modernization loans expired on April 1, 1937, in accordance with the terms of the enabling statute.

During the winter and spring months it became increasingly apparent that the mortgage-insurance program could not be made effective on a large scale with respect to rental housing without a number of amendments to the National Housing Act. As a result there were presented to Congress, with the approval of the Bureau of the Budget, amendments covering three principal points:

1. As a substitute for that portion of section 207 which restricted insurance of mortgages on rental-housing projects to those for persons of low income, the insertion of a fixed limit on the permissible amount

of mortgage per room. Such a provision aimed to clear up doubts as to possible court interpretations of the term "persons of low income" which had caused a number of lending institutions to refuse to make loans to be insured under this section.

2. Special provisions for the simplified application of mortgage insurance to rental projects where the amount of the mortgage ranged from $16,000 to $200,000. This was proposed in view of the practical experience that almost all the projects that qualified for mortgage insurance under section 207 involved mortgages of $200,000 or more.

3. Changes in the provisions for the establishment and operation of national mortgage associations, especially an increase in the permissible amount of debentures that might be issued from 12 to 20 times the amount of the paid-in capital, certain tax-exemption privileges, and authority for such associations to make direct loans for financing large-scale operations under section 207. It was believed that enactment of this provision would not only encourage the construction of large-scale rental projects, but create an additional incentive for the formation of national mortgage associations.

These proposed amendments were not acted upon by Congress prior to adjournment in August.

However, with the falling off in home-building activity that took place during the late summer and autumn, these proposals, together with a number of important changes relating to the insurance of mortgages on individual houses, were developed in cooperation with other Federal Agencies and an informal group that was brought together by the President to confer on housing problems. They were then incorporated in the bill that was submitted to Congress with the President's message of November 27, 1937, in regard to the stimulation of home-building activity. This bill, which was considered, amended, and reported favorably by the House and Senate Committees on Banking and Currency, was passed by both Houses, and was in conference awaiting final disposition at the close of the year. The bill, as finally determined, was signed by the President on February 3, 1938, with the short title "National Housing Act Amendments of 1938."

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 laws of various States designed to permit the successful operation of the National Housing Act. Some of this legislation was in anticipation of possible amendments to the National Housing Act, so that in most of the States no new legislation will be necessary to permit investing institutions to take advantage of the changes made by the National Housing Act amendments of 1938.

With the enactment in 1937 of two laws in Georgia, practically every principal lending institution in every State of the Union may now make or purchase any mortgage insured under the provisions of the act. State legislatures have continued to indicate high regard for the safety and liquidity of insured mortgage loans, by making them eligible as collateral security for the deposit of public funds; acceptable as security where specified classes of high-grade securities are required by law to be deposited with a public official or department as a prerequisite to doing business; and eligible where a reserve or similar fund must be maintained consisting of designated securities. Because of the comparatively high yield of insured mortgages in view of their safety and liquidity, a number of States have included them in the limited class of securities in which public moneys or institutional funds may be invested. Although mortgage moratorium laws continue to be enacted or extended, these laws have, in general, either specifically or by implication, exempted insured mortgages from the operation thereof. A list of the State legislation enacted during 1937 to aid the Federal Housing Administration is annexed, indicating that a total of 105 laws were passed in 42 States meeting in session during the year.

Administrative Activities.

The Legal Division has continued to interpret and apply the provisions of the National Housing Act to cover questions arising from time to time. Further, the completed case binders in each insured mortgage transaction have been examined and reviewed, and corrected where necessary. A number of changes were made in regulations and forms, and a number of problems connected with the exchange of debentures for foreclosed properties were solved. A considerable amount of legal work related to the collection of claims taken over by the Administration in connection with the payment of losses under the modernization credit insurance plan.

National Mortgage Associations.

No national mortgage association had been organized before the close of the year under title III of the National Housing Act. However, the President stated in his message of November 27, 1937, that the formation of such an association, with capital to be furnished by the Reconstruction Finance Corporation, was contemplated (following the signing of the amendments of February 3, the Federal National Mortgage Association was incorporated under charter effective on February 10, 1938, with capital furnished by the Reconstruction Finance Corporation).

MODERNIZATION CREDIT INSURANCE

During 1937, modernization credit loans made by private lending institutions for a face amount of more than $60,000,000 were reported for insurance under the provisions of title I, sections 2 and 6, of the National Housing Act. This brought the grand total of such loans from the original authorization on June 27, 1934, to the general expiration date April 1, 1937, to more than $560,000,000. A limited number of "catastrophe" loans, eligible for insurance under section 6, continued to be insured after April 1.

The results of this program and the various changes in the law under which it was carried out were described at length in last year's report. In all, 1,450,358 notes were reported for insurance. More than 1,200,000 of these applied to urban dwellings, more than 50,000 to farm properties and more than 100,000 to business concerns, thus providing employment, and increasing the value and usefulness of properties serving millions of people in all sections of the country. At the same time, it put idle capital to work and furnished added employment to large numbers of building-trade workers.

The principal activities of the Federal Housing Administration during the year in regard to title I loans related to claims paid on notes previously insured. When defaulted loans are presented to the Federal Housing Administration by the approved lending institution as a claim for loss, they are audited, and, if found in order and within the reserve created by the lending institution, are paid promptly. The Administration succeeds to the original rights of lending institutions against the borrower, and through the Division of Collections and Investigation, endeavors to effect such collections or salvage as may be possible in each case. The procedure followed in connection with this activity was described in last year's report.

As indicated in the table on page 79, modernization loans with a face amount of $368,746,086 were reported under the provisions of law permitting insurance of loans up to 20 percent of the total amount advanced by each institution. Loans totaling $191,857,154 were reported under the 10 percent insurance provisions. It should be noted in connection with the figures given in the preceding sentences, that a large proportion of the loans were made on a basis which shows the financing charges as a part of the face amount of the note. The insurance does not cover the financing charges, but only the net amount advanced to the borrower.

The total potential liability of the Administrator under title I was first limited by law to $200,000,000 and subsequently was reduced by Congress at the suggestion of the Administrator to $100,000,000.

When the revival of title I was brought up in Congress late in the year, the Administration felt that the maximum contingent liability of $100,000,000 for insurance of loans under title I need not be increased to cover operation of the measure to the proposed limiting date of July 1, 1939.

On the 55,427 claims amounting to $13,223,229.67 which had been paid by December 31, 1937, recoveries of $3,559,182.94 had been made. Of this, $1,187,061.45 was in the form of cash collections, while the remainder was cash received for the sale of repossessed property, or represented repossessed property transferred or available for transfer to other Government agencies. The cash collections and other cash receipts are turned into the general fund of the Treasury in accordance with instructions from the General Accounting Office.

In addition, as of December 31, 1937, the Collection Unit of the Federal Housing Administration was charged with making collection of notes with an outstanding face amount of $7,071,816.52. Through this unit the Administration has been successful in causing about one-half of the defaulted borrowers to reinstate their notes and continue making their payments to the Administration.

Other defaulted notes were in the hands of the Department of Justice for collection or had been transferred to the General Accounting Office as uncollectible.

During the year, a special effort was made to dispose of repossessed items such as mechanical refrigerators and heating apparatus, most of which were turned over to the Procurement Division of the Treasury and made available to various Government agencies.

Detailed statistics in regard to the claims paid, and the nature of recoveries under them, are given in a later section of this report.

STATISTICS OF INSURING OPERATIONS

Introduction

The program of providing insurance for modernization credit, individual home mortgages and rental-housing mortgages has been entrusted to the Administrator by titles I and II of the National Housing Act. As a corrollary, 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 on the characteristics of the mortgages and other loans insured. A statistical and graphic description of the character of the credit insured, has been prepared by the Division of Economics and Statistics and is presented in the following pages.

Home Mortgage Insurance

Insurance of mortgages on homes providing from one- to four-family dwelling units is authorized by title II of the act. The analyses, tables, and charts which follow show (A) a summary of home mortgage insurance operations; (B) the volume and distribution of home mortgages accepted for insurance by months, and by States, and metropolitan areas; (C) the types of financial institutions in the insured mortgage system and the insured mortgage business of each; (D) the characteristics of all mortgages insured; (E) the characteristics of borrowers which indicate their earning power and ability to meet their mortgage obligations; (F) types of dwellings securing insured home mortgages; and (G) the characteristics of new single-family properties securing insured mortgages.

A. Summary of Insuring Operations.

During the year 1937, the Federal Housing Administration selected for examination and appraisal 137,631 applications for home-mortgage insurance, for a total dollar amount of $589,468,385. This brought the cumulative total since the beginning of operations in January 1935 to 338,629 applications totaling $1,398,363,892.

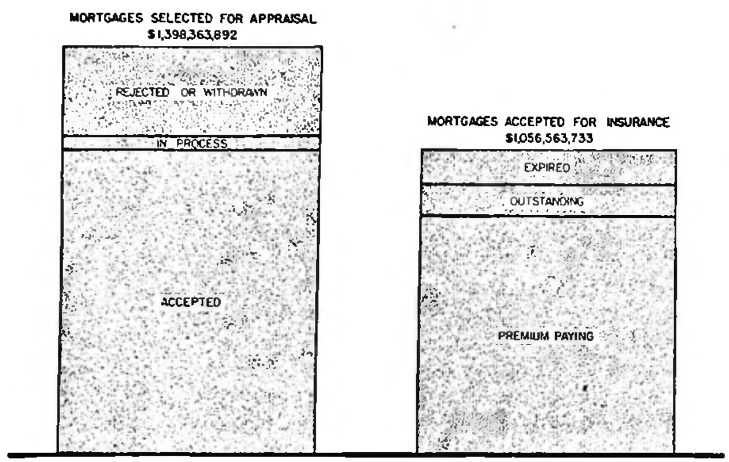
During the year 108,738 commitments to insure mortgages for $447,519,716 were issued and 102,076 mortgages for $424,372,999 became premium paying.

The cumulative status of home mortgage insuring operations is indicated in table 1. In connection with the item "commitments

CHART I

STATUS OF HOME MORTGAGE INSURANCE OPERATIONS

THROUGH DECEMBER 31, 1937



NO-3322 (D)

FEDERAL HOUSING ADMINISTRATION
DIVISION OF ECONOMICS & STATISTICS

TABLE 1.—*Status of home mortgage insurance operations as reported by insuring offices, by years and cumulative through December 1937*

	Number	Amount
Mortgages selected:		
1935	69, 196	$270, 010, 238
1936	131, 802	538, 885, 269
1937	137, 631	589, 468, 385
Total	338, 629	1, 398, 363, 892
Under consideration:		
In process	1, 766	7, 902, 552
Conditional commitments outstanding	9, 080	39, 403, 350
Total	10, 846	47, 305, 902
Rejections and withdrawals:		
Cases rejected	58, 144	251, 509, 596
Conditional expired	9, 143	42, 984, 661
Total	67, 287	294, 494, 257
Mortgages accepted for insurance:		
1935	42, 147	170, 594, 864
1936	109, 611	438, 449, 153
1937	108, 738	447, 519, 716
Total	260, 496	1, 056, 563, 733
Expired formal commitments	32, 326	120, 086, 446
Net mortgages accepted for insurance	228, 170	936, 477, 287
Outstanding formal commitments	25, 466	109, 277, 170
Premium-paying mortgages:		
1935	23, 397	93, 882, 012
1936	77, 231	308, 945, 106
1937	102, 076	424, 372, 999
Total	202, 704	827, 200, 117

outstanding," it may be noted that for homes under construction or to be constructed from approved plans, the term of the commitment is 180 days; for commitments on existing homes the term is 60 days. Thus, the 25,466 commitments outstanding as of December 31, 1937, represented cases pending the satisfactory completion of homes under construction, or the closing of final mortgage papers.

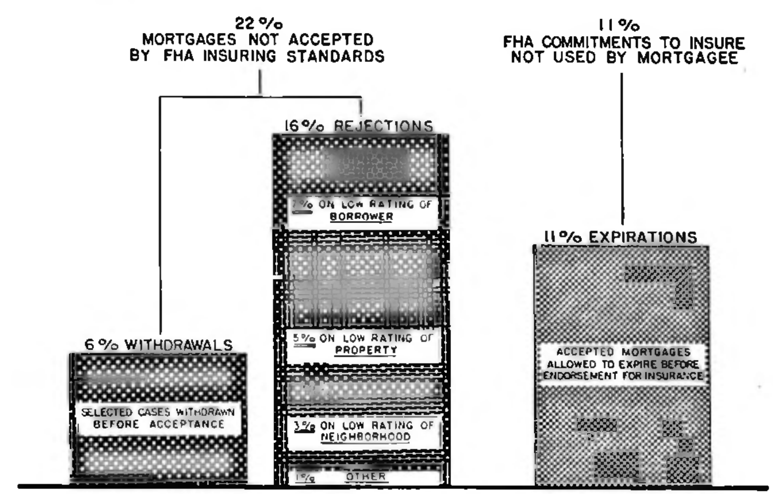
Disposition of cases closed.—Of the total applications for mortgage insurance upon which final action had been completed by December 31, 1937, 67.2 percent resulted in premium-paying mortgages. Of the remaining 32.8 percent, 6.0 percent were withdrawn by the applicant before final action was taken; 16.2 percent were rejected as the result of underwriting examination made in the insuring offices; and in 10.6 percent of the cases, commitments that had been made were allowed to expire by the mortgagees.

An analysis reveals that of the 16.2 percent of applications rejected by the field offices in 1937, approximately one-half were rejected because of the credit rating of the borrower, about one-third because of structural defects or low rating of property, and the remainder because of poor location or low neighborhood rating, or failure of the mortgage pattern to meet requirements of soundness.

CHART II

PERCENTAGE OF CLOSED CASES NOT INSURED

CUMULATIVE THROUGH DECEMBER 1937



NO.-3322 (A)

FEDERAL HOUSING ADMINISTRATION
DIVISION OF ECONOMICS & STATISTICS
DECEMBER, 1937

TABLE 2.—*Analysis of disposition of cases closed through Dec. 31, 1937*

Disposition of cases closed [1]	Percentage distribution of number of mortgages		
	New construction	Refinanced	All mortgages
Applications rejected because of:	*Percent*	*Percent*	*Percent*
Rating of borrowers	7.4	7.6	7.5
Rating of property	3.2	5.7	4.8
Rating of neighborhood	3.0	2.6	3.1
Rating of mortgage pattern	.8	.8	.8
Total rejections [2]	15.3	16.7	16.2
Applications withdrawn [2]	4.2	7.1	6.0
Accepted mortgages expired [3]	9.9	11.0	10.6
Total	29.4	34.8	32.8
Premium paying mortgages	70.6	65.2	67.2
Total cases closed	100.0	100.0	100.0

[1] Excluding cases still in process, and commitments outstanding.
[2] Excluding cases reopened with counter proposals.
[3] Including conditional acceptances which expired.

Monthly trend of mortgages selected, accepted, and premium paying.—Table 3 shows the monthly volume of mortgages selected for appraisal, which serve as an immediate and sensitive indicator of incoming business, in relation to the monthly volume of mortgages accepted for insurance, which represent commitments made after the examination and risk rating procedure. Month to month fluctuations in premium-paying mortgages follow after and have been less pronounced than the other two measures of activity; the data reflect the time that elapses between the issuing of a commitment on a house to be built from plans, and the consummation of the mortgage upon completion of the construction operations.

TABLE 3.—*Mortgages selected for appraisal, accepted for insurance, and premium-paying mortgages insured, by months*

Month and year	Mortgages selected for appraisal		Mortgages accepted for insurance		Premium-paying mortgages insured	
	Number	Amount	Number	Amount	Number	Amount
1935						
January	473	$2,338,600	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	33,279,409	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	25,469,445	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

TABLE 3.—*Mortgages selected for appraisal, accepted for insurance, and premium-paying mortgages insured, by months*—Continued

Month and year	Mortgages selected for appraisal		Mortgages accepted for insurance		Premium-paying mortgages insured	
	Number	Amount	Number	Amount	Number	Amount
1936						
January	5,508	$22,365,090	5,472	$21,531,888	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	16,030,902
April	10,993	44,629,802	7,672	31,243,666	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	23,239,570
July	14,184	57,820,953	10,920	43,058,780	6,956	26,131,538
August	11,993	49,049,670	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	59,040,345	12,109	48,673,183	9,172	36,853,614
November	10,822	44,901,433	9,806	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	308,945,106
Cumulative	200,998	808,895,507	151,758	609,044,017	100,628	402,827,118
1937						
January	8,851	38,786,750	7,028	29,097,190	7,922	32,518,764
February	11,174	46,042,118	7,359	30,109,750	6,826	28,494,032
March	16,249	68,045,452	10,686	44,096,160	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	8,496	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	8,604	37,107,000
December	7,392	32,343,896	6,710	27,847,600	8,748	37,172,560
Total	137,631	569,468,385	108,738	447,519,716	102,076	424,372,999
Cumulative	338,629	1,398,363,892	260,496	1,056,563,733	202,704	827,200,117

Mortgages on new and existing homes.—The Federal Housing Administration makes commitments to insure (1) mortgages on homes under construction or to be constructed from plans, and (2) mortgages on homes already built, including (*a*) new homes completed within 12 months prior to acceptance and (*b*) homes 1 year or more old at date of acceptance.

TABLE 4.—*Classification of mortgages accepted for insurance by new and existing homes, for the year 1937*

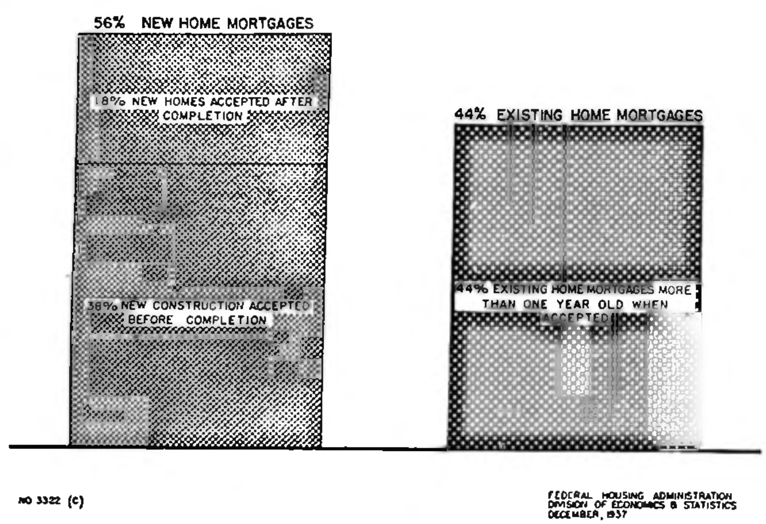
Classification of mortgages accepted for insurance	Percent of total mortgages	
	Number	Amount
New homes:	*Percent*	*Percent*
Accepted before completion of construction	33.0	38.0
Accepted within 12 months after completion	16.9	18.0
Total, new homes	49.9	56.0
Existing homes:		
1 year or more old at date of acceptance	50.1	44.0
Total, all homes	100.0	100.0

On the basis of the foregoing classification, approximately 50 percent of the total number and 56 percent of the total amount of mortgages accepted for insurance in 1937 were secured by new homes. This represents an increase in the proportion of new home mortgages accepted as compared to 1936, when only 46 percent of the mortgages were secured by new homes. The preceding table shows a classification of mortgages accepted during 1937.

CHART III

MORTGAGES ACCEPTED ON NEW AND EXISTING HOMES

PERCENT OF TOTAL VALUE OF MORTGAGES ACCEPTED IN 1937



B. Volume and Distribution of Mortgages Accepted for Insurance.

Monthly volume of mortgage insurance.—The monthly volume of mortgages accepted for insurance showed consistent gains during the

TABLE 5.—*Monthly volume of mortgages accepted for insurance, by new and existing homes, 1935–37, based on gross totals*

Month	New homes [1]		Existing homes		Total	
	Number	Amount	Number	Amount	Number	Amount
1935						
January	1	$4,500	101	$509,780	102	$514,280
February	155	965,500	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	4,820,888	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	1,520	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, year	12,360	60,248,256	29,787	110,346,608	42,147	170,594,864

TABLE 5.—*Monthly volume of mortgages accepted for insurance, by new and existing homes, 1935–37, based on gross totals*—Continued

Month	New homes [1]		Existing homes		Total	
	Number	Amount	Number	Amount	Number	Amount
1936						
January	1,254	$6,121,269	4,218	$15,410,619	5,472	$21,531,888
February	1,089	5,532,579	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, year	45,562	212,279,801	64,049	226,169,352	109,611	438,449,153
1937 [2]						
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	8,392	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, year	53,552	248,948,357	55,111	200,651,725	108,663	449,600,082

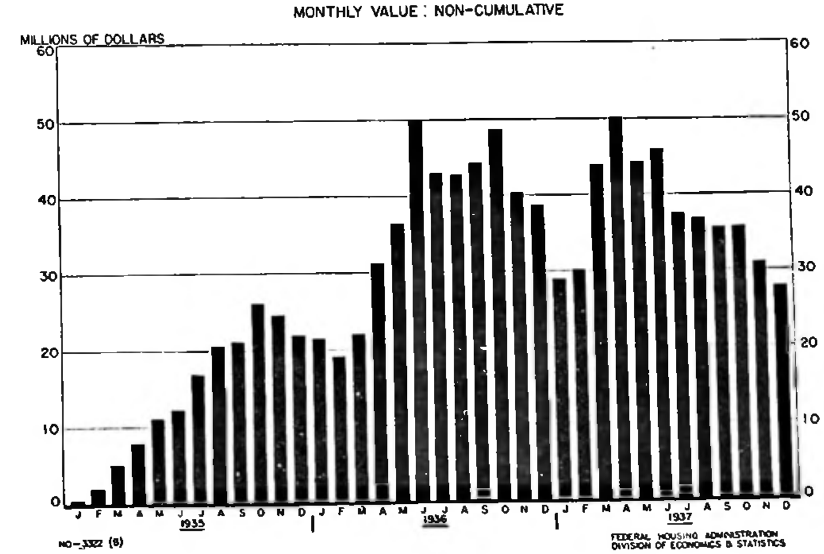
[1] For the months from January 1935 through April 1936 mortgages on new homes accepted after completion of construction are included in this table as existing homes; beginning with May 1936, all mortgages on new homes whether accepted prior to or after completion are classified as new homes.

[2] Data for the year 1937 represent cases as tabulated monthly in Washington for analysis of property location and other purposes. The data for the year include certain amendments to commitments after date of issue not included in table 3.

CHART IV

MORTGAGES ACCEPTED FOR INSURANCE, 1935–1937

MONTHLY VALUE : NON-CUMULATIVE



first 5 months of 1937—a total increase of nearly 52 percent—as compared with the corresponding period of 1936. In June, however, with the downward trend in real-estate activity, a decline commenced which brought the volume during the last 7 months 19 percent under that during the corresponding months of the preceding year. The total for the year gained slightly over 2 percent as compared to 1936.

State distribution of home mortgages.—Mortgages have been accepted for insurance in each of the 48 States, the District of Columbia, the Territories of Hawaii and Alaska, and in all but 557 of the 3,100 counties in the United States. The counties in which no mortgages have been accepted for insurance account for little more than 2 percent of the total nonfarm population of the United States.

The 12 States in which the largest number of mortgages were accepted in 1937 were, in order, California, Ohio, Pennsylvania, New York, Illinois, Michigan, New Jersey, Indiana, Texas, Washington, Florida, and Missouri. Together these States accounted for 71 percent of the total mortgages accepted for insurance during the year 1937.

The 12 States in which the largest number of new home mortgages were accepted in 1937 were, in order, Califiornia, New York, Michigan, Texas, Pennsylvania, New Jersey, Florida, Ohio, Illinois, Tennessee, Georgia, and Missouri. Together they accounted for 70 percent of the new home mortgages accepted throughout the United States.

"New Homes" includes mortgages accepted before completion of construction or within 12 months after completion.

The following tables 6, 7, and 8, show (1) the gross mortgages accepted for insurance during the year 1937, showing a break-down of the total mortgages into new and existing homes for each State; (2) the gross volume of mortgages accepted for insurance for each month of the year with the total for the year for each State; and (3) the net mortgages accepted for insurance (excluding all expired commitments) through December 31, 1937, giving a break-down of all mortgages into new and existing homes.

TABLE 6.—*Gross mortgages accepted for insurance in 1937, based on property location*

State	New homes		Existing homes		Total [1]	
	Number	Amount	Number	Amount	Number	Amount
Alabama	495	$2,022,800	404	$1,293,900	899	$3,316,700
Arizona	494	1,970,900	190	493,900	684	2,464,800
Arkansas	325	1,090,750	173	414,700	498	1,505,450
California	10,740	49,050,634	10,826	40,682,576	21,566	89,733,210
Colorado	392	1,634,644	589	1,669,200	981	3,303,844
Connecticut	635	3,181,800	387	1,609,300	1,022	4,791,100
Delaware	124	623,300	65	259,400	189	882,700
District of Columbia	149	1,020,500	65	445,600	214	1,466,100
Florida	2,184	9,114,565	596	2,345,300	2,780	11,459,865
Georgia	1,220	4,977,775	594	1,955,500	1,814	6,933,275
Idaho	324	1,108,700	191	496,350	515	1,605,050
Illinois	2,022	11,932,504	4,173	17,391,629	6,195	29,324,133
Indiana	1,115	4,847,200	2,876	9,054,960	3,991	13,902,160
Iowa	196	851,200	543	1,558,700	739	2,409,900
Kansas	581	2,340,250	650	1,599,650	1,231	3,939,900
Kentucky	527	2,530,500	487	1,984,800	1,014	4,515,300
Louisiana	382	1,288,500	193	670,700	575	1,959,200
Maine	35	113,550	249	674,700	284	788,250
Maryland	908	4,907,975	934	3,182,910	1,842	8,090,885
Massachusetts	334	1,888,000	716	3,246,000	1,050	5,134,000
Michigan	3,651	19,568,600	2,164	8,781,220	5,815	28,349,820
Minnesota	606	2,584,450	1,428	4,495,850	2,034	7,080,300
Mississippi	606	2,075,775	280	743,400	886	2,819,175
Missouri	1,130	5,073,610	1,418	4,968,450	2,548	10,042,060
Montana	234	908,000	223	677,500	457	1,585,500
Nebraska	167	764,200	248	816,800	415	1,581,000
Nevada	76	372,500	81	357,800	157	730,300
New Hampshire	22	102,000	137	451,700	159	553,700
New Jersey	2,253	12,306,720	2,669	11,393,560	4,922	23,700,280
New Mexico	204	710,500	61	161,500	265	872,000
New York	5,235	26,215,611	2,213	10,398,813	7,448	36,614,424
North Carolina	915	4,158,100	436	1,713,000	1,351	5,871,100
North Dakota	39	163,800	91	231,400	130	395,200
Ohio	2,137	11,768,800	5,680	22,086,400	7,817	33,855,200
Oklahoma	897	3,798,200	581	1,750,400	1,478	5,548,600
Oregon	411	1,448,800	786	2,169,900	1,197	3,618,700
Pennsylvania	2,571	13,075,600	5,032	16,702,140	7,603	29,777,740
Rhode Island	109	555,200	186	753,400	295	1,308,600
South Carolina	601	2,317,900	242	843,700	843	3,161,600
South Dakota	57	206,500	200	432,100	257	638,600
Tennessee	1,399	5,095,450	819	2,790,250	2,218	7,885,700
Texas	3,141	12,256,494	769	2,360,035	3,910	14,616,529
Utah	489	1,992,300	396	1,172,400	885	3,164,700
Vermont	49	213,600	220	646,232	269	859,832
Virginia	909	4,180,700	708	2,778,000	1,617	6,958,700
Washington	867	3,177,600	1,867	5,145,300	2,734	8,322,900
West Virginia	450	2,238,800	295	1,122,100	745	3,360,900
Wisconsin	685	3,692,500	619	2,725,700	1,304	6,418,200
Wyoming	196	709,300	240	611,800	436	1,321,100
Alaska	34	173,900	57	175,700	91	349,600
Hawaii	146	546,800	49	164,500	195	711,300
United States total	53,552	248,948,357	55,111	200,651,725	108,663	449,600,082

[1] The data in this table are compiled on the same basis as explained in footnote 2, table 5.

TABLE 7.—*Monthly gross volume of mortgages accepted for insurance in 1937 by States, based on location of property*

1937	Alabama		Arizona		Arkansas		California	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
January	41	$149,700	43	$132,100	39	$101,100	1,548	$6,482,900
February	68	223,000	55	193,000	38	101,600	1,575	6,650,300
March	95	337,200	97	353,500	63	173,150	2,335	9,922,350
April	112	421,000	72	231,800	68	218,100	2,683	11,546,650
May	71	270,000	60	187,500	49	150,400	1,927	7,976,300
June	89	353,700	58	225,700	42	137,600	2,109	8,816,520
July	68	258,200	49	197,300	25	86,200	1,844	7,672,050
August	83	300,200	62	245,300	36	110,400	1,578	6,473,800
September	89	325,100	46	164,100	41	121,300	1,528	6,322,500
October	63	227,300	55	234,800	48	144,600	1,482	6,055,440
November	59	208,800	36	118,500	21	69,900	1,527	6,170,000
December	61	242,500	51	181,200	28	91,100	1,430	5,644,400
Total	899	3,316,700	684	2,464,800	498	1,505,450	21,566	89,733,210

1937	Colorado		Connecticut		Delaware		District of Columbia	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
January	48	$180,400	75	$350,200	20	$117,100	17	$115,300
February	41	121,800	55	246,400	15	59,100	36	277,000
March	92	283,300	67	354,400	27	136,400	26	176,600
April	93	305,400	103	497,700	31	145,500	25	175,000
May	95	316,400	107	545,500	4	16,000	18	125,100
June	75	271,900	112	528,900	11	48,100	21	143,900
July	87	296,900	79	370,000	8	36,600	22	138,300
August	89	309,844	89	372,200	19	74,500	4	38,600
September	105	328,400	76	370,200	7	29,800	12	89,100
October	83	280,800	104	445,700	18	76,400	9	55,000
November	91	327,500	86	359,400	12	60,400	12	71,200
December	82	281,200	69	341,500	17	82,800	12	61,000
Total	981	3,303,844	1,022	4,791,100	189	882,700	214	1,466,100

1937	Florida		Georgia		Idaho		Illinois	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
January	257	$1,081,400	110	$389,200	34	$89,400	480	$2,210,511
February	214	900,800	124	433,500	17	51,300	426	1,956,053
March	283	1,152,965	169	592,700	89	266,650	698	3,237,600
April	259	1,043,000	216	815,275	69	221,400	788	3,820,200
May	280	1,133,800	147	558,800	59	182,700	642	3,003,600
June	229	895,800	151	633,400	64	203,900	614	2,973,638
July	222	863,600	173	692,100	46	156,200	458	2,215,831
August	258	1,097,300	163	685,100	29	89,500	535	2,423,100
September	216	880,900	139	538,000	26	86,900	422	1,990,400
October	179	798,900	152	548,600	31	103,800	405	1,915,600
November	199	864,100	140	523,400	32	96,400	388	1,892,300
December	184	747,300	130	523,200	19	56,900	339	1,625,300
Total	2,780	11,459,865	1,814	6,933,275	515	1,605,050	6,195	29,324,133

TABLE 7.—*Monthly gross volume of mortgages accepted for insurance in 1937 by States, based on location of property*—Continued

1937	Indiana		Iowa		Kansas		Kentucky	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
January	200	$728,000	61	$170,400	101	$300,600	51	$198,400
February	251	821,800	59	173,500	73	261,600	64	245,700
March	376	1,278,600	69	200,300	105	335,900	105	420,000
April	367	1,306,660	89	303,100	129	395,450	124	494,800
May	421	1,441,500	73	265,800	134	426,900	107	513,000
June	416	1,473,900	59	211,800	118	383,400	84	380,300
July	348	1,234,700	67	218,300	103	337,800	67	303,500
August	393	1,386,300	64	193,600	95	293,300	71	312,600
September	309	1,116,300	51	184,700	99	318,250	91	432,900
October	366	1,250,500	58	193,300	111	388,300	104	493,400
November	293	1,028,400	53	158,600	87	273,700	73	338,200
December	242	835,500	36	136,500	76	224,700	73	382,500
Total	3,991	13,902,160	739	2,409,900	1,231	3,939,900	1,014	4,515,300

1937	Louisiana		Maine		Maryland		Massachusetts	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
January	35	$105,300	11	$35,800	123	$509,990	76	$349,000
February	42	126,700	12	33,200	111	451,800	99	455,500
March	76	249,600	21	58,100	153	674,170	126	549,900
April	74	266,100	29	74,000	212	943,725	114	549,600
May	66	226,800	36	103,400	205	856,310	120	625,700
June	51	189,900	34	112,200	221	894,190	105	482,000
July	47	144,500	28	80,700	183	899,950	73	345,500
August	47	182,000	21	61,100	148	633,850	74	412,200
September	58	201,500	30	73,700	168	701,950	92	487,600
October	29	111,500	21	45,700	159	731,700	59	287,000
November	20	59,100	23	60,200	133	522,550	61	312,100
December	30	96,200	18	50,150	116	470,700	51	278,800
Total	575	1,959,200	284	788,250	1,932	8,090,885	1,050	5,134,900

1937	Michigan		Minnesota		Mississippi		Missouri	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
January	412	$2,021,000	93	$343,000	68	$104,500	176	$740,500
February	423	2,106,900	111	396,900	85	282,000	168	669,200
March	471	2,395,100	138	453,900	84	241,800	263	1,008,660
April	590	2,783,300	260	873,400	90	280,100	285	1,100,750
May	627	3,082,400	266	900,100	97	305,700	241	953,500
June	570	2,763,950	200	704,700	84	255,375	231	893,450
July	406	2,005,020	211	756,500	91	337,800	224	874,200
August	429	1,958,900	204	700,900	71	234,000	240	905,500
September	462	2,190,800	188	662,300	58	189,200	205	817,800
October	413	2,025,750	136	472,300	47	155,100	184	708,700
November	408	2,305,700	110	376,000	60	180,500	153	600,900
December	514	2,651,000	117	440,300	60	162,500	178	768,900
Total	5,815	28,340,820	2,034	7,080,300	895	2,819,175	2,548	10,042,060

TABLE 7.—*Monthly gross volume of mortgages accepted for insurance in 1937 by States, based on location of property*—Continued

1937	Montana		Nebraska		Nevada		New Hampshire	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
January	27	$90,300	23	$85,600	9	$42,200	28	$80,400
February	35	107,800	14	56,500	14	60,500	16	48,200
March	52	178,600	37	139,400	13	80,400	21	74,100
April	41	152,600	39	143,200	16	63,700	20	77,600
May	44	160,000	47	178,700	13	55,600	15	49,900
June	54	167,200	39	151,900	14	65,500	9	37,900
July	34	133,600	38	133,700	9	38,000	7	22,000
August	30	107,200	40	149,400	10	39,000	7	28,300
September	40	121,500	41	157,500	18	93,500	12	42,400
October	38	147,100	37	138,000	15	62,000	6	24,300
November	37	131,900	23	88,800	9	45,300	9	32,800
December	25	87,700	37	158,300	18	78,600	9	35,800
Total	457	1,585,500	415	1,681,000	157	730,300	159	553,700

1937	New Jersey		New Mexico		New York		North Carolina	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
January	350	$1,780,800	18	$53,000	445	$2,162,815	115	$414,200
February	324	1,536,200	27	93,900	399	1,984,225	93	385,900
March	422	2,084,000	30	103,700	685	3,491,260	118	489,400
April	432	2,085,900	29	89,000	710	3,455,890	119	567,500
May	479	2,378,300	27	83,900	584	2,878,728	138	622,600
June	513	2,458,900	28	87,700	814	4,029,369	164	691,400
July	395	1,886,800	17	53,500	616	2,964,470	122	541,500
August	457	2,145,000	24	75,700	679	3,276,880	97	414,400
September	409	2,080,500	19	68,000	661	3,234,998	111	530,400
October	422	1,988,020	17	61,900	781	3,921,297	109	504,100
November	392	1,774,300	9	31,500	630	2,995,366	82	389,300
December	327	1,500,060	20	70,200	444	2,219,126	83	317,500
Total	4,922	23,700,280	265	872,000	7,448	36,614,424	1,351	5,871,100

1937	North Dakota		Ohio		Oklahoma		Oregon	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
January	8	$18,000	439	$1,076,000	87	$308,500	63	$174,500
February	6	15,100	499	2,171,700	89	316,500	40	118,000
March	14	40,400	668	2,828,300	136	481,700	139	439,000
April	16	59,100	903	3,892,500	164	539,600	155	462,300
May	8	28,300	944	4,035,900	138	528,800	125	379,200
June	21	59,000	884	3,753,200	180	700,800	130	380,800
July	10	30,100	716	3,071,600	111	424,900	123	387,600
August	13	40,200	660	2,807,900	133	534,900	124	378,600
September	14	48,200	651	2,855,400	107	420,100	83	247,700
October	5	14,500	617	2,757,900	133	505,000	94	276,000
November	10	30,800	520	2,206,200	117	446,500	64	203,600
December	5	10,600	316	1,438,600	83	333,300	57	160,900
Total	130	395,200	7,817	33,855,200	1,478	5,648,600	1,197	3,618,700

TABLE 7.—*Monthly gross volume of mortgages accepted for insurance in 1937 by States, based on location of property*—Continued

1937	Pennsylvania		Rhode Island		South Carolina		South Dakota	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
January	428	$1,654,950	21	$91,100	72	$296,500	15	$28,700
February	512	1,958,820	19	90,900	85	288,200	12	31,100
March	678	2,650,620	24	103,700	89	326,500	28	68,200
April	822	3,350,300	36	143,800	121	490,200	25	66,100
May	734	2,844,800	29	130,800	118	389,200	34	86,800
June	803	3,042,000	25	105,100	98	364,800	30	82,800
July	651	2,483,200	34	155,600	82	321,700	20	50,500
August	709	2,747,700	11	52,200	62	227,300	23	52,500
September	564	2,236,800	33	150,800	29	99,400	23	49,600
October	695	2,761,200	21	97,900	35	128,400	19	46,500
November	540	2,177,650	22	97,500	21	92,100	18	53,700
December	467	1,863,700	20	89,200	31	137,300	10	22,100
Total	7,603	29,777,740	295	1,308,600	843	3,161,600	257	638,600

1937	Tennessee		Texas		Utah		Vermont	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
January	120	$383,100	297	$1,120,829	34	$116,700	15	$55,400
February	180	614,900	360	1,300,500	35	124,500	8	29,700
March	229	813,100	435	1,608,600	105	376,400	30	93,500
April	204	715,250	455	1,637,500	90	362,600	23	72,800
May	233	819,600	426	1,614,610	87	288,900	29	85,950
June	241	849,600	390	1,467,850	137	469,900	41	107,450
July	169	567,900	342	1,254,640	102	373,200	23	83,400
August	194	725,400	250	987,600	65	227,800	17	54,500
September	211	763,800	207	1,085,200	81	316,400	30	91,500
October	173	695,700	246	945,100	53	198,100	24	89,100
November	127	457,350	236	920,400	48	166,600	9	39,600
December	137	480,000	186	673,700	39	143,600	20	56,932
Total	2,218	7,885,700	3,910	14,016,529	885	3,164,700	269	859,832

1937	Virginia		Washington		West Virginia	
	Number	Amount	Number	Amount	Number	Amount
January	105	$434,400	118	$375,300	21	$105,900
February	108	409,000	150	442,900	52	234,300
March	167	727,400	259	792,000	71	305,600
April	156	664,000	336	964,300	90	370,800
May	166	716,400	274	853,700	69	317,000
June	170	765,900	338	990,100	64	270,900
July	130	570,700	237	699,400	60	310,800
August	164	733,700	230	718,000	67	312,100
September	124	558,700	245	756,400	77	351,700
October	100	414,600	199	653,000	69	329,000
November	111	426,800	159	480,500	50	207,800
December	116	536,200	189	597,300	55	244,400
Total	1,617	6,958,700	2,734	8,322,900	745	3,360,900

TABLE 7.—*Monthly gross volume of mortgages accepted for insurance in 1937 by States, based on location of property*—Continued

1937	Wisconsin		Wyoming		Alaska and Hawaii	
	Number	Amount	Number	Amount	Number	Amount
January	66	$306,400	16	$54,300	32	$114,500
February	80	390,500	31	98,000	31	139,000
March	113	589,200	65	207,200	27	110,400
April	167	837,300	33	88,600	29	126,700
May	126	590,200	40	116,900	14	46,200
June	170	830,900	56	173,400	19	67,200
July	103	512,600	27	76,700	24	81,900
August	110	604,900	32	114,500	28	97,000
September	91	405,000	45	126,500	24	77,800
October	108	533,000	34	103,300	26	89,000
November	104	473,400	33	94,800	17	57,100
December	60	284,800	24	66,300	15	55,100
Total	1,304	6,418,200	436	1,321,100	286	1,009,900

TABLE 8.—*Net mortgages accepted for insurance,*[1] *by States cumulative through December 31, 1937, based on property location*

State	New homes		Existing homes		Total [1]	
	Number	Amount	Number	Amount	Number	Amount
Alabama	1,073	$4,195,395	1,429	$4,416,690	2,502	$8,612,085
Arizona	844	3,487,517	674	1,894,079	1,518	5,381,596
Arkansas	820	2,699,720	1,005	2,429,590	1,825	5,129,310
California	17,191	79,868,451	20,807	79,792,570	37,998	150,661,021
Colorado	614	2,500,774	1,238	3,392,394	1,852	5,893,168
Connecticut	1,275	6,328,735	795	3,578,110	2,070	9,906,845
Delaware	277	1,531,450	267	1,197,050	544	2,728,500
District of Columbia	387	2,885,800	386	2,729,950	773	5,615,750
Florida	3,818	16,141,399	1,660	5,792,702	5,478	21,934,101
Georgia	2,146	8,634,752	1,657	5,631,400	3,803	14,266,152
Idaho	662	2,280,540	504	1,312,150	1,166	3,592,690
Illinois	3,388	19,683,789	8,056	32,899,774	11,444	52,583,563
Indiana	1,913	8,539,878	6,254	19,565,313	8,167	28,105,191
Iowa	469	2,008,435	1,608	4,768,664	2,077	6,777,099
Kansas	1,452	5,511,195	2,762	6,751,922	4,214	12,263,117
Kentucky	870	4,298,619	1,312	5,271,342	2,182	9,569,961
Louisiana	683	2,356,125	691	2,509,960	1,374	4,866,085
Maine	94	349,900	577	1,607,980	671	1,957,880
Maryland	1,665	8,510,195	2,529	9,519,240	4,194	18,029,435
Massachusetts	699	4,223,160	2,056	9,625,227	2,755	13,848,387
Michigan	6,661	36,578,470	5,416	20,830,685	12,077	57,409,155
Minnesota	1,112	4,518,430	3,164	9,961,624	4,276	14,480,054
Mississippi	1,367	4,590,563	1,137	2,950,324	2,504	7,540,887
Missouri	2,234	10,565,662	4,548	17,194,535	6,782	27,760,197
Montana	394	1,585,841	498	1,449,400	892	3,035,241
Nebraska	288	1,242,850	779	2,492,670	1,067	3,735,520
Nevada	169	759,700	283	1,049,805	452	1,809,505
New Hampshire	70	324,350	554	1,970,701	624	2,295,051
New Jersey	5,380	29,303,483	7,511	34,091,891	12,891	63,395,374
New Mexico	420	1,464,800	248	718,275	668	2,183,075
New York	10,209	50,590,487	4,572	20,881,876	14,781	71,472,363
North Carolina	1,657	7,376,300	1,113	4,366,939	2,770	11,743,239
North Dakota	146	535,500	401	1,039,405	547	1,574,905
Ohio	4,169	23,330,165	12,207	46,536,579	16,376	69,866,744
Oklahoma	1,404	6,136,630	1,439	4,307,762	2,843	10,444,392
Oregon	555	1,989,100	1,165	3,122,000	1,720	5,111,100
Pennsylvania	4,360	22,555,924	10,910	37,678,993	15,270	60,234,917
Rhode Island	256	1,194,130	594	2,449,290	850	3,643,420
South Carolina	948	3,639,684	586	2,108,454	1,534	5,748,138
South Dakota	216	747,800	575	1,307,530	791	2,055,330
Tennessee	2,237	8,201,015	2,434	8,443,030	4,671	16,644,045
Texas	5,481	21,897,749	2,739	8,967,553	8,220	30,865,302
Utah	958	3,756,820	1,548	4,585,695	2,506	8,342,515
Vermont	112	494,650	692	2,070,372	804	2,565,022
Virginia	2,062	9,663,653	2,636	10,485,596	4,698	20,149,249
Washington	1,431	5,183,340	3,262	8,821,425	4,693	14,004,765
West Virginia	787	3,805,600	716	2,681,360	1,503	6,486,960
Wisconsin	1,712	9,215,189	1,371	6,023,305	3,083	15,238,494
Wyoming	388	1,373,960	773	1,800,788	1,161	3,174,748
Alaska	69	349,200	98	300,760	167	649,960
Hawaii	330	1,220,690	114	348,380	444	1,569,070
United States, total	97,922	460,227,564	130,350	475,723,109	228,272	935,950,673

[1] As indicated in table 1, the term "net mortgages accepted for insurance" excludes expired formal commitments: the data shown on this page include certain amendments to commitments after the date of issue not included in table 1, and accordingly, the totals do not exactly correspond.

Volume of mortgage insurance by metropolitan areas.—Of the total mortgages accepted for insurance in 1937, approximately 69 percent of the number and 74 percent of the amount were secured by properties within the 96 leading metropolitan areas as shown in table 9. Of the new home mortgages, 69 percent of the number and 73 percent of the amount were within such areas.

The metropolitan areas in the United States are defined by the United States census for 1930, as districts which have an aggregate population of 100,000 or more and contain one or more central cities of 50,000 or more inhabitants. The 96 areas had a population of 54,753,645 in 1930, which represented 60 percent of the nonfarm population of the country.

TABLE 9.—*Volume of mortgages accepted for insurance in the 96 metropolitan areas for the year 1937 and cumulative through December 1937*

Metropolitan areas (ranked in order of population)	Population in 1930	Mortgages accepted for insurance			
		Gross for the year 1937		Net cumulative through 1937	
		Number	Amount	Number	Amount
1. New York-Northeastern New Jersey	10,901,424	9,426	$48,196,804	20,715	$106,633,804
2. Chicago, Ill	4,364,755	4,686	21,602,169	8,203	42,481,277
3. Philadelphia, Pa	2,847,148	3,773	13,763,206	7,568	27,912,725
4. Los Angeles, Calif	2,318,526	8,792	37,045,887	15,402	64,909,747
5. Boston, Mass	2,307,897	621	3,110,245	1,651	8,621,613
6. Detroit, Mich	2,104,764	4,557	23,484,932	8,991	46,223,689
7. Pittsburgh, Pa	1,953,668	1,805	8,419,109	3,644	16,749,054
8. St. Louis, Mo	1,293,516	1,562	6,568,928	3,874	17,212,566
9. San Francisco-Oakland, Calif	1,290,094	6,954	30,634,248	13,025	57,911,720
10. Cleveland, Ohio	1,194,989	2,131	9,920,328	4,684	21,380,749
11. Providence, R. I.-Fall River, Mass	963,686	344	1,619,707	870	4,046,515
12. Baltimore, Md	949,247	1,283	4,842,503	2,639	9,905,280
13. Minneapolis-St. Paul, Minn	832,258	1,530	5,440,766	3,031	10,568,531
14. Buffalo-Niagara, N. Y	820,573	418	2,040,408	911	4,205,707
15. Cincinnati, Ohio	759,464	693	3,961,010	1,823	10,500,027
16. Milwaukee, Wis	743,414	696	3,813,293	1,538	8,596,494
17. Scranton-Wilkes-Barre, Pa	652,312	185	630,285	484	1,753,857
18. Washington, D. C	621,059	864	5,117,482	2,463	15,352,289
19. Kansas City, Kans.-Kansas City, Mo	608,186	694	2,602,355	2,393	8,776,232
20. New Orleans, La	494,877	73	344,063	387	1,745,178
21. Hartford, Conn	471,185	263	1,190,377	566	2,630,626
22. Albany-Schenectady-Troy, N. Y	425,259	262	1,463,560	647	3,313,836
23. Seattle, Wash	420,663	1,027	3,428,487	1,778	5,813,016
24. Indianapolis, Ind	417,685	776	2,992,467	1,776	6,911,274
25. Louisville, Ky	404,396	507	2,530,096	934	4,646,980
26. Springfield-Holyoke, Mass	398,991	225	1,037,059	477	2,246,567
27. Rochester, N. Y	398,501	360	1,588,863	765	3,405,474
28. Birmingham, Ala	382,702	223	944,220	552	2,235,643
29. Portland, Oreg	378,728	734	2,229,648	1,008	3,040,912
30. Atlanta, Ga	370,920	828	3,672,593	1,683	7,407,242
31. Youngstown, Ohio	364,560	375	1,503,485	885	3,354,961
32. Akron, Ohio	346,681	532	2,124,784	1,249	4,476,239
33. Toledo, Ohio	346,530	797	3,254,651	1,467	5,620,438
34. Columbus, Ohio	340,400	813	3,471,955	1,153	5,237,127
35. Houston, Tex	339,216	753	3,264,352	1,551	7,194,068
36. Lowell-Lawrence, Mass	332,028	88	456,171	262	1,432,207
37. Denver, Colo	330,761	507	2,212,880	1,073	3,805,240
38. Allentown-Bethlehem, Easton, Pa	322,172	218	813,690	511	1,958,949
39. Dallas, Tex	309,658	873	3,888,344	1,676	7,531,506
40. Worcester, Mass	305,293	70	380,499	219	1,226,493
41. New Haven, Conn	293,724	122	520,413	259	1,123,347
42. San Antonio, Tex	279,271	390	1,582,081	987	3,804,486
43. Memphis, Tenn	276,126	424	1,559,148	999	3,714,559
44. Omaha, Neb.-Council Bluffs, Iowa	273,851	210	894,307	560	2,128,345
45. Norfolk-Portsmouth-Newport News, Va	273,233	169	664,690	819	2,975,255
46. Dayton, Ohio	251,928	614	2,580,097	892	3,745,563
47. Syracuse, N. Y	245,015	31	169,216	72	389,727
48. Richmond, Va	220,513	343	1,529,598	918	4,030,888
49. Nashville, Tenn	209,422	483	1,893,683	850	3,403,823
50. Grand Rapids, Mich	207,154	87	374,235	169	654,045

TABLE 9.—*Volume of mortgages accepted for insurance in the 96 metropolitan areas for the year 1937 and cumulative through December 1937*—Continued

Metropolitan areas (ranked in order of population)	Population in 1930	Mortgages accepted for insurance			
		Gross for the year 1937		Net cumulative through 1937	
		Number	Amount	Number	Amount
51. Bridgeport, Conn	203, 969	225	$1, 128, 481	303	$2, 051, 951
52. Oklahoma City, Okla	202, 163	487	2, 179, 054	706	3, 252, 672
53. Canton, Ohio	191, 231	102	428, 082	246	1, 024, 738
54. Utica, N. Y	190, 918	47	163, 485	146	591, 699
55. Wheeling, W. Va	190, 623	121	578, 150	273	1, 237, 934
56. Trenton, N. J	100, 219	103	385, 610	232	893, 700
57. Salt Lake City, Utah	184, 451	539	1, 991, 339	1, 472	5, 125, 145
58. Tulsa, Okla	183, 207	237	974, 377	454	2, 023, 745
59. San Diego, Calif	181, 020	679	2, 539, 950	1, 151	4, 290, 978
60. Flint, Mich	179, 939	238	811, 091	719	2, 341, 969
61. Fort Worth, Tex	174, 575	231	682, 791	576	1, 667, 197
62. Reading, Pa	170, 486	74	264, 152	185	636, 026
63. Tampa-St. Petersburg, Fla	169, 010	146	540, 135	262	898, 965
64. Chattanooga, Tenn	168, 589	259	938, 975	505	2, 266, 112
65. Wilmington, Del	163, 592	302	1, 686, 765	787	3, 481, 693
66. Huntington, W. Va.-Ashland, Ky	163, 367	92	368, 632	282	1, 082, 790
67. Harrisburg, Pa	161, 672	69	319, 601	133	583, 067
68. Des Moines, Iowa	160, 963	214	783, 503	687	2, 495, 976
69. Duluth, Minn	155, 390	44	142, 990	128	405, 845
70. Davenport, Iowa	154, 491	200	852, 474	394	1, 336, 188
71. Jacksonville, Fla	148, 713	456	1, 704, 700	1, 054	4, 108, 139
72. Johnstown, Pa	147, 611	74	238, 530	100	344, 413
73. Tacoma, Wash	146, 771	359	1, 162, 769	623	1, 981, 645
74. South Bend, Ind	140, 569	219	770, 455	456	1, 505, 378
75. Peoria, Ill	144, 732	141	543, 860	243	917, 991
76. Waterbury, Conn	140, 575	58	248, 350	120	520, 665
77. Knoxville, Tenn	135, 714	254	901, 098	585	2, 019, 577
78. Racine-Kenosha, Wis	133, 463	137	513, 266	343	1, 382, 288
79. Miami, Fla	132, 189	1, 259	5, 569, 713	2, 205	9, 827, 822
80. Binghamton, N. Y	130, 005	244	1, 027, 893	511	2, 158, 859
81. Erie, Pa	129, 817	239	671, 280	322	985, 517
82. Spokane, Wash	128, 798	222	647, 317	362	1, 016, 509
83. Sacramento, Calif	126, 995	594	2, 211, 730	701	2, 875, 543
84. Fort Wayne, Ind	126, 558	505	1, 785, 772	1, 030	3, 693, 306
85. Lancaster, Pa	123, 156	16	75, 408	30	128, 353
86. Evansville, Ind	123, 130	135	529, 140	280	1, 044, 903
87. Wichita, Kans	119, 174	186	708, 801	673	2, 370, 271
88. El Paso, Tex	118, 461	15	61, 394	36	118, 048
89. Altoona, Pa	114, 232	53	173, 978	64	219, 007
90. Little Rock, Ark	113, 137	85	302, 558	277	1, 012, 203
91. Charleston, W. Va	108, 100	153	832, 873	240	1, 279, 905
92. Savannah, Ga	105, 431	31	142, 800	97	339, 050
93. San Jose, Calif	103, 428	431	1, 911, 675	634	2, 036, 800
94. Rockford, Ill	103, 204	149	545, 518	266	1, 021, 967
95. Roanoke, Va	103, 120	164	642, 407	278	1, 090, 061
96. Atlantic City, N. J	102, 024	97	323, 525	198	664, 248
Total, 96 metropolitan areas	54, 753, 645	75, 143	332, 388, 950	152, 722	678, 305, 477
Remainder outside metropolitan areas	68, 021, 401	33, 520	117, 211, 132	75, 550	257, 645, 196
Total for the United States	122, 775, 046	108, 663	449, 600, 082	228, 272	935, 950, 673

Distribution of mortgage insurance by city-size groups.—Forty-two percent of all mortgages accepted for insurance in 1937 were in cities of a population of 100,000 or more; 42 percent were in cities or in places with less than 25,000; and the remaining 16 percent were in cities of from 25,000 to 100,000. Table 10 and chart 6 show the distribution of mortgages accepted by city-size groups within and outside metropolitan areas. Of the 58 percent of the mortgages in places of less than 100,000 population, 30 percent were in places altogether outside the metropolitan areas, and about 28 percent were in places within such areas.

CHART V

MORTGAGES BY METROPOLITAN AREAS AND SIZE OF CITY

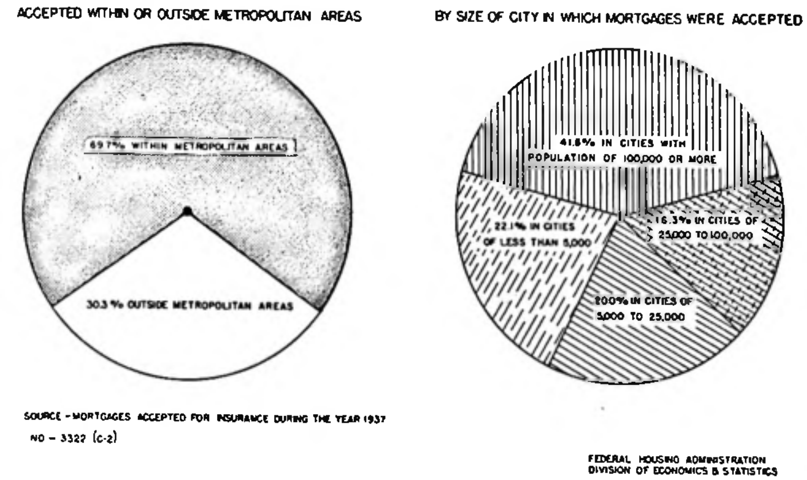
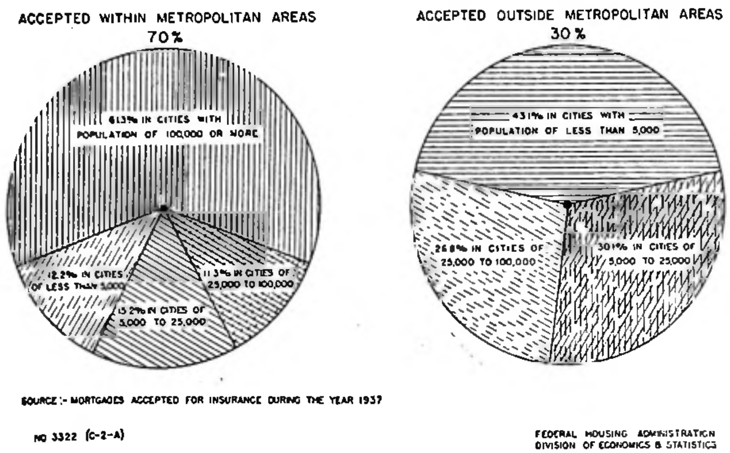


TABLE 10.—*Distribution of mortgages accepted by city-size groups within and outside metropolitan areas, for the year 1937*

City-size groups (population)	Percent of United States total			Percent of total within metropolitan areas	Percent of total outside metropolitan areas
	Within metropolitan areas	Outside metropolitan areas	Total		
1,000,000 or more	13.9	----------	13.9	20.5	----------
500,000 to 999,999	5.1	----------	5.1	7.5	----------
250,000 to 499,999	12.4	----------	12.4	18.2	----------
100,000 to 249,999	10.2	----------	10.2	15.1	----------
Total, 100,000 or more	41.6	----------	41.6	61.3	----------
50,000 to 99,999	5.2	3.0	8.2	7.5	9.8
25,000 to 49,999	2.9	5.2	8.1	3.8	17.0
10,000 to 24,999	6.6	5.5	12.1	9.1	18.2
5,000 to 9,999	4.3	3.6	7.9	6.1	11.9
2,500 to 4,999	2.4	3.0	5.4	3.3	9.9
Less than 2,500	6.7	10.0	16.7	8.9	33.2
Total, less than 100,000	28.1	30.3	58.4	38.7	100.0
Total	69.7	30.3	100.0	100.0	100.0

Chart VI

DISTRIBUTION OF MORTGAGES BY CITY SIZE GROUPS



C. Types of Institutions in the Insured Mortgage System.

Types of institutions originating mortgage loans.—Of the 5,980 lending institutions that have participated in the mutual mortgage insurance plan through December 31, 1937, 720 originated mortgage loans for the first time during 1937. These comprised 358 commercial banks, 252 building and loan associations, 54 mortgage companies, 28 insurance companies, 16 savings banks, and 12 institutions of other types.

Table 11.—*Lending institutions originating net mortgages accepted for insurance through Dec. 31, 1937*

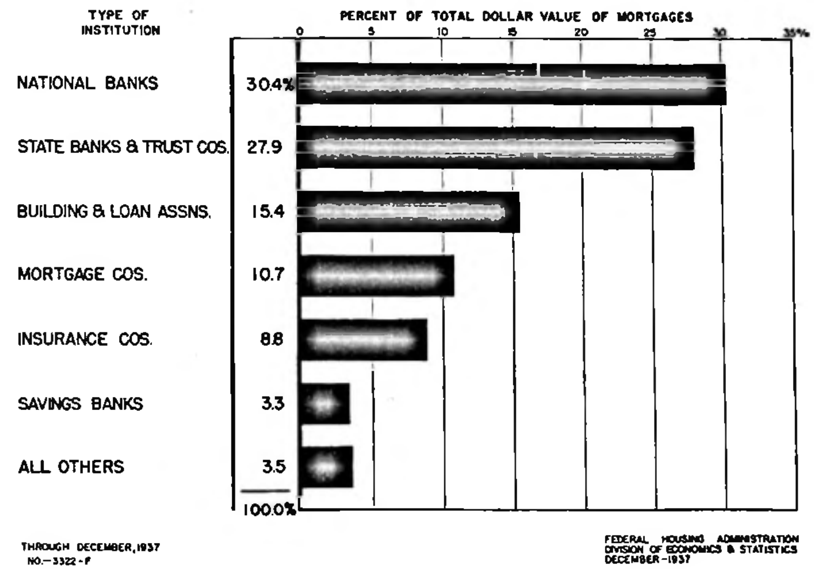
Type	Number of institutions	Volume of mortgages			Percent new homes of total amount	
		Number	Amount	Percent of amount	Through December 1937	Year 1937 only
National banks	1,967	71,084	$284,624,564	30.4	47.0	54.7
State banks and trust companies	2,252	65,912	260,888,441	27.9	44.9	52.6
Total commercial banks	4,219	136,996	545,513,005	58.3	46.0	53.7
Building and loan associations	1,311	37,130	144,640,854	15.4	49.7	52.5
Mortgage companies	167	22,221	100,032,837	10.7	60.3	63.8
Insurance companies	135	17,509	82,174,480	8.8	50.3	57.6
Savings banks [1]	112	7,183	30,709,630	3.3	52.5	62.4
All others [2]	36	7,233	32,870,858	3.5	57.1	63.3
Total	5,980	228,272	935,950,673	100.0	49.1	56.0

[1] Including mutual savings and stock savings banks.
[2] Industrial banks, finance companies, credit unions, and others.

Distribution of mortgage loans originated by types of institutions.—By comparison with the first year of insuring operations in 1935, the distribution of mortgage loans originated by the various types of lending institutions in 1937 indicated distinct shifts. In 1935, 70 percent of the mortgages accepted for insurance were originated by commercial banks. Although the volume of net mortgages accepted by banks in 1937 was as large as in 1936, these institutions accounted for only 54 percent of the total net mortgages accepted for insurance in 1937. On the other hand, insurance companies increased their participation from 7 percent of the net mortgages accepted in 1935 to 12 percent in 1937, and mortgage companies increased their ratio from 4 percent in 1935 to 14 percent in 1937.

Chart VII

TYPES OF INSTITUTIONS ORIGINATING MORTGAGE LOANS



New home mortgage loans originated.—As shown in table 11, all types of institutions participated in the increased ratio of new home mortgages to total during the year 1937. The types of institutions showing ratios higher than the general average of 56 percent of new homes included insurance companies with 58 percent; savings banks with 62 percent; and mortgage companies with 64 percent.

Mortgage financing by local and out-of-State mortgagees.—Local lending institutions constitute the primary source of mortgage lending under the mutual mortgage-insurance plan. For the entire country 90 percent of the mortgages were originated by mortgagees located within the same State as the property securing the loan. Of the 10 percent originated by out-of-State mortgagees, a large part covered funds advanced by insurance companies whose loans are handled by the local loan correspondents for the various companies. Only 3 percent of the building and loan association and mortgage company loans were made on properties outside the State in which the head office of the lending institution is located and for the commercial banks in the country, less than 2 percent were on properties outside the State in which the bank is located.

Tables 12 and 13 show by States, for each of the types of institutions, the amount of mortgages accepted for insurance during the year 1937 on properties within the State originated by local mortgagees and by out-of-State mortgagees. In nine States and the District of Columbia loans made by out-of-State mortgagees amounted to one-fourth or more of the total amount of mortgages accepted for insurance on properties within the State.

TABLE 12.—*Mortgages accepted by local and out-of-State mortgagees on properties in each State, for the year 1937*

State	Local mortgagees		Out-of-State mortgagees		Total	
	Number	Amount	Number	Amount	Number	Amount
Alabama	830	$2,995,000	74	$330,000	904	$3,325,000
Arizona	654	2,335,000	30	127,000	684	2,462,000
Arkansas	467	1,387,000	33	121,000	500	1,508,000
California	21,583	89,880,000	13	44,000	21,596	89,924,000
Colorado	807	2,527,000	179	805,000	986	3,332,000
Connecticut	869	4,088,000	157	699,000	1,026	4,787,000
Delaware	131	569,000	57	298,000	188	867,000
District of Columbia	141	971,000	77	526,000	218	1,497,000
Florida	2,538	10,409,000	272	1,134,000	2,810	11,543,000
Georgia	1,044	3,315,000	778	3,619,000	1,822	6,934,000
Idaho	225	667,000	282	901,000	507	1,568,000
Illinois	5,822	27,450,000	295	1,442,000	6,117	28,892,000
Indiana	3,616	12,281,000	290	1,299,000	3,906	13,580,000
Iowa	721	2,353,000	15	56,000	736	2,409,000
Kansas	1,163	3,580,000	62	330,000	1,225	3,910,000
Kentucky	936	4,079,000	85	482,000	1,021	4,561,000
Louisiana	536	1,800,000	27	98,000	563	1,898,000
Maine	281	776,000	----	----	281	776,000
Maryland	1,721	6,832,000	224	1,319,000	1,945	8,151,000
Massachusetts	1,047	5,122,000	16	74,000	1,063	5,196,000
Michigan	4,883	22,714,000	963	5,748,000	5,846	28,462,000
Minnesota	1,940	6,689,000	107	438,000	2,047	7,127,000
Mississippi	869	2,727,000	6	17,000	875	2,744,000
Missouri	2,313	8,910,000	244	1,185,000	2,557	10,095,000
Montana	379	1,255,000	81	334,000	460	1,589,000
Nebraska	238	896,000	181	703,000	419	1,599,000
Nevada	152	716,000	5	18,000	157	734,000
New Hampshire	156	527,000	1	3,000	157	530,000
New Jersey	4,238	20,482,000	636	3,050,000	4,874	23,532,000
New Mexico	241	799,000	28	88,000	269	887,000
New York	7,380	36,212,000	75	457,000	7,455	36,669,000
North Carolina	1,187	5,069,000	170	838,000	1,357	5,907,000
North Dakota	119	357,000	8	36,000	127	393,000
Ohio	7,408	31,540,000	448	2,514,000	7,856	34,054,000
Oklahoma	1,396	5,262,000	65	224,000	1,461	5,486,000
Oregon	792	2,369,000	383	1,172,000	1,175	3,541,000
Pennsylvania	7,416	28,666,000	220	1,302,000	7,636	29,968,000
Rhode Island	238	1,086,000	59	237,000	297	1,323,000
South Carolina	683	2,501,000	162	665,000	845	3,166,000
South Dakota	222	541,000	35	98,000	257	639,000
Tennessee	2,013	7,055,000	223	830,000	2,236	7,885,000
Texas	3,218	11,173,000	741	3,617,000	3,959	14,790,000
Utah	860	3,048,000	12	47,000	872	3,095,000
Vermont	268	838,000	2	16,000	270	854,000
Virginia	1,417	5,842,000	205	1,147,000	1,622	6,989,000
Washington	1,565	4,590,000	1,131	3,606,000	2,696	8,196,000
West Virginia	625	2,748,000	123	630,000	748	3,378,000
Wisconsin	1,263	6,268,000	46	188,000	1,309	6,456,000
Wyoming	333	954,000	105	368,000	438	1,322,000
Alaska	71	261,000	20	90,000	91	351,000
Hawaii	196	717,000	1	2,000	197	719,000
United States, total	99,211	406,228,000	9,452	43,372,000	108,663	449,600,000

TABLE 13.—*Mortgages on properties in each State financed by local and outside mortgagees in 1937*

[In thousands of dollars—000 omitted]

State and location of mortgagee	Gross mortgages accepted for insurance in 1937 by—							
	All mortgagees	National banks	State banks	Building and loan	Insurance companies	Mortgage companies	Savings banks	All others
All States:								
Local	$406,228	$126,460	$111,684	$62,752	$24,466	$62,055	$11,316	$7,495
Outside	43,372	1,387	1,963	1,866	25,850	2,113	609	9,584
Total	449,600	127,847	113,647	64,618	50,316	64,168	11,925	17,079
Alabama:								
Local	2,995	1,659	457	138	618	112	----	11
Outside	330	10	5	----	290	19	----	6
Total	3,325	1,669	462	138	908	131	----	17
Arizona:								
Local	2,335	1,484	389	86	303	43	30	----
Outside	127	----	----	----	127	----	----	----
Total	2,462	1,484	389	86	430	43	30	----
Arkansas:								
Local	1,387	166	436	746	----	39	----	----
Outside	121	----	5	4	37	58	----	17
Total	1,508	166	441	750	37	97	----	17
California:								
Local	89,880	52,400	23,778	5,022	4,099	1,436	1,068	1,987
Outside	44	2	5	5	6	6	----	20
Total	89,924	52,402	23,783	5,027	4,105	1,442	1,068	2,007
Colorado:								
Local	2,527	1,150	501	649	7	194	----	26
Outside	805	----	----	----	134	142	----	529
Total	3,332	1,150	501	649	141	336	----	555
Connecticut:								
Local	4,088	1,299	1,247	590	----	454	498	----
Outside	699	----	----	21	159	----	----	519
Total	4,787	1,299	1,247	611	159	454	498	519
Delaware:								
Local	569	23	466	----	39	41	----	----
Outside	298	11	----	49	238	----	----	----
Total	867	34	466	49	277	41	----	----
District of Columbia:								
Local	971	513	154	74	100	39	91	----
Outside	526	154	139	----	203	----	----	30
Total	1,497	667	293	74	303	39	91	30
Florida:								
Local	10,409	2,027	1,490	1,846	----	5,041	----	5
Outside	1,134	1	23	4	356	7	359	384
Total	11,543	2,028	1,513	1,850	356	5,048	359	389
Georgia:								
Local	3,315	970	1,056	812	----	312	153	12
Outside	3,619	22	9	72	1,803	24	----	1,689
Total	6,934	992	1,065	884	1,803	336	153	1,701
Idaho:								
Local	667	412	78	134	----	43	----	----
Outside	901	2	245	----	260	----	----	394
Total	1,568	414	323	134	260	43	----	394

TABLE 13.—*Mortgages on properties in each State financed by local and outside mortgagees in 1937*—Continued

[In thousands of dollars—000 omitted]

State and location of mortgagee	Gross mortgages accepted for insurance in 1937 by— All mortgagees	National banks	State banks	Building and loan	Insurance companies	Mortgage companies	Savings banks	All others
Illinois:								
Local	$27,450	$6,373	$5,434	$5,461	$1,197	$7,076		$1,909
Outside	1,442	18	71	321	510	338	$6	178
Total	28,892	6,391	5,505	5,782	1,707	7,414	6	2,087
Indiana:								
Local	12,281	2,965	6,673	1,725	596		96	220
Outside	1,299		16	5	813	46		410
Total	13,580	2,965	6,689	1,730	1,409	46	96	645
Iowa:								
Local	2,353	487	1,357	293	148	48	20	
Outside	56		6		28			22
Total	2,409	487	1,363	293	176	48	20	22
Kansas:								
Local	3,580	539	832	1,964	86	159		
Outside	330		36	48	45	180		21
Total	3,910	539	868	2,012	131	339		21
Kentucky:								
Local	4,079	591	728	853		1,902		5
Outside	482	2		16	407			57
Total	4,561	593	728	869	407	1,902		62
Louisiana:								
Local	1,800	384	762	570	72	3		9
Outside	98				90			8
Total	1,898	384	762	570	162	3		17
Maine:								
Local	776	301	283				190	2
Outside								
Total	776	301	283				190	2
Maryland:								
Local	6,832	946	1,048	2,752	575	1,511		
Outside	1,319	296	110	7	694	32	172	8
Total	8,151	1,242	1,158	2,759	1,269	1,543	172	8
Massachusetts:								
Local	5,122	846	1,523	1,805	145	503	295	5
Outside	74	10		8				56
Total	5,196	856	1,523	1,813	145	503	295	61
Michigan:								
Local	22,714	1,732	5,207	928	7,079	4,401	2,918	389
Outside	5,748	31	21		5,276	413		7
Total	28,462	1,763	5,228	928	12,355	4,874	2,918	396
Minnesota:								
Local	6,689	1,616	1,309	574	880	1,734		576
Outside	438	14	5	2	409			8
Total	7,127	1,630	1,314	576	1,289	1,734		584
Mississippi:								
Local	2,727	165	576	126	1,061	700		
Outside	17		5		7			5
Total	2,744	165	581	126	1,068	700		5

TABLE 13.—*Mortgages on properties in each State financed by local and outside mortgagees in 1937*—Continued

[In thousands of dollars—000 omitted]

State and location of mortgagee	Gross mortgages accepted for insurance in 1937 by— All mortgagees	National banks	State banks	Building and loan	Insurance companies	Mortgage companies	Savings banks	All others
Missouri:								
Local	$8,910	$683	$5,191	$691	$324	$2,021		
Outside	1,185	6	53		135	117		$874
Total	10,095	689	5,244	691	459	2,138		874
Montana:								
Local	1,255	279	372	604				
Outside	334				310			24
Total	1,589	279	372	604	310			24
Nebraska:								
Local	896	150	3	207	463	73		
Outside	703		3	1	592	74		33
Total	1,599	150	6	208	1,055	147		33
Nevada:								
Local	716	569	97	50				
Outside	18	10			8			
Total	734	579	97	50	8			
New Hampshire:								
Local	527	234	110	96			$87	
Outside	3	3						
Total	530	237	110	96			87	
New Jersey:								
Local	20,482	9,206	5,009	3,014	113	2,861	279	
Outside	3,050	20	851	511	1,268	37	5	358
Total	23,532	9,226	5,860	3,525	1,381	2,898	284	358
New Mexico:								
Local	799	424	86	289				
Outside	88	6				67		15
Total	887	430	86	289		67		15
New York:								
Local	36,212	8,763	10,008	4,410	453	8,340	3,494	744
Outside	457	22	73		16		7	339
Total	36,669	8,785	10,081	4,410	469	8,340	3,501	1,083
North Carolina:								
Local	5,069	329	1,474	86	1,757	694		729
Outside	838	21	28		402			387
Total	5,907	350	1,502	86	2,159	694		1,116
North Dakota:								
Local	357	269	43	38	7			
Outside	36		3		23			10
Total	393	269	46	38	30			10
Ohio:								
Local	31,540	2,383	7,050	11,526	975	8,154	394	158
Outside	2,514	9			1,860	314		331
Total	34,054	2,392	7,050	11,526	2,835	8,468	394	489
Oklahoma:								
Local	5,262	2,012	1,483	1,561		170		36
Outside	224	33	34		145			12
Total	5,486	2,045	1,517	1,561	145	170		48
Oregon:								
Local	2,369	1,774	30	228		175	162	
Outside	1,172	4	4	11	1,099	12	9	33
Total	3,541	1,778	34	239	1,099	187	171	33

TABLE 13.—*Mortgages on properties in each State financed by local and outside mortgagees in 1937*—Continued

[In thousands of dollars—000 omitted]

State and location of mortgagee	Gross mortgages accepted for insurance in 1937 by—							
	All mortgagees	National banks	State banks	Building and loan	Insurance companies	Mortgage companies	Savings banks	All others
Pennsylvania:								
Local	$28,666	$10,408	$11,340	$1,535	$730	$4,472	$181	
Outside	1,302	48	20	3	1,047			$184
Total	29,968	10,456	11,360	1,538	1,777	4,472	181	184
Rhode Island:								
Local	1,086	303	410	130		28	215	
Outside	237			237				
Total	1,323	303	410	367		28	215	
South Carolina:								
Local	2,501	360	1,434	571	136			
Outside	665		13	4	634		3	11
Total	3,166	360	1,447	575	770		3	11
South Dakota:								
Local	541	266	181	86	8			
Outside	98				94			4
Total	639	266	181	86	102			4
Tennessee:								
Local	7,055	505	2,014	2,165	687	1,684		
Outside	830	84	13		342	6		385
Total	7,885	589	2,027	2,165	1,029	1,690		385
Texas:								
Local	11,173	1,386	1,226	1,788	1,343	5,233		197
Outside	3,617			320	1,501	45		1,751
Total	14,790	1,386	1,226	2,108	2,844	5,278		1,948
Utah:								
Local	3,048	391	1,210	848		435		164
Outside	47	5		7	15			20
Total	3,095	396	1,210	855	15	435		184
Vermont:								
Local	838	388	345	39			66	
Outside	16	16						
Total	854	404	345	39			66	
Virginia:								
Local	5,842	2,536	1,743	669	440	446		8
Outside	1,147	224	95		718	7	48	55
Total	6,989	2,760	1,838	669	1,158	453	48	63
Washington:								
Local	4,590	389	442	1,908	14	700	968	79
Outside	3,606	160		1	3,352	1		92
Total	8,196	549	442	1,909	3,366	701	968	171
West Virginia:								
Local	2,748	1,822	404	304				218
Outside	630	123	33	3	372	89		10
Total	3,378	1,945	437	307	372	89		228
Wisconsin:								
Local	6,268	786	2,713	2,030	9	619	111	
Outside	188		2		19	9		158
Total	6,456	786	2,715	2,030	28	628	111	158
Wyoming:								
Local	954	346	156	452				
Outside	368		37	206	6			119
Total	1,322	346	193	658	6			119
Hawaii and Alaska:								
Local	978	361	426	189	2			
Outside	92	20				70		2
Total	1,070	381	426	189	2	70		2

Types of institutions purchasing and selling insured mortgages.—The importance of the secondary market was emphasized during the year 1937 when almost twice as many insured mortgages were purchased from the originating mortgagee by other approved mortgagees as had been transferred during the 2 preceding years. At the close of December 31, 1937, mortgages in the amount of $180,146,872 had been transferred from the originating mortgagee as compared with $64,730,544 on December 31, 1936.

These mortgages had been purchased by 1,272 separate approved mortgagees. Of these purchasers, commercial banks numbered 957; building and loan associations, 111; insurance companies, 109; mutual and stock savings banks, 40; mortgage companies, 31; and other types of institutions 24. Forty-two institutions accounted for 69 percent of the total purchases.

Insurance companies were still the largest purchasers, their purchases representing 33 percent of the total at the end of 1937. Commercial banks accounted for 29 percent of the total purchases, while the RFC Mortgage Company through December 1937 had purchased 22 percent of the total.

Approved mortgagees selling insured mortgages numbered 1,044, with 44 of these institutions selling $1,000,000 or more mortgages each. Their sales represented 49 percent of the total sold. Of the sellers of insured mortgages, 651 were commercial banks, 211 building and loan associations, 136 mortgage companies, 22 insurance companies, 8 mutual and stock savings banks, and 16 other types of institutions.

Mortgage companies, accounting for 37 percent of the total sales of insured mortgages at the close of 1937, were the largest sellers. State banks with 29 percent and national banks with 18 percent, were the next major types of institutions selling insured mortgages. At the close of 1937, the RFC Mortgage Company accounted for 4 percent of the total sales. The details of the types of institutions purchasing and selling premium paying mortgages as of December 31, 1937, are shown on table 14 and chart 8.

The free flow of mortgage funds, considered of prime importance under the theory behind the National Housing Act, has become a fact. Institutions able to absorb additional mortgage loans have been extensive purchasers, and those desiring to reduce their portfolio of insured mortgages have found opportuntities to do so.

The distribution of mortgages held in portfolios of institutions as of December 31, 1937, shows the result of this flow of mortgage funds. At the close of 1937, national banks held 30.3 percent of the premium-paying mortgages, as compared with 30.4 percent originated by these institutions. Insurance companies, however, originating 8.8 percent of the mortgages accepted for insurance held at the close of the year, 15.3 percent of all premium-paying mortgages. State banks had sold on balance and accounted for only 25 percent of the premium-paying mortgages held, as compared with 28 percent of the total originated by these institutions. Mortgage companies, the largest sellers on balance, had originated 11 percent of the total through 1937 and held in their portfolios as of December 31, 1937, only slightly over 2 percent of the total premium-paying mortgages.

TABLE 14.—*Premium-paying mortgages purchased and sold by type of institution, January 1935 through December 1937*

Type of institution	Premium-paying mortgages purchased as of Dec. 31, 1937			Premium-paying mortgages sold as of Dec. 31, 1937		
	Number of institutions	Amount	Percent of amount	Number of institutions	Amount	Percent of amount
National banks	430	$28,893,162	16.0	284	$32,459,240	18.0
State banks and trust companies	527	23,520,590	13.1	367	52,130,391	29.0
Total commercial banks	957	52,413,752	29.1	651	84,589,631	47.0
Savings banks	40	10,185,169	5.6	8	1,417,530	.8
Building and loan associations	111	5,208,835	2.8	211	13,416,311	7.4
Insurance companies	109	58,898,336	32.8	22	5,243,220	2.9
Mortgage companies	31	3,011,231	1.8	136	66,697,670	37.0
Federal agency	1	38,964,805	21.6	1	6,502,560	3.6
Miscellaneous [1]	23	11,464,744	6.3	15	2,279,950	1.3
Total	1,272	180,146,872	100.0	1,044	180,146,872	100.0

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

CHART VIII

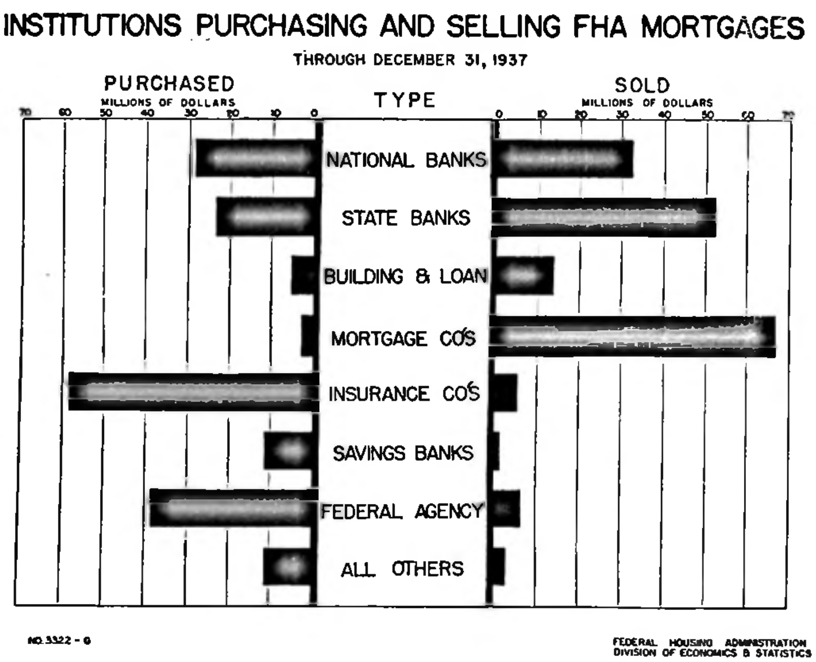


Table 15 gives, by State location of head office of purchasing and selling mortgagees, the number of institutions purchasing or selling in each State, and the number and amount of mortgages purchased and sold.

Because national life-insurance companies are large purchasers, accounting for one-third of the total purchases as of December 31, 1937, the States in which their head offices are located, such as New York, Vermont, New Jersey, Indiana, and Ohio, show a large volume of mortgages purchased by mortgagees within those States.

Sales of insured mortgages by mortgage companies, which constitute over one-third of the total mortgages sold, account for an appreciable percentage of the large volume of sales by mortgagees in such States as New York, Pennsylvania, Illinois, and Missouri.

TABLE 15.—*Premium-paying mortgages purchased and sold by mortgagees in each State through Dec. 31, 1937*

State	Number of institutions purchasing	Mortgages purchased		Number of institutions selling	Mortgages sold	
		Number	Amount		Number	Amount
United States	1,272	41,541	$180,146,872	1,044	41,541	$180,146,872
Alabama	13	139	510,250	12	260	976,110
Arizona	1	5	9,100	5	594	2,019,756
Arkansas	9	57	132,550	26	433	1,224,485
California	19	1,765	6,757,044	51	1,384	5,847,605
Colorado	6	73	241,680	7	51	191,300
Connecticut	12	229	1,252,800	12	635	3,360,790
Delaware	9	74	415,570	5	396	1,704,870
District of Columbia	3	20	140,000	4	331	2,146,580
Florida	7	35	185,000	40	1,694	7,084,615
Georgia	7	72	177,665	22	157	492,281
Idaho	4	151	475,225	8	19	66,925
Illinois	50	848	4,342,340	52	2,754	14,366,892
Indiana	61	1,093	8,503,374	44	1,336	4,645,382
Iowa	21	371	1,645,960	11	124	450,790
Kansas	22	236	750,685	38	664	2,313,140
Kentucky	14	82	371,460	9	560	2,894,242
Louisiana	5	13	58,400	6	66	212,800
Maine	3	19	85,110	1	5	29,800
Maryland	34	743	3,150,090	12	406	1,763,325
Massachusetts	8	245	1,285,540	6	52	400,890
Michigan	41	420	1,837,900	21	1,815	9,077,450
Minnesota	81	2,083	7,895,649	19	1,096	3,669,451
Mississippi	7	92	382,650	16	340	1,211,830
Missouri	71	2,144	8,027,075	50	2,621	11,031,165
Montana	7	130	498,050	11	113	426,225
Nebraska	3	9	39,600	11	96	408,950
Nevada	1	9	32,800	1	9	32,800
New Hampshire	4	12	63,060	3	5	38,480
New Jersey	54	2,269	11,957,416	76	1,756	9,212,635
New Mexico	1	6	21,000	3	18	57,150
New York	80	4,714	23,569,164	66	5,546	27,213,590
North Carolina	5	88	328,180	13	489	2,128,020
North Dakota	4	121	335,940	22	137	366,240
Ohio	201	2,451	9,865,045	55	3,168	13,003,332
Oklahoma	5	7	21,000	23	511	2,287,830
Oregon	6	48	133,250	12	108	341,050
Pennsylvania	169	3,084	11,136,564	62	4,202	17,371,039
Rhode Island	1	15	74,000	1	4	30,200
South Carolina	1	1	2,700	15	574	2,187,300
South Dakota	5	26	70,125	11	65	227,700
Tennessee	23	291	974,552	20	1,251	4,642,020
Texas	22	136	488,874	51	1,980	7,416,523
Utah	8	265	866,440	8	658	2,267,925
Vermont	25	5,322	27,200,305	5	10	47,930
Virginia	48	288	1,188,950	23	609	2,708,370
Washington	15	127	347,490	24	314	1,097,490
West Virginia	30	194	680,980	8	94	384,800
Wisconsin	35	269	1,453,140	22	360	2,165,650
Wyoming	1	67	240,325	10	150	394,380
Alaska				1	1	4,200
Federal agencies	1	9,683	38,964,805	1	1,505	6,502,560

D. Characteristics of Mortgages Insured.

Size of insured-mortgage loans.—Of the total mortgages which became premium paying during 1937, nearly 55 percent were written for amounts of less than $4,000, with an average mortgage of $4,122. The median principal was $3,784. These figures indicate a slightly higher average principal than during the preceding year, reflecting the larger percentage of insured mortgages on new homes.

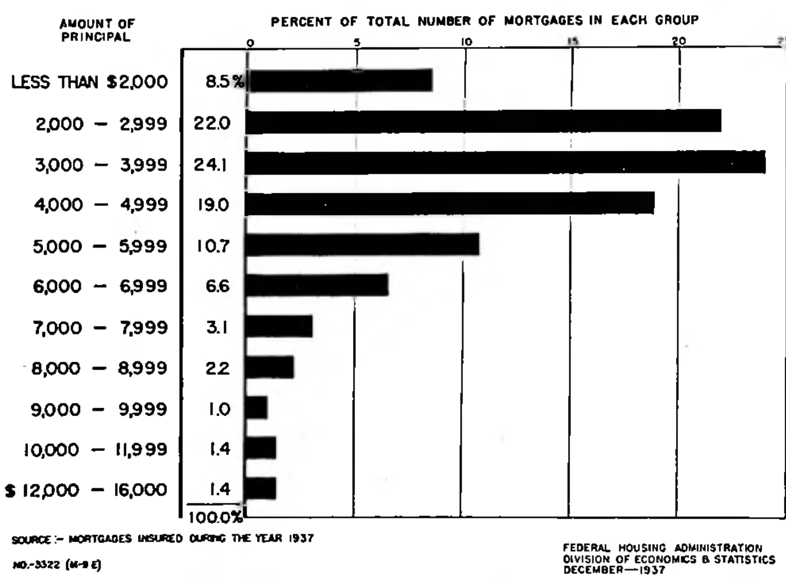
Of the mortgages secured by new homes constructed under Federal Housing Administration inspection, 57 percent were for amounts less than $4,500; and the average principal of $4,677 was slightly lower than that in 1936. The median principal was $4,240.

TABLE 16.—*Premium paying mortgages on 1- to 4-family houses classified by size of mortgage loan for the year 1937*

Amount of principal	Percent of total number of mortgages: New construction	Percent of total number of mortgages: Refinanced	Percent of total number of mortgages: All mortgages	Amount of principal	Cumulative percentage of total mortgages: New construction	Cumulative percentage of total mortgages: Refinanced	Cumulative percentage of total mortgages: All mortgages
Less than $2,000	3.2	11.1	8.5	Less than $2,000	3.2	11.1	8.5
$2,000 to $2,999	16.0	25.0	22.0	Less than $3,000	19.2	36.1	30.5
$3,000 to $3,999	24.5	24.0	24.1	Less than $4,000	43.7	60.1	54.6
$4,000 to $4,999	22.1	17.4	19.0	Less than $5,000	65.8	77.5	73.6
$5,000 to $5,999	13.5	9.4	10.7	Less than $6,000	79.3	86.9	84.3
$6,000 to $6,999	8.5	5.7	6.6	Less than $7,000	87.8	92.6	90.9
$7,000 to $7,999	4.0	2.6	3.1	Less than $8,000	91.8	95.2	94.0
$8,000 to $8,999	2.9	1.9	2.2	Less than $9,000	94.7	97.1	96.2
$9,000 to $9,999	1.4	.8	1.0	Less than $10,000	96.1	97.9	97.2
$10,000 to $11,999	1.9	1.1	1.4	Less than $12,000	98.0	99.0	98.6
$12,000 to $16,000	2.0	1.0	1.4	All groups	100.0	100.0	100.0
Total	100.0	100.0	100.0				

CHART IX

SIZE OF INSURED MORTGAGE LOANS



Duration of insured mortgage loans.—More than 58 percent of the mortgages which became premium-paying during 1937, were to be amortized within a period ranging from 19 to 20 years. This represents an increased proportion of mortgages in the long-term bracket. The average duration of the mortgages was 17 years and 1 month.

The greatest evidence of increasing terms of mortgages is indicated by mortgages on new construction, 80 percent of which were written for terms of 19 to 20 years, as compared to 66 percent in 1936. Nearly one-sixth of the new construction mortgages had terms of 15 to 16 years. The average duration of mortgages secured by new construction was 17 years and 5 months.

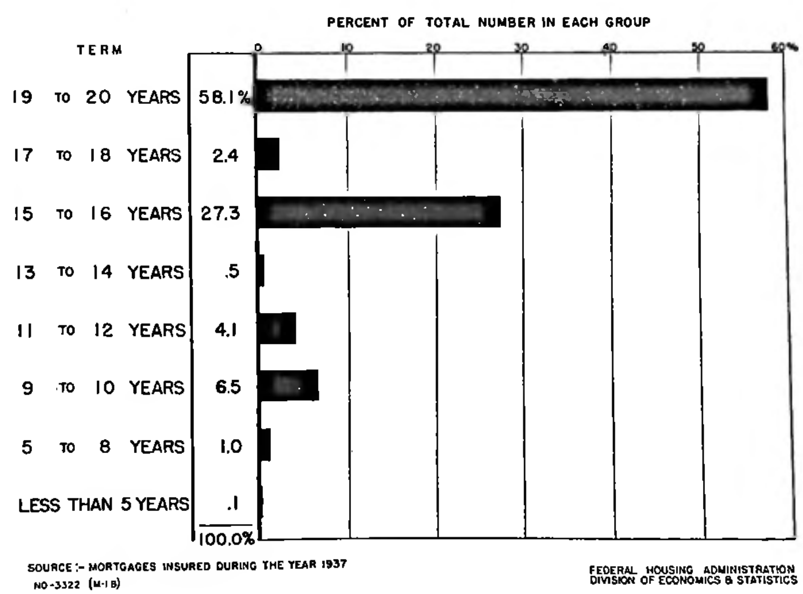
TABLE 17.—*Premium-paying mortgages on 1- to 4-family houses classified by duration for the year 1937*

Term of mortgage	Percent of total number of mortgages: New construction	Percent of total number of mortgages: All mortgages	Term of mortgage	Percent of total number of mortgages: New construction	Percent of total number of mortgages: All mortgages
19 to 20 years	79.7	58.1	9 to 10 years	2.6	6.5
17 to 18 years	2.2	2.4	5 to 8 years	.2	1.0
15 to 16 years	14.1	27.3	Less than 5 years	(1)	.1
13 to 14 years	.2	.5			
11 to 12 years	1.0	4.1	Total	100.0	100.0

[1] Less than 1/10 of 1 percent.

CHART X

DURATION OF INSURED MORTGAGES



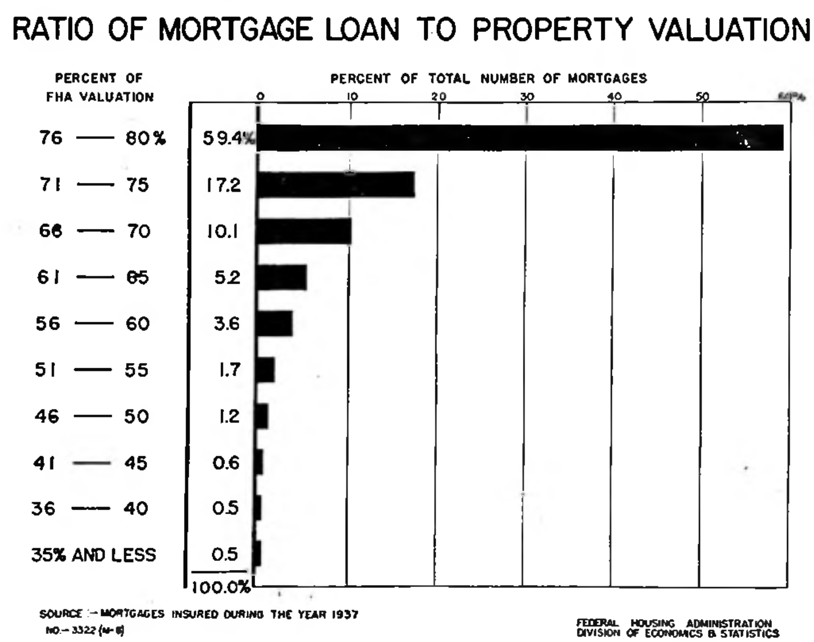
Ratio of mortgage loan to property valuation.—More than 59 percent of the mortgages becoming premium paying in 1937 represented a loan-value ratio of 76 to 80 percent. The equities of the borrowers were smaller than in 1936, when only 47 percent of the insured mortgages had loan-value ratios as high as 76 to 80 percent.

Of the mortgages secured by new construction, 67 percent represented from 76 to 80 percent of the Federal Housing Administration property valuation, as compared with 58 percent in 1936.

TABLE 18.—*Premium-paying mortgages on 1- to 4-family homes classified by ratio of mortgage loan to Federal Housing Administration property valuation for the year 1937*

Ratio of mortgage loan to Federal Housing Administration property valuation (house and lot)	Percent of total number of mortgages		Ratio of mortgage loan to Federal Housing Administration property valuation (house and lot)	Percent of total number of mortgages	
	New construction	All mortgages		New construction	All mortgages
76 to 80 percent	67.3	59.4	46 to 50 percent	0.7	1.2
71 to 75 percent	15.6	17.2	41 to 45 percent	.3	.6
66 to 70 percent	8.2	10.1	36 to 40 percent	.2	.5
61 to 65 percent	4.1	5.2	35 percent and less	.2	.5
56 to 60 percent	2.4	3.6			
51 to 55 percent	1.0	1.7	Total	100.0	100.0

CHART XI



E. Borrowers under the Insured-Mortgage Plan.

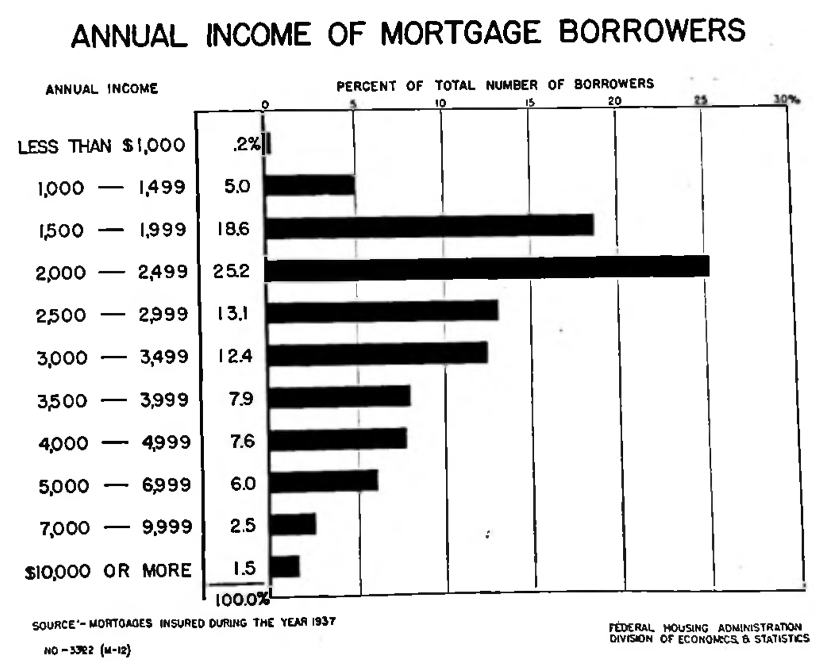
Annual income of mortgage borrowers.—Of the owner-occupants who built, purchased, or refinanced single-family dwellings under the insured-mortgage plan in 1937, nearly a quarter of the families reported incomes of less than $2,000 a year, and nearly half, less than $2,500. The median family income was $2,540. Only 1 out of every 10 borrowers reported an income of $5,000 or more. The statistics for 1937 indicate a slight increase in the family incomes of borrowers as compared to those reported in 1936.

TABLE 19.—*Premium-paying mortgages on single-family homes,[1] classified by annual income of borrowers, for the year 1937*

Borrower's annual income	Percent of total number of borrowers [1]	Borrower's annual income	Cumulative percentage of total borrowers
Less than $1,000	0.2	Less than $1,000	0.2
$1,000 to $1,499	5.0	Less than $1,500	5.2
$1,500 to $1,999	18.6	Less than $2,000	23.8
$2,000 to $2,499	25.2	Less than $2,500	49.0
$2,500 to $2,999	13.1	Less than $3,000	62.1
$3,000 to $3,499	12.4	Less than $3,500	74.5
$3,500 to $3,999	7.9	Less than $4,000	82.4
$4,000 to $4,999	7.6	Less than $5,000	90.0
$5,000 to $6,999	6.0	Less than $7,000	96.0
$7,000 to $9,999	2.5	Less than $10,000	98.5
$10,000 or more	1.5	All groups	100.0
Total	100.0		

[1] Including owner-occupants and purchasers only; not including operative builders, absentee landlord or others.

CHART XII



Monthly mortgage payments.—More than two-thirds of the borrowers make monthly mortgage payments of less than $35 and less than one-eighth pay more than $50.

The average monthly payment of $32.43 on the mortgages insured in 1937 was slightly higher than that reported for mortgages insured in 1936. The median payment was a little in excess of $29. These payments include interest, amortization on the principal, service charge, if any, and mortgage-insurance premium. They do not include payments for local taxes, hazard insurance, or upkeep.

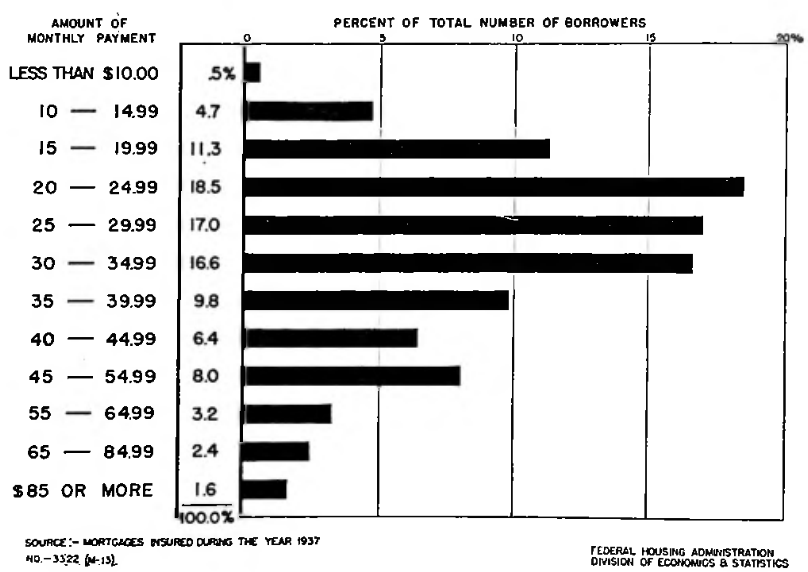
TABLE 20.—*Premium paying mortgages on single-family homes classified by amount of borrower's monthly mortgage payment for the year 1937*

Amount of monthly payment [1]	Percent of total number of borrowers [2]	Amount of monthly payment [1]	Cumulative percent of total borrowers [2]
Less than $10	0.5	Less than $10	0.5
$10 to $14.99	4.7	Less than $15	5.2
$15 to $19.99	11.3	Less than $20	16.5
$20 to $24.99	18.5	Less than $25	35.0
$25 to $29.99	17.0	Less than $30	52.0
$30 to $34.99	16.6	Less than $35	68.6
$35 to $39.99	9.8	Less than $40	78.4
$40 to $44.99	6.4	Less than $45	84.8
$45 to $54.99	8.0	Less than $55	92.8
$55 to $64.99	3.2	Less than $65	96.0
$65 to $84.99	2.4	Less than $85	98.4
$85 or more	1.6	All groups	100.0
Total	100.0		

[1] Payment includes amortization of principal, interest, monthly service charge (if any), and mortgage-insurance premium; does not include taxes or hazard insurance (i. e., fire, flood, etc.).
[2] Including owner-occupants and purchasers only; not including operative builders, absentee landlords, and others.

CHART VIII

MONTHLY MORTGAGE PAYMENT OF BORROWERS



Ratio of mortgage payment to borrower's annual income.—Sixty-one percent of borrowers on mortgages insured in 1937 paid less than 15 percent of their incomes for monthly mortgage payments, exclusive of taxes and hazard insurance, and 92 percent of the borrowers paid less than 20 percent. These figures indicate no material change from the previous year. The ratio of payments to income tends to decrease with rising incomes. Thus, in a sample study, typical borrowers with yearly incomes of $2,000 to $3,000 were found to devote 13 to 14 percent of their income each month to mortgage payments as compared to less than 7 percent for borrowers with yearly incomes of $10,000 or more.

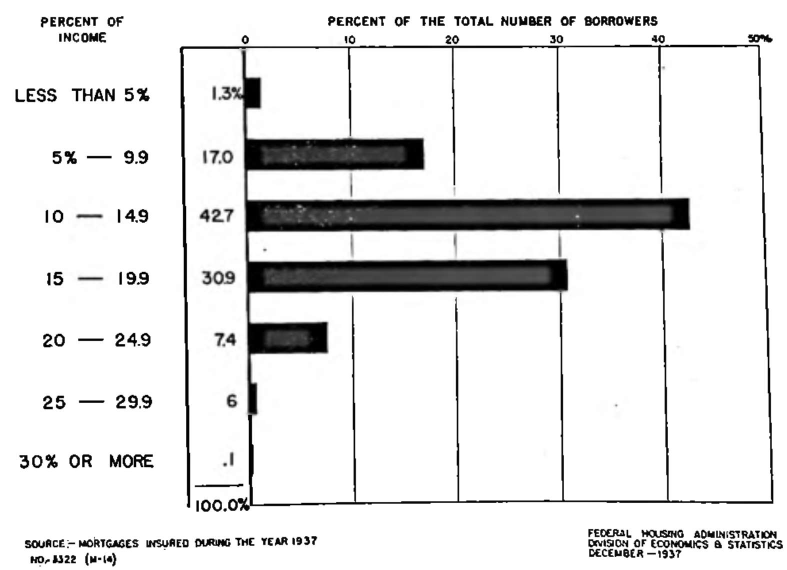
TABLE 21.—*Premium paying mortgages on single-family homes classified by ratio of borrower's mortgage payment to income for the year 1937*

Ratio of payment [1] to income (percent)	Percent of total number of borrowers [2]	Ratio of payment [1] to income (percent)	Cumulative percent of total borrowers
Less than 5.0	1.3	Less than 5.0	1.3
5.0 to 9.9	17.0	Less than 10.0	18.3
10.0 to 14.9	42.7	Less than 15.0	61.0
15.0 to 19.9	30.9	Less than 20.0	91.9
20.0 to 24.9	7.4	Less than 25.0	99.3
25.0 to 29.9	.6	Less than 30.0	99.9
30.0 or more	.1	All groups	100.0
Total	100.0		

[1] Payment includes amortization of principal, interest, service charge (if any), and mortgage insurance premium; does not include taxes or hazard insurance (i. e., fire, flood, etc.).
[2] Including owner-occupants and purchasers only; not including operative builders, absentee landlords, or others.

CHART XIV

RATIO OF BORROWER'S MORTGAGE PAYMENTS TO INCOME



Ratio of property valuation to borrower's income.—In 1937, more than half the borrowers under the Federal Housing Administration plan acquired homes valued at less than two times their annual income. For more than 80 percent of the borrowers, the property values were less than two and one-half times their reported annual incomes. This relationship has remained almost constant since 1935.

Studies indicate that in line with the usual tendencies applying to the ratio of expenditures for shelter to total income, there is an almost uniform progression downward in the ratio of estimated value to income as the family income increases. Thus borrowers under the Federal Housing Administration plan with a yearly income of $2,000 to $2,500 built or purchased homes valued at twice their annual income as compared to borrowers with yearly incomes of $10,000, who built or purchased homes valued about equal to their income.

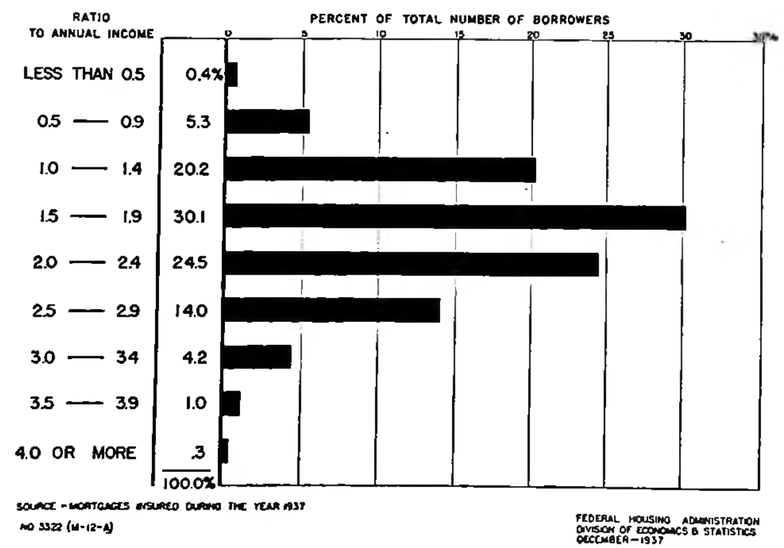
TABLE 22.—*Premium paying mortgages on single-family homes classified by ratio of Federal Housing Administration property valuation to borrower's annual income for the year 1937*

Ratio (property value times income)	Percent of total number of borrowers [1]	Ratio (property value times income)	Cumulative percent of total borrowers
Less than 0.5 times	0.4	Less than 0.5 times	0.4
0.5 to 0.9 times	5.3	Less than 1.0 times	5.7
1.0 to 1.4 times	20.2	Less than 1.5 times	25.9
1.5 to 1.9 times	30.1	Less than 2.0 times	56.0
2.0 to 2.4 times	24.5	Less than 2.5 times	80.5
2.5 to 2.9 times	14.0	Less than 3.0 times	94.5
3.0 to 3.4 times	4.2	Less than 3.5 times	98.7
3.5 to 3.9 times	1.0	Less than 4.0 times	99.7
4.0 or more times	.3	All groups	100.0
Total	100.0		

[1] Including owner-occupants and purchasers only; not including operative builders, landlords, or others.

CHART XV

RATIO OF PROPERTY VALUATION TO BORROWER'S INCOME



Relationship of borrower's income to property and mortgage payments, by States.—Table 23 shows by States for owner-occupants of new and refinanced homes, average relationships of incomes, property valuation, and monthly payments. The average ratio of property valuation to income ranges from a low of 1.2 to a high of 2.4, with a general average of 1.8. The average ratio of the monthly mortgage payment to income was as low as 9.5 percent in the State of Mew Mexico and reached 17.1 percent in the District of Columbia, with a general average of 12.8 percent.

TABLE 23.—*Average characteristics of incomes of borrowers owning or purchasing single-family homes, by States, for the year 1937*

State	Annual income	Property valuation	Ratio, property to income	Monthly payment	Percent, payment of income
Alabama	$3,050	$4,468	1.5	$27.49	10.8
Arizona	3,475	4,960	1.4	30.30	10.5
Arkansas	2,756	3,867	1.4	23.30	10.2
California	3,051	5,353	1.8	32.74	12.9
Colorado	2,600	4,410	1.7	28.79	13.3
Connecticut	3,314	6,199	1.9	35.85	13.0
Delaware	2,966	5,633	1.9	34.50	14.0
District of Columbia	3,853	9,201	2.4	54.75	17.1
Florida	3,610	4,967	1.4	31.30	10.4
Georgia	3,181	5,065	1.6	31.26	11.8
Idaho	2,595	3,960	1.5	26.01	12.0
Illinois	3,212	5,881	1.8	35.88	13.4
Indiana	2,560	4,322	1.7	26.67	12.5
Iowa	2,594	4,346	1.7	27.60	12.8
Kansas	2,507	3,878	1.5	23.66	11.3
Kentucky	2,935	5,673	1.9	32.96	13.5
Louisiana	2,692	4,204	1.6	25.50	12.[illegible]
Maine	2,465	3,819	1.5	21.64	10.[illegible]
Maryland	3,210	5,338	1.7	32.94	12.[illegible]
Massachusetts	3,438	6,134	1.8	33.50	11.[illegible]
Michigan	3,425	6,817	2.0	40.57	14.[illegible]
Minnesota	2,602	4,777	1.7	27.73	12.[illegible]
Mississippi	2,804	3,659	1.3	22.83	9.8
Missouri	2,947	5,136	1.7	30.71	12.5
Montana	2,607	4,360	1.6	27.52	12.2
Nebraska	2,820	4,804	1.7	30.21	12.9
Nevada	4,691	5,480	1.2	39.11	10.0
New Hampshire	2,340	4,331	1.9	25.06	12.9
New Jersey	3,593	6,532	1.8	36.17	12.1
New Mexico	3,142	4,805	1.6	24.97	9.5
New York	3,452	6,268	1.8	35.93	12.5
North Carolina	3,231	5,576	1.7	33.46	12.4
North Dakota	2,591	3,969	1.5	26.15	12.1
Ohio	2,812	5,451	1.9	33.24	14.2
Oklahoma	3,201	4,826	1.5	30.57	11.5
Oregon	2,467	3,942	1.6	25.87	12.6
Pennsylvania	2,811	5,026	1.8	30.16	12.9
Rhode Island	2,953	5,488	1.9	30.61	12.4
South Carolina	2,612	4,809	1.8	28.20	12.9
South Dakota	2,386	3,077	1.3	21.70	10.9
Tennessee	2,728	4,453	1.6	27.06	11.9
Texas	3,048	4,763	1.6	29.67	11.7
Utah	2,472	4,251	1.7	27.35	13.3
Vermont	2,286	4,017	1.8	22.93	12.0
Virginia	2,830	5,839	2.1	33.94	14.4
Washington	2,589	3,951	1.5	26.46	12.3
West Virginia	2,746	5,744	2.1	35.92	15.7
Wisconsin	2,852	6,026	2.1	34.61	14.6
Wyoming	2,249	3,525	1.6	25.93	13.8
Alaska	2,691	4,548	1.7	31.35	14.0
Hawaii	2,989	4,889	1.6	38.76	15.6
United States	3,045	5,384	1.8	32.43	12.8

F. Types of Dwellings Securing Insured Mortgages.

In 1937, over 94 percent of all premium paying mortgages insured under section 203 were secured by single-family dwellings, a slightly higher percentage than in 1936. The insured mortgages on 2-, 3-, and 4-family structures accounted for 12.5 percent of the total dwelling units provided. Approximately 96 percent of all new construction mortgages were secured by single-family dwellings.

The average appraised value of all single-family homes pledged as security for mortgages insured in 1937 was $5,384, with a median of $4,994. The valuation includes the land, building, and all other physical improvements. There was a slight downward change in the average from the previous year.

The average value per dwelling unit in two-family houses was $3,222; for three-family houses, $2,767; and for four-family houses, $2,789.

TABLE 24.—*Premium-paying mortgages classified by type and average value of dwelling* [1] *for the year 1937*

Type of dwelling	Percent of total mortgages		Average property value	
	New homes	Total	New homes	Total
1-family [2]	95.7	94.1	$5,978	$5,384
2-family	3.1	4.7	7,431	6,443
3-family	.3	.5	9,094	8,300
4-family	.9	.7	13,094	11,146
Total, all types	100.0	100.0	6,161	5,550

[1] Average value of dwelling includes land, building, and improvements; properties with business have been excluded.
[2] Average value for single-family dwellings based on mortgages accepted for insurance in 1937.

G. Characteristics of New Single-Family Properties Securing Insured Mortgages.

Appraised value of new single-family homes.—Table 25 shows that nearly one-fifth of all new single-family homes on which mortgages were accepted for insurance during 1937 were appraised by the Federal Housing Administration at less than $4,000, two-fifths at less than $5,000, three-fifths at less than $6,000, and less than 2 percent at $15,000 or more.

During the year 1937 the average appraised value of new single-family homes, on which mortgages were accepted for insurance, was $5,978, and the median was $5,467. This represents a slight decrease from 1936, when the average appraised value was $6,255, and the median value $5,625. Included among "new homes" are all homes inspected during the course of construction, and new homes fully constructed, but not more than 12 months old prior to the acceptance of applications for mortgage insurance.

The apparent reason for this drop in average value, in the face of increased building costs in 1937, was the fact that under the Federal Housing Administration plan smaller houses were being built in 1937 than in 1936, as indicated in the discussion accompanying table 26. It should also be borne in mind that the Federal Housing Administration appraisals do not always include the full cost of construction and may be considerably less.

Ratio of land to total property value.—Table 25 also indicates that for all new single-family homes 84.7 percent of the total valuation was represented by buildings, and 15.3 percent by land. With the exception of the first property value group (less than $2,000), there is an almost uniform progression upward in the portion of total value absorbed by

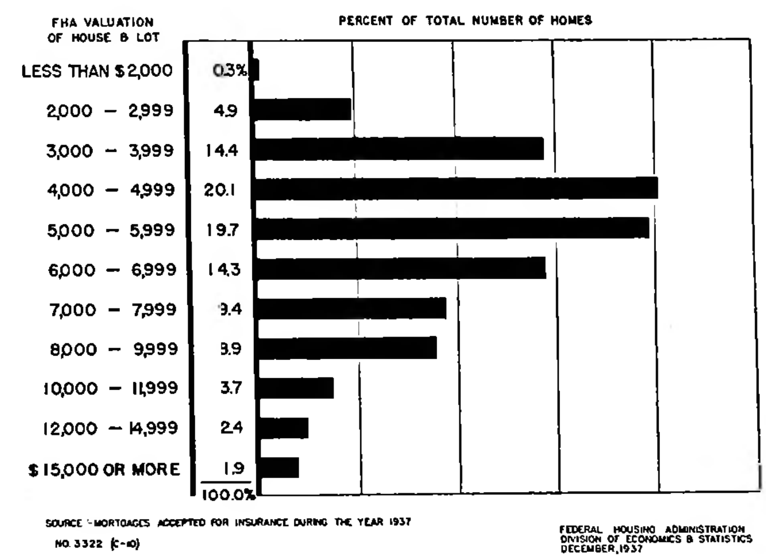
land as property values increase. As compared to 1936, there is a slight increase in the proportion of total value represented by buildings in each property-value group.

TABLE 25.—*Mortgages accepted on new single-family homes classified by Federal Housing Administration property valuation for the year 1937*

Federal Housing Administration property valuation (house and lot)	Percent of total mortgages	Percentage distribution of property valuation			Federal Housing Administration property valuation (house and lot)	Cumulative percentage of mortgages
		Total	House	Land		
Less than $2,000	0.3	100	82.7	17.3	Less than $2,000	0.3
$2,000 to $2,999	4.9	100	86.7	13.3	Less than $3,000	5.2
$3,000 to $3,999	14.4	100	86.6	13.4	Less than $4,000	19.6
$4,000 to $4,999	20.1	100	86.0	14.0	Less than $5,000	39.7
$5,000 to $5,999	19.7	100	85.5	14.5	Less than $6,000	59.4
$6,000 to $6,999	14.3	100	84.9	15.1	Less than $7,000	73.7
$7,000 to $7,999	9.4	100	84.8	15.2	Less than $8,000	83.1
$8,000 to $9,999	8.9	100	84.0	16.0	Less than $9,000	92.0
$10,000 to $11,999	3.7	100	83.1	16.9	Less than $12,000	95.7
$12,000 to $14,999	2.4	100	82.8	17.2	Less than $15,000	98.1
$15,000 or more	1.9	100	81.3	18.7	All groups	100.0
Total	100.0	100	84.7	15.3		

CHART XVI

VALUE OF NEW HOMES FINANCED BY INSURED MORTGAGES



Number of rooms.—As shown in table 26 the new single-family homes financed with insured mortgages in 1937 were predominantly of the five- and six-room types, the former with 41.5 percent of the total and the latter with 30.2 percent. Fifty-four percent of all these new houses contain five rooms or less, and 84.6 percent, six rooms or less. In 1936, on the other hand, only 43.9 percent had five rooms or less and 77.0 percent had six rooms or less. These figures show a definite trend towards smaller houses in 1937.

As found in previous years, table 26 indicates that the average valuation per room is remarkably similar for 4- and 5-room houses, but increases steadily as the number of rooms increases further. Thus the average 10-room home is valued at more than three times as much as the average five-room home. Individual cases show considerable variations from the averages.

TABLE 26.—*Mortgages accepted on new single-family homes classified by number of rooms and average value per room for the year 1937*

Number of rooms	Percent of total dwellings	Average Federal Housing Administration property valuation [1] Per dwelling	Per room
3 rooms	1.0	$3,177	$1,059
4 rooms	11.9	3,894	974
5 rooms	41.5	4,897	979
6 rooms	30.2	6,582	1,097
7 rooms	10.6	8,355	1,194
8 rooms	3.3	11,031	1,379
9 rooms	1.0	13,000	1,444
10 rooms	.5	15,479	1,548
Total	100.0	5,978	1,079

[1] Appraised value includes land, building, and all physical improvements to the property.

Number of bathrooms.—Every new single-family home financed under the insured mortgage system has at least one bathroom and, as indicated in table 27, 24 percent have two or more baths.

The percentage of homes with two or more baths increases with the rise in property values. Thus, nearly a third of the homes valued between $6,000 and $7,000 have two or more baths; over half of those in the $8,000 to $9,000 range, over three-quarters of the homes with values between $10,000 and $12,000, and practically all homes above $12,000 are so equipped.

TABLE 27.—*Premium-paying mortgages on new single-family homes classified by number of bathrooms for the year 1937*

Number of bathrooms	Percent of total homes
1 bathroom	75.8
2 bathrooms	19.1
3 bathrooms	4.0
4 bathrooms	.9
5 or more bathrooms	.2
Total	100.0

Size and type of garage.—Four out of every five of the new single-family homes built in 1937 had garages, nearly two-fifths of which were for two cars. Of the one-car garages, the attached and built-in types together were most popular, while of the two-car garages about an equal number of detached and attached or built-in garages were built.

The percentage of homes with garages increases as property values become greater. The percentage of homes with two-car garages, and of the attached or built-in type, also increased as property values

became greater. Thus, of the homes with garages in the $6,000 to $7,000 value group over a third had two-car garages and nearly two-thirds are of the attached or built-in type.

TABLE 28.—*Premium paying mortgages on new single-family homes classified by size and type of garage for the year 1937*

Size of garage (if any)	Percent of total number of homes: Total	Detached	Attached	Built-in	No garage
1-car garage	48.8	19.2	16.8	13.8	
2-car garage	31.2	16.5	9.4	5.3	
3 or more car garage	.5	.2	.1	.2	
No garage	19.5				19.5
Total	100.0	35.9	25.3	19.3	19.5

Plot area.—With the wide distribution of the new single-family homes among communities of various sizes within and without metropolitan areas, there is a considerable range in the size of the lots on which the new single-family homes financed with insured mortgages were built. Sixty-six percent of the homes were on lots ranging from 4,000 to 10,000 square feet, and the median was 6,896 square feet. The arithmetic average size of 9,199 square feet is probably less significant because of the influence of a relatively small number of lots ranging from one-quarter acre to several acres.

TABLE 29.—*Mortgages accepted on new single-family homes classified by plot area, for the year 1937*

Plot area (in square feet)	Percent of total homes [1]	Plot area (in square feet)	Cumulative percentage of total homes [1]
Less than 2,000	2.2	Less than 2,000	2.2
2,000 to 2,999	4.4	Less than 3,000	6.6
3,000 to 3,999	4.1	Less than 4,000	10.7
4,000 to 4,999	10.8	Less than 5,000	21.5
5,000 to 5,999	14.7	Less than 6,000	36.2
6,000 to 6,999	15.4	Less than 7,000	51.6
7,000 to 7,999	13.5	Less than 8,000	65.1
8,000 to 9,999	11.1	Less than 10,000	76.2
10,000 to 11,999	6.6	Less than 12,000	82.8
12,000 to 15,999	6.2	Less than 16,000	89.0
16,000 to 24,999	5.2	Less than 25,000	94.2
25,000 to 49,999	3.7	Less than 50,000	97.9
50,000 or more	2.1	All groups	100.0
Total [1]	100.0		

[1] Including single-family semidetached and single-family row dwellings.

Percent of land coverage.—The percentage of land coverage shown in table 30 for new single-family homes, which include not only free standing houses but semidetached and row dwellings, is indicative of good present-day practice for small houses in newly developing areas in and around cities and towns. For the median case the home occupies 17.8 percent of the total plot area; 87.9 percent of the houses occupy less than 30 percent of the plot area.

TABLE 30.—*Mortgages accepted on new single-family homes classified by percent land coverage for the year 1937*

Percent land coverage	Percent of total homes [1]	Percent land coverage	Percent of total homes [1]
Less than 5	5.2	Less than 5	5.2
5 to 9	10.3	Less than 10	15.5
10 to 14	21.3	Less than 15	36.8
15 to 19	23.5	Less than 20	60.3
20 to 24	18.1	Less than 25	78.4
25 to 29	9.5	Less than 30	87.9
30 to 39	6.9	Less than 40	94.8
40 to 49	3.7	Less than 50	98.5
50 or more	1.5	All groups	100.0
Total	100.0		

[1] Including single-family and semidetached single-family row dwellings.

Land characteristics by value groups.—Table 31 shows by property valuation groups some of the average characteristics of new single-family properties securing mortgages accepted for insurance during 1937. As might be expected, average square foot value as well as the average lot value tends to increase with the value of the house.

TABLE 31.—*Average property characteristics of new single-family homes securing mortgages accepted for insurance, by property valuation groups, for the year 1937*

Federal Housing Administration property valuation (house and lot)	Land value [1]	Plot area in square feet	Value per square foot	Percent land coverage
Less than $2,000	$303	11,676	$0.03	10.0
$2,000 to $2,999	339	10,479	.03	12.9
$3,000 to $3,999	466	9,739	.05	15.3
$4,000 to $4,999	614	8,996	.07	18.0
$5,000 to $5,999	780	8,153	.10	21.5
$6,000 to $6,999	963	8,165	.12	21.4
$7,000 to $7,999	1,137	8,755	.13	20.0
$8,000 to $9,999	1,401	9,560	.15	18.7
$10,000 to $11,999	1,798	11,475	.16	18.1
$12,000 to $14,999	2,239	13,017	.17	16.1
$15,000 or more	1,846	11,113	.17	22.7
Total	913	9,199	.10	18.6

[1] Estimated value of land after construction of main building and other improvements.

Average characteristics of property within and outside of metropolitan areas.—Table 32 shows the average property characteristics of new single-family homes securing mortgages accepted for insurance in 1937 by size of city within and outside metropolitan areas.

During 1937 mortgagors within metropolitan areas purchased or built homes having an average property valuation 25 percent higher than the average valuation of properties in cities outside metropolitan areas. Average land valuations alone were 44 percent higher in cities within metropolitan areas than in cities outside. At the same time, mortgagors living outside metropolitan areas built their homes on plots of land which had an average square foot area 54 percent greater than those of metropolitan area dwellers, and cost only half as much per square foot. Further, the average percentage of land occupied by buildings in cities outside metropolitan areas was only 14.5 percent, as compared to 21.1 percent for homes within metropolitan areas.

TABLE 32.—*Average property characteristics of new single-family homes securing mortgages accepted for insurance, by city size groups, within and outside metropolitan areas, for the year 1937*

ALL CITIES IN THE UNITED STATES

City size groups (population)	Average property valuation [1]	Average land valuation [2]	Average plot area	Average value per square foot	Average percent land coverage
			Square feet		
1,000,000 or more	$6,566	$1,110	5,170	$0.22	27.8
500,000 to 999,999	6,821	1,214	4,160	.29	35.7
250,000 to 499,999	6,102	951	8,870	.11	18.2
100,000 to 249,999	5,247	730	9,090	.08	17.4
50,000 to 99,999	7,265	954	9,310	.10	18.3
25,000 to 49,999	6,574	803	9,630	.08	17.8
10,000 to 24,999	6,084	908	9,090	.10	17.5
5,000 to 9,999	6,000	922	9,830	.09	16.1
2,500 to 4,999	6,549	790	11,170	.07	14.6
Less than 2,500	5,823	861	12,290	.07	14.1
Total	5,978	913	9,199	.10	18.6

CITIES WITHIN METROPOLITAN AREAS

City size groups (population)	Average property valuation [1]	Average land valuation [2]	Average plot area	Average value per square foot	Average percent land coverage
1,000,000 or more	$6,566	$1,110	5,170	$0.22	27.8
500,000 to 999,999	6,821	1,214	4,160	.29	35.7
250,000 to 499,999	6,102	951	8,870	.11	18.2
100,000 to 249,999	5,247	730	9,090	.08	17.4
50,000 to 99,999	6,827	1,080	7,400	.15	20.6
25,000 to 49,999	6,578	1,089	7,560	.14	19.3
10,000 to 24,999	6,903	1,135	7,410	.15	19.7
5,000 to 9,999	7,163	1,201	8,820	.14	17.5
2,500 to 4,999	6,794	1,059	8,670	.12	16.6
Less than 2,500	6,785	1,015	10,830	.09	15.1
Total	6,437	1,026	7,720	.13	21.1

CITIES OUTSIDE METROPOLITAN AREAS

City size groups (population)	Average property valuation [1]	Average land valuation [2]	Average plot area	Average value per square foot	Average percent land coverage
50,000 to 99,999	$5,638	$815	11,440	$0.07	15.8
25,000 to 49,999	5,215	702	10,370	.07	16.0
10,000 to 24,999	5,217	660	10,910	.06	15.2
5,000 to 9,999	4,780	630	10,890	.06	14.7
2,500 to 4,999	4,653	597	12,980	.05	13.2
Less than 2,500	5,227	766	13,190	.06	13.5
Total	5,142	711	11,920	.06	14.5

[1] Estimated value includes land, building, and all physical improvements to the property.
[2] Estimated value of land after construction of main building and other improvements.

Average property and mortgage characteristics by States.—Table 33 shows certain average property characteristics of new single-family homes securing mortgages accepted for insurance in each State during 1937. In connection with this table, it should be noted that in the case of plot areas, the arithmetic averages shown tend to run considerably higher than medians; on the other hand, the arithmetic average values per square foot tend to be lower than the medians.

TABLE 33.—*Average characteristics of new single-family homes securing mortgages accepted for insurance, by States, for the year 1937*

State	Average mortgage loan	Ratio of loan to value	Average property valuation	Average land valuation	Plot area in thousands of square feet	Average value per square foot	Percent land coverage
		Percent					
Alabama	$3,951	75.7	$5,220	$871	15.4	$0.06	14.0
Arizona	4,000	74.5	5,368	542	10.0	.05	16.8
Arkansas	3,060	75.4	4,071	560	14.3	.04	12.8
California	4,416	76.9	5,740	933	8.1	.11	24.1
Colorado	4,130	74.1	5,577	600	10.6	.06	16.1
Connecticut	4,846	74.7	6,489	891	15.0	.06	9.9
Delaware	4,861	77.3	6,286	852	7.6	.11	17.3
District of Columbia	7,089	78.3	9,058	1,459	4.1	.35	27.2
Florida	3,932	77.7	5,059	713	8.5	.08	18.0
Georgia	3,713	76.4	4,860	732	16.3	.05	12.0
Idaho	3,214	76.4	4,207	403	9.2	.04	13.3
Illinois	5,900	74.8	7,886	1,240	8.5	.15	16.8
Indiana	4,274	75.7	5,643	819	10.3	.08	15.0
Iowa	4,251	76.9	5,530	704	9.2	.08	15.0
Kansas	3,957	77.3	5,121	599	12.8	.05	13.8
Kentucky	4,499	76.7	5,869	845	9.4	.09	16.1
Louisiana	3,357	77.1	4,356	754	12.9	.06	14.8
Maine	3,120	72.2	4,321	553	7.9	.08	13.7
Maryland	4,845	77.2	6,277	1,087	7.4	.15	20.3
Massachusetts	5,567	76.2	7,310	973	11.3	.09	13.1
Michigan	5,293	75.5	7,012	925	6.1	.13	18.8
Minnesota	4,176	76.6	5,454	597	8.7	.08	14.8
Mississippi	3,137	77.8	4,031	609	15.7	.04	12.8
Missouri	4,291	76.8	5,589	885	10.0	.09	15.4
Montana	3,736	70.1	5,331	437	10.6	.04	14.9
Nebraska	4,242	76.9	5,516	654	7.6	.09	15.8
Nevada	4,687	77.5	6,048	520	8.6	.06	18.6
New Hampshire	3,833	72.9	5,258	472	14.9	.03	10.7
New Jersey	5,475	74.6	7,343	1,325	8.2	.16	16.5
New Mexico	3,465	76.1	4,553	596	10.1	.07	16.0
New York	4,924	75.8	6,494	1,177	5.5	.21	25.6
North Carolina	4,453	76.1	5,853	839	15.2	.07	13.4
North Dakota	4,127	73.0	5,650	531	7.3	.07	14.4
Ohio	5,328	75.8	7,029	1,032	9.3	.11	15.4
Oklahoma	4,122	76.1	5,417	754	10.7	.07	15.9
Oregon	3,428	75.8	4,525	565	9.0	.06	18.9
Pennsylvania	5,059	73.8	6,857	1,038	8.4	.12	21.8
Rhode Island	5,153	72.7	7,090	1,013	8.1	.13	15.3
South Carolina	3,754	75.4	4,977	656	16.5	.04	12.8
South Dakota	3,512	73.3	4,789	544	9.6	.07	13.5
Tennessee	3,541	76.2	4,645	665	16.3	.04	11.3
Texas	3,706	77.6	4,775	763	10.1	.08	16.8
Utah	3,823	76.5	4,906	569	11.4	.07	13.9
Vermont	4,153	74.6	5,568	674	14.0	.05	9.1
Virginia	4,620	76.6	6,029	842	12.8	.08	12.7
Washington	3,583	74.8	4,788	608	10.1	.06	15.0
West Virginia	4,794	77.7	6,168	900	9.5	.10	14.4
Wisconsin	5,410	75.2	7,194	981	7.9	.12	16.1
Wyoming	3,386	74.2	4,561	443	8.4	.05	15.6
Alaska	4,750	70.5	6,734	736	5.0	.15	10.0
Hawaii	3,371	70.1	4,809	1,137	9.2	.12	16.7
United States total	4,541	76.0	5,978	913	9.1	.10	18.6

RENTAL HOUSING PROJECTS

The data in this section relate to the insurance, under section 207 of title II of the National Housing Act, of mortgages on housing projects. The distinguishing characteristic of such mortgages is that in each case a number of dwelling units serve as security for a single mortgage. Through the year 1937, such projects had all been for rental occupancy and are referred to in this text as rental housing projects. The regulations under section 207 were amended late in the year to apply also to blanket mortgages, with appropriate partial release clauses, on projects in which single-family houses may be sold to individual home buyers.

When mortgages are insured under section 207, covering property owned by private business corporations, the act requires that they be regulated or restricted by the Administrator as to rents, charges, capital structure, rate of return, and methods of operation. Properties held by public governmental agencies or by corporations organized under State housing laws, which are regulated or restricted by law, or by the Administration, as to the foregoing items, are also eligible for mortgage insurance. The act required that the housing should be for persons of low income. (This requirement was superseded in the 1938 amendments by a fixed maximum limit on the amount of the mortgage per room.) Since the mortgages insured are to be amortized over a long term, all projects securing them must be so located, planned, and constructed as to assure sustained earning power over an extended period. Furthermore, it is required by regulations that rentals must be made at the lowest rate consistent with sound operation.

Summary of Insuring Operations.

During the year 1937, commitments were issued to insure 45 mortgages on rental housing projects, amounting to $38,325,250. Construction was started on 14 projects, several of which had been approved in preceding years, and was completed on 7 projects.

Thus, at the end of 3 years of insurance operations in the rental housing field, out of 390 applications, 103 projects had been approved for mortgage insurance. Of these, 10 projects had been completed, 11 were under construction, 15 more had advanced to the point of completion of financing arrangements, and 12 had not yet completed the financing arrangements. Thus 48 rental housing projects, involving mortgages for $41,694,250 remained on the list of active approvals for mortgage insurance as of December 31, 1937. Of the remaining 55 approved projects, commitments had lapsed on 49, and 6 were held in abeyance. Thirty-eight other projects were still in process of examination and four, in addition to the six previously approved, were being held in abeyance pending further action on the part of the sponsors.

TABLE 34.—*Status of rental housing insurance operations through Dec. 31, 1937*

Status of insuring operations	Volume of mortgages: Number	Volume of mortgages: Amount
Rental project applications received	390	$514,674,583
Under examination	−38	−34,350,760
Held in abeyance	−4	−3,003,000
Cases processed	348	477,320,823
Rejected or withdrawn	−245	−363,078,806
Commitments issued	103	114,242,017
Expired and withdrawn	−49	−68,186,767
Held in abeyance	−6	−4,361,000
Mortgages accepted for insurance	48	41,694,250
Commitments outstanding	−12	−16,441,000
Financing arranged	−15	−10,248,250
Premium-paying mortgages [1]	21	15,005,000

[1] Including 11 projects, with mortgages valued at $8,325,000, under construction, and 10 projects, with mortgages valued at $6,680,000 in operation (including 1 mortgage for $1,150,000 refinanced).

A total of 245 projects had been examined and had been either rejected because of lack of economic soundness or an improperly selected site, or withdrawn by the sponsors prior to formal action by the Administration.

Mortgage Characteristics.

The mortgages on the 48 projects approved as of December 31, 1937, range in amount from $35,000 to $2,660,000, with an average of $868,630. Seventeen of the mortgages are for less than $500,000 each. The mortgage loans average $984 per room, with a range from $242 per room for one project to $1,316 for another.

The principal obligation of all the loans, $41,694,250, represents 77 percent of the total appraised value of $54,088,031 for the 48 projects. None of the mortgage loans exceeds the total cost of physical improvements, with the average about 10 percent less.

The mortgages on 34 of the projects with financing arrangements completed, carry a 4½ percent interest rate, and the other two, 4 percent. In the majority of cases, the total mortgage payment covering both interest and amortization amounts to 6½ percent annually for the life of the mortgage and is paid in semi-annual installments. Thus, the amortization during the first year amounts to approximately 2 percent of the principal and gradually increases thereafter as the interest payments, which are computed on outstanding balances, diminish. Complete amortization under such mortgages is effected in 26½ years.

Financing.

Of the total valuation of all projects, the sponsors have obtained or expect to obtain 77 percent from the proceeds of the insured mortgage loans. They themselves provide an equity investment of 23 percent, of which 11 percent represents the appraised value of the land, and the remaining 12 percent, cash and services.

The total valuation of the projects includes physical improvements valued at 84 percent of the total, land valued at 11 percent, and carrying charges, working capital and miscellaneous expenses, 5 percent.

During the initial period of operation of a rental housing project, the maximum dividends allowable range from 2 to 6 percent on the equity investment of the owner. The average stated rate is 5 percent on the equity and, therefore, amounts to less than 1.2 percent on the total valuation. After the required reserves have been built up and a specified prepayment of amortization has been made, additional dividends, not in excess of 2 percent for any 1 year, may be paid out of surplus earnings of the corporation, with the permission of the Administrator.

Mortgage loans on rental housing projects have been made or arranged with the following types of institutions: Life insurance companies, 25 mortgage loans; banks, 5; RFC Mortgage Co., 5; and a State workmens' insurance board, 1.

Size and Character of Projects.

The 48 approved projects range in size from 10 to 1,004 dwelling units, with an average of 234. Thirty-two of the projects, comprising 74 percent of the total dwelling units, consist of two- and three-story walk-up apartments. Ten projects, with 20 percent of the dwelling

units, are elevator apartments, while the remaining 6 projects consist of one-family free-standing houses.

The average land coverage of building structures is 23 percent, with a range from 6 percent for a detached housing project in Arkansas, to 45 percent for an elevator apartment development in a metropolitan district in New Jersey. The sites range in area from less than half an acre to 76 acres, with an average of about 12½ acres.

The average valuation per room (including buildings and land) ranges from $352 for a refinanced modernization project to $1,670 for a fully fire-proof 10-story elevator apartment, with an average for all projects of $1,263. The average value per family unit is $4,806.

Construction costs per cubic foot vary with the character and location of the project. For new construction, they range from 17 cents per cubic foot for a development of one-story detached houses in Georgia, to 43 cents for a 10-story elevator apartment in New Jersey. The average for all projects is 33 cents per cubic foot.

TABLE 35.—*Rental housing projects classified by type of structure through Dec. 31, 1937*

Type of project	Number of stories	Total projects		Total family units		Total rooms	
		Number	Percent	Number	Percent	Number	Percent
Walk-up apartments	2 to 3	32	66.7	8,300	73.7	31,257	73.0
Elevator apartments	4 to 10	10	20.8	2,220	19.7	7,896	18.4
Detached houses	1 to 2	6	12.5	738	6.6	3,673	8.[illegible]
Total		48	100.0	11,258	100.0	42,826	100.[illegible]

TABLE 36.—*Rental housing projects classified by number of dwelling units through Dec. 31, 1937*

Number of dwelling units provided	Total housing projects	
	Number	Percent
Less than 100	12	25.0
100 to 199	12	25.0
200 to 299	13	27.1
300 to 399	3	6.3
400 to 499	4	8.3
500 or more	4	8.3
Total	48	100.0

Size and Character of Dwelling Units.

The 48 rental-housing projects accepted for insurance through December 31, 1937, provide 42,826 rooms, or 11,258 family-dwelling units, an average of 3.8 rooms per unit. For the walk-up type projects, 81 percent of the apartments are from 3 to 4 rooms in size, the 3-room being most popular with approximately 40 percent of the total. The suites in elevator apartments tend to be slightly larger, with 3½ rooms found in 30 percent of the cases. The "half room" is most frequently a dining alcove; in no case has room-count credit been allowed for bathrooms. The detached houses afford larger quarters with 86 percent comprising from 4½ to 6 rooms. The 4½-room type, usually comprising two bedrooms, living room, kitchen, and dining alcove, is the most popular in this group.

TABLE 37.—*Dwelling units in rental housing projects classified by number of rooms and type of project through Dec. 31, 1937*

Number of rooms	Type of rental-housing project				Number of rooms	Type of rental-housing project			
	Walk-up	Elevator	Detached	Total		Walk-up	Elevator	Detached	Total
	Percent	*Percent*	*Percent*	*Percent*		*Percent*	*Percent*	*Percent*	*Percent*
1 room		0.7		0.1	5 rooms	8.4	2.6	18.0	8.8
2 rooms	1.9	3.9		2.0	6 rooms	.1	.6	27.0	4.4
2½ rooms	.3	4.8		1.1	7 rooms	.2		1.1	.3
3 rooms	39.9	25.4	6.1	31.8					
3½ rooms	14.6	30.4		15.4	Total	100.0	100.0	100.0	100.0
4 rooms	26.4	11.2	7.1	20.4	Percent of total	66.7	20.8	12.5	100.0
4½ rooms	8.2	20.4	40.7	15.7					

Rentals.

The monthly rentals range from $4 to $22 per room with an average rental of $13.91. In 63 percent of the dwelling units the rentals are less than $15 per room per month.

Sixty-five percent of the dwelling units rent for less than $60 a month, and the average is $53.55.

TABLE 38.—*Rooms in rental-housing projects, classified by monthly rentals [1] through Dec. 31, 1937*

Monthly rental per room	Total rooms provided	
	Number	Percent
Less than $5	1,495	3.5
$5 to $9	5,775	13.5
$10 to $14	21,839	51.0
$15 to $19	13,616	31.8
$20 or more	101	.2
Total	42,826	100.0

[1] In compiling this table, a 4-room house or apartment renting at any amount from $40 to $59.99 per month is tabulated as 4 rooms in the $10 to $14 rental class, etc.

TABLE 39.—*Dwelling units in rental-housing projects classified by monthly rental through Dec. 31, 1937*

Monthly rental per dwelling unit	Total dwelling units		Monthly rental per dwelling unit	Total dwelling units	
	Number	Percent		Number	Percent
Less than $20	390	3.5	$60 to $69	3,501	31.6
$20 to $29	40	.4	$70 or more	332	2.9
$30 to $39	1,532	13.6			
$40 to $49	3,213	28.5	Total	11,258	100.0
$50 to $59	2,190	19.5			

TABLE 40.—*Premium-paying mortgages on rental-housing projects as of Dec. 31, 1937*

Projects	Location	Type of structure	Number of family units	Project valuation	Mortgage principal
Crossett Housing Inc	Crossett, Ark	1- and 2-story, detached	199	$140,124	$320,000
Colonial Village, Inc	Arlington, Va	2-story, walk-up	276	1,128,600	875,000
Colonial Village extension	do	do	462	1,860,800	1,480,000
Colonial Village addition	do	do	230	905,500	725,000
Falkland Property, Inc	Silver Spring, Md	2- and 3-story, walk-up	181	1,100,000	840,000
Linwood Colonial Apartments	Indianapolis, Ind	3-story, walk-up	40	200,000	159,000
Elm Terrace, Inc	York, Pa	4- to 6-story, elevator	43	183,344	141,000
Meadville Housing Corporation	Meadville, Pa	2-story, detached	202	1,002,000	800,000
Chicopee Falls Housing Corporation	Chicopee Falls, Mass	2- and 3-story, walk-up	216	277,000	190,000
Housing Co. of Dundalk	Baltimore, Md	2-story, walk-up	272	1,034,488	800,000
Country Club Apartments	Greensboro, N. C	do	86	471,000	365,000
Falkland addition	Silver Spring, Md	2- and 3-story, walk-up	303	1,618,000	1,225,000
Brentwood Village	Washington, D. C	3-story, walk-up	440	2,090,000	1,650,000
Green Tree Manor	Louisville, Ky	2-story, walk-up	265	1,397,000	1,000,000
University Apartments	Durham, N. C	3-story, walk-up	114	635,000	500,000
Myrtle Apartments	Charlotte, N. C	2- and 3-story, walk-up	72	405,000	300,000
Coles Manor	Dallas, Tex	2-story, walk-up	98	431,071	300,000
Second Buckingham Community	Arlington, Va	do	98	441,500	325,000
First Buckingham Community	do	2- and 3-story, walk-up	524	2,429,000	1,825,000
Parkbelt Homes	Greenbelt, Md	1-story, detached	10	48,750	35,000
Chester Crest Apartments [1]	Fleetwood, N. Y	5-story, elevator	279	1,602,340	1,150,000
Total for 21 projects			4,416	19,701,117	15,005,000

[1] Mortgage refinanced by a life insurance company after completion of construction, and Federal Housing Administration mortgage insurance terminated.

MODERNIZATION CREDIT INSURANCE

The general authority of the Federal Housing Administration, under title I of the National Housing Act, to insure modernization loans made by private lending institutions for the purpose of repairing, modernizing, or improving homes and other properties, extended from June 27, 1934, to April 1, 1937.[1] Of the $560,603,240 which represented the total face amount of notes insured during that period, only $60,382,598 were reported after January 1, 1937, and a part of this sum represents loans made in 1936 that were not reported by lending institutions until 1937, within the limit of 31 days permitted for the reporting of these notes for insurance. Accordingly, the data presented in this section aim to present primarily a recapitulation of the total loans insured, and an analysis of the claims paid to date on those in default, rather than a detailed account of the 1937 operations.

Summary of Insuring Operations.

Table 41 indicates the general distribution of the insured notes, according to certain basic divisions arising from the nature of the authorizing legislation and from the administrative regulations.

Twenty-percent reserve.—The regular loans (made under sec. 2 of title I) amounting to $368,601,076, listed in table 41 as coming within the "20-percent reserve" provisions, were all made prior to April 1, 1936. Any approved lending institution holding a contract of insurance could be reimbursed for the outstanding principal amount of defaulted notes, up to 20 percent of the total of such credit advanced by that institution.

Within this category, the notes for from $2,000 to $50,000, which were confined to certain specified types of property, were all made subsequent to the amendments of May 28, 1935, and prior to April 1, 1936, a period of about 10 months. During that period the insurance of loans made to finance the purchase of various types of movable household equipment was permitted. Under this provision, a considerable number of loans were insured covering the purchase of such items as mechanical refrigerators and washing machines.

Ten-percent reserves.—The regular "10-percent reserve," or section 2, loans amounting to $191,721,819, were all made during the 12 months between April 1, 1936, and April 1, 1937. Under the revised regulations in effect during that period, one reserve fund was established for each active lending institution to cover losses on loans of $2,000 or less on homes and other types of property. Another reserve was set up for each lending institution for all loans for from $2,000 to $50,000, which were confined to specified classes of commercial and other properties. Thus, any institution with losses exceeding 10 percent on the larger or class-A loans during this period would not be permitted to draw on any excess reserves arising from advances made on the smaller class-B loans.

During the year in which the 10-percent reserve provision was in effect, loans made for the purpose of financing the purchase and installation of movable equipment and machinery, particularly in one-family homes and other buildings subject to the $2,000-loan maximum limitation, were much restricted, and movable household equipment such as mechanical refrigerators and washing machines was entirely excluded.

[1] Authority to insure such loans was revived, effective February 3, 1938, with some modifications, by the National Housing Act amendments of 1938, for a period extending not later than June 30, 1939.

In order to safeguard the Government's interest in granting insurance on the larger loans during the last 12 months of operation, it was provided that all loans exceeding $5,000 be submitted to the Federal Housing Administration for prior approval.

Section 6—Loans.—One hundred and fifty-nine loans made between April 1936, and prior to April 1, 1937, were classified as "catastrophe loans" authorized under section 6. For reserve purposes, these loans were grouped with the regular 10 percent reserve loans made during the same period. Under this section repairs or replacement of property improvements damaged or destroyed by earthquake, conflagration, tornado, cyclone, hurricane, flood, wind, or other catastrophe, were permitted either on the same site, or on a new site in the same locality.

Under the act of April 22, 1937, authorizing the continuation of section 6 loans, it was provided that payment of losses could be made from reserves built up through any preceding modernization loans, under either the 20 or 10 percent insurance reserve provision.

TABLE 41.—*Modernization and repair notes insured by type of loan and insurance reserve, cumulative through December 1937*

Reserve	Notes for less than $2,000		Notes for $2,000 to $50,000		Total	
	Number	Amount	Number	Amount	Number	Amount
Section 2 (regular loans):						
20 percent reserve	1,024,417	$339,506,504	5,534	$29,094,572	1,029,951	$368,601,076
10 percent reserve	413,932	164,877,810	6,461	26,844,009	420,393	191,721,819
Total	1,438,349	504,384,314	11,995	55,938,581	1,450,344	560,322,895
Section 6 (catastrophe loans):						
10 percent reserve	149	78,787	10	56,548	159	135,335
20 percent reserve [1]	353	134,044	4	10,966	357	145,010
Total	502	212,831	14	67,514	516	280,345
Grand total	1,438,851	504,597,145	12,009	56,006,095	1,450,860	560,603,240

[1] Amended Apr. 27, 1937.

Characteristics of Notes Insured.

Tables 42 and 43 indicate that the earlier 20-percent reserve notes tended to be for longer terms and smaller amounts than the later notes insured under the 10-percent provision during the last 12 months of operation of the plan. Thus, 60.2 percent of the 20-percent reserve notes ran for more than 30 months or 2½ years, whereas only 49.5 percent of the 10 percent reserve notes ran for a similar period. The increase in the average size of the notes under the 10-percent provision is attributed mainly to the elimination of loans on movable equipment for household use.

TABLE 42.—*Modernization notes classified by size of loan by insurance reserve*

Amount of loan	Percent of total number of notes: 20-percent reserve	Percent of total number of notes: 10-percent reserve [1]	Percent of total number of notes: All reserves	Amount of loan	Cumulative percentage of total number of notes: 20-percent reserve	Cumulative percentage of total number of notes: 10-percent reserve [1]	Cumulative percentage of total number of notes: All reserves (percent)
$100 and less	10.6	4.6	8.9	$100 and less	10.6	4.6	8.9
$101 to $200	33.1	22.6	30.0	$200 and less	43.7	27.2	38.9
$201 to $300	20.4	22.2	20.9	$300 and less	64.1	49.4	59.8
$301 to $400	11.5	15.5	12.6	$400 and less	75.6	64.9	72.4
$401 to $500	6.8	10.4	7.9	$500 and less	82.4	75.3	80.3
$501 to $600	4.8	7.7	5.6	$600 and less	87.2	83.0	85.9
$601 to $800	4.5	6.5	5.1	$800 and less	91.7	89.5	91.0
$801 to $1,000	2.7	3.5	2.9	$1,000 and less	94.4	93.0	93.9
$1,001 to $1,500	3.1	3.7	3.3	$1,500 and less	97.5	96.7	97.2
$1,501 to $2,000	1.6	1.5	1.6	$2,000 and less	99.1	98.2	98.8
More than $2,000	.9	1.8	1.2	All groups	100.0	100.0	100.0
Total	100.0	100.0	100.0				

[1] Amendment reducing Insurance Reserve to 10 percent and declaring notes of $2,000 and less for the purchase of detachable machinery and equipment ineligible for insurance, effective Apr. 1, 1936.

CHART XVII

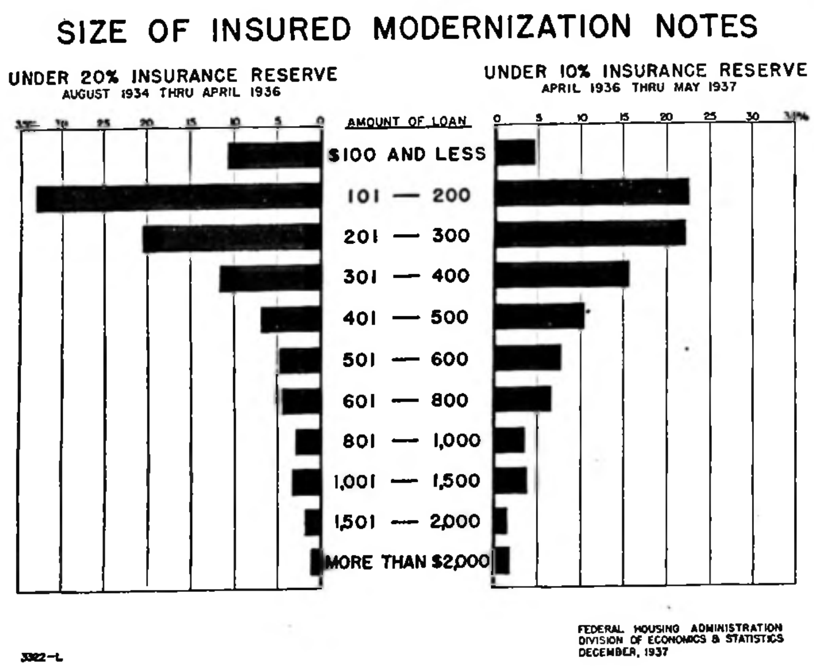


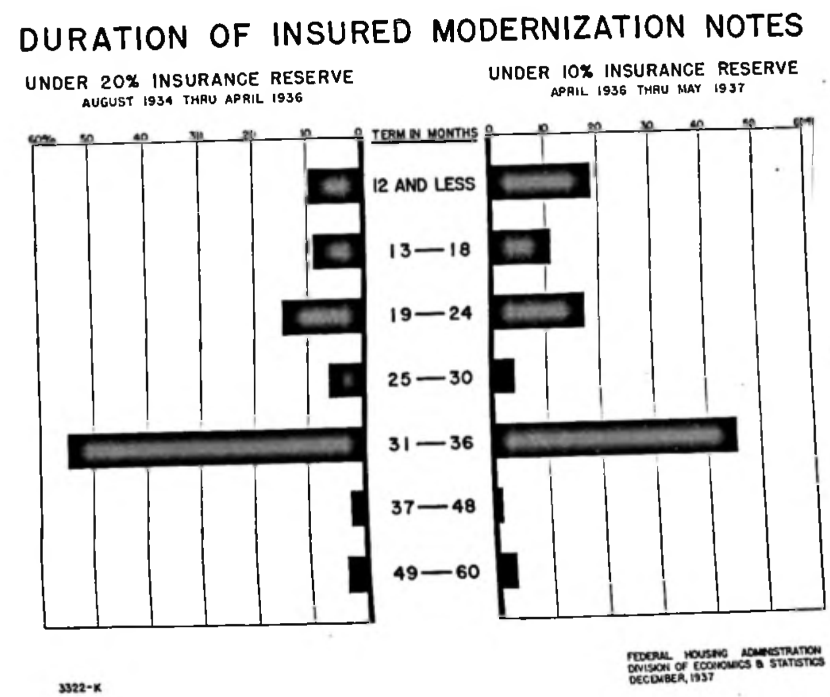
TABLE 43.—*Modernization notes classified by duration by insurance reserve*

[Based on a selected sample]

Term of note	Percent of total number of notes: 20 percent reserve	Percent of total number of notes: 10 percent [1] reserve	Percent of total number of notes: All reserves	Term of note	Cumulative percentage of total notes: 20 percent reserve	Cumulative percentage of total notes: 10 percent [1] reserve	Cumulative percentage of total notes: All reserves
	Percent	*Percent*	*Percent*		*Percent*	*Percent*	*Percent*
12 months and less	9.9	18.8	12.2	12 months and less	9.9	18.8	12.2
13 to 18 months	8.7	10.8	9.2	18 months and less	18.6	29.6	21.4
19 to 24 months	15.0	17.1	15.5	24 months and less	33.6	46.7	36.9
25 to 30 months	6.2	3.8	5.6	30 months and less	39.8	50.5	42.5
31 to 36 months	54.6	45.4	52.2	36 months and less	94.4	95.9	94.7
37 to 48 months	2.3	1.0	2.0	48 months and less	96.7	96.9	96.7
49 to 60 months	3.3	3.1	3.3	All groups	100.0	100.0	100.0
Total	100.0	100.0	100.0				

[1] Amendment reducing insurance reserve to 10 percent, and declaring notes of $2,000 and less for the purchase of detachable machinery and equipment ineligible for insurance, effective Apr. 1, 1936.

CHART XVIII



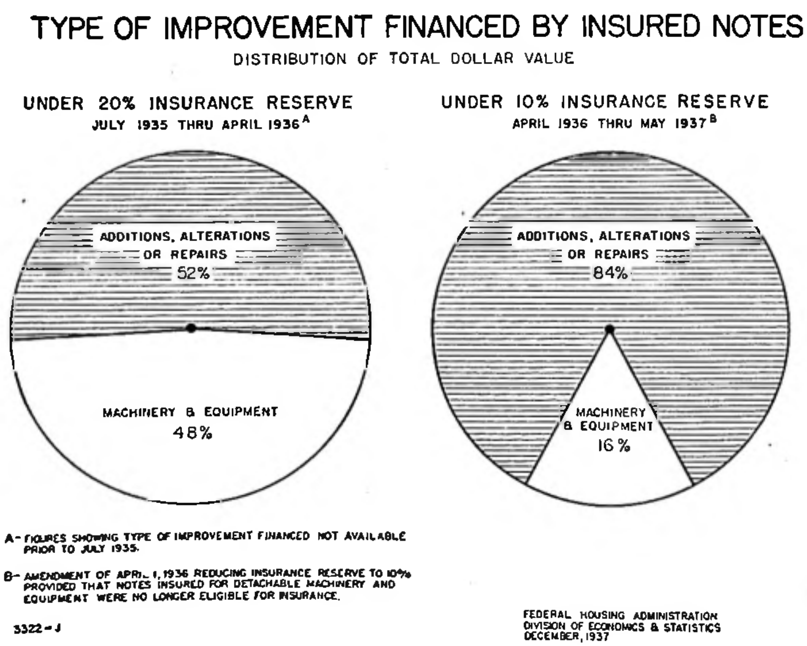
Type of improvement financed.—The effect of the amendment of April 1936, is clearly indicated by table 44 and chart XIX. For the last 9 months of operations under the 20-percent insurance reserve, approximately 48 percent of the total value of insured modernization credit advanced was for the purpose of purchasing and installing machinery and equipment; the remaining credit was for additions, alterations, or repairs.

TABLE 44.—*Major types of property improvement financed under 20-percent and 10-percent insurance reserves by quarterly periods, July 1935 through May 1937*

Insurance reserve and quarterly period	Percent of total number of notes insured for—			Percent of total value of notes insured for—		
	Additions, alterations, or repairs	Machinery and equipment	All improvements	Additions, alterations, or repairs	Machinery and equipment	All improvements
20-PERCENT RESERVE						
1935:						
July, August, and September [1]	53.3	46.7	100	65.7	34.3	100.0
October, November, and December	36.8	63.2	100	51.1	48.9	100
1936:						
January, February, and March	26.8	73.2	100	41.3	58.7	100
April [2]	32.0	68.0	100	44.0	56.0	100
Total, 20-percent reserve	38.2	61.8	100	51.6	48.4	100
10-PERCENT RESERVE						
1936:						
April, May, and June	90.9	9.1	100	86.1	13.9	100
July, August, and September	84.8	15.2	100	81.0	19.0	100
October, November, and December	82.8	17.2	100	81.9	18.1	100
1937:						
January, February, and March	90.3	9.7	100	87.9	12.1	100
April and May [3]	93.0	7.0	100	89.2	10.8	100
Total, 10-percent reserve	86.9	13.1	100	84.3	15.7	100
Total, all reserves	53.2	46.8	100	63.4	36.6	100

[1] No figure showing major types of improvement financed were available prior to July 1, 1935. Amendment of May 1935 provided that loans advanced for the purchase of certain types of detachable equipment were eligible for insurance.
[2] Notes insured under the 20-percent reserve during March but not reported until after the amendment of Apr. 1, 1936, reducing the insurance reserve to 10 percent. Institutions were allowed 31 days in which to report notes.
[3] Notes made prior to Apr. 1, 1937, but reported within the next 31 days, as permitted by the regulations.

CHART XIX



During the period from April 1, 1936, to April 1, 1937, when notes insured under the 10-percent reserve were made, 84 per cent of the amount of the notes was for the purpose of financing additions, alterations, or repairs, as against only 16 percent for the purchase and installation of machinery and equipment.

TABLE 45.—*Modernization notes classified by types of property improved and type of improvement financed for all notes as reported from June 1935 through May 1937*

Type of property improved	Percent of total		Percent of total value of improvement		
	Number	Amount	Total	Alterations or repairs	Machinery and equipment
Single-family residential	66.9	53.8	100	68.4	31.6
Multiple residential	18.3	17.6	100	68.0	32.0
Retail store and service trades	6.7	13.1	100	48.4	51.6
Commercial other than retail	1.3	4.3	100	56.0	44.0
Farm property	3.6	3.7	100	66.5	33.5
Industrial property	.6	3.6	100	34.6	65.4
Institutional property	.4	.9	100	69.8	30.2
Unclassified property	2.2	3.0	100	52.3	47.7
Total all types	100.0	100.0	100	63.4	36.6

Tables 46 and 47 indicate the two major types of improvement financed for each type of property improved for loans in the $2,000 and under class, and in the $2,000 to $50,000 class, respectively.

Types of property improved.—The bulk of the modernization credit loans insured were used for improving dwellings. Single-family houses numbering 969,427 accounted for $301,692,242 or 53.8 percent of the total; multiple residences accounted for $98,463,341 or 17.6 percent. Thus the combined loans for non-farm residential properties constituted 71.4 percent of the total amount.

The wide distribution of the remaining loans by types of property is indicated in tables 46 and 47.[1] The 52,093 farm properties improved ranked second in point of number, while loans for improving stores ranked second in dollar amount. Six thousand and sixty-five institutional properties including hospitals, churches, schools, and orphanages were improved.

[1] Properties improved with insured notes authorized by the National Housing Act Amendments of 1938 will be tabulated only by 10 major groups; therefore, further data corresponding to these two tables will not be available.

TABLE 46.—*Types of property improved with insured modernization loans of less than $2,000, by type of improvement financed as reported from August 1934 through May 1937*

Type of property improved	Total notes insured			Percent total value of improvement for—		Average value of improvement for—	
	Number	Percent of total number	Amount	Additions, alterations, or repairs	Machinery and equipment	Additions, alterations, or repairs	Machinery and equipment
Single-family residential: Total	969,427	67.40	$301,692,242	68.4	31.6	$385	$220
Multiple residential:							
Multiple-family dwelling	217,830	15.14	72,063,396	67.9	32.1	421	228
Apartment house	45,151	3.14	18,700,290	61.3	38.7	639	266
Total	262,981	18.28	90,763,686	66.5	33.5	450	236
Retail store and service trades:							
Store	32,711	2.27	22,573,098	41.8	58.2	756	650
Garage or repair shop	6,872	.48	3,294,640	29.9	70.1	690	425
Restaurant	12,785	.89	7,894,168	44.7	55.3	773	531
Business with flats	17,484	1.22	8,540,357	22.6	77.4	726	446
Filling station	6,975	.48	3,819,293	38.8	61.2	780	459
Service establishment	15,988	1.11	9,602,277	72.1	27.9	679	464
Total	92,815	6.45	55,723,833	43.6	56.4	731	528
Commercial other than retail:							
Office building	3,576	.25	2,535,477	31.7	68.3	826	666
Hotel	3,982	.28	2,583,421	64.1	35.9	743	530
Warehouse	851	.06	861,469	50.1	49.9	1,053	977
Theater	664	.05	492,606	71.2	28.8	868	545
Other amusement property	1,062	.07	1,079,215	74.3	25.7	1,006	972
Other business property	6,903	.48	4,753,090	49.3	50.7	761	631
Total	17,058	1.19	12,305,284	51.9	48.1	809	646
Farm property:							
Farm residential	37,697	2.62	12,350,684	69.0	31.0	384	247
Farm building	14,297	1.00	6,893,656	64.4	35.6	450	554
Total	51,994	3.62	19,244,340	67.3	32.7	405	315
Industrial property:							
Manufacturing plant	1,928	.13	2,012,504	31.7	68.3	1,055	1,039
Industrial plant	4,152	.29	3,325,970	37.4	62.6	938	738
Total	6,080	.42	5,338,474	35.2	64.8	975	834
Institutional property:							
Hospital	808	.06	639,184	48.5	51.5	809	731
Church	61	(1)	41,383	46.0	54.0	827	588
School or college	585	.04	443,270	61.9	38.1	834	662
Club	2,792	.20	1,655,350	77.0	23.0	610	543
Fraternal organization	761	.05	576,090	71.0	29.0	819	641
Orphanage	776	.05	466,538	70.4	29.6	617	569
Total	5,783	.40	3,821,815	68.4	31.6	683	619
Unclassified property:							
Professional office in dwelling	20,401	1.42	10,408,437	48.8	51.2	547	480
Private (residential) garage	4,038	.28	1,438,271	92.6	7.4	353	400
All other property	7,772	.54	3,860,763	44.5	55.5	972	364
Total	32,211	2.24	15,707,471	51.7	48.3	549	439
Total, all types	1,438,349	100.00	504,597,145	64.0	36.0	423	270

[1] Less than one-hundredth of 1 percent.

TABLE 47.—*Types of property improved with insured modernization loans of $2,000 to $50,000, by type of improvement financed as reported from June 1935 through May 1937*

Type of property improved	Total notes insured			Percent total value of improvement for—		Average value of improvement for—	
	Number	Percent of total number	Amount	Additions, alterations, or repairs	Machinery and equipment	Additions, alterations, or repairs	Machinery and equipment
Multiple-residential:							
Multiple-family dwelling	1,149	9.57	$2,790,776	88.2	11.8	$2,423	$2,625
Apartment house	1,400	11.66	4,908,879	84.8	15.2	3,529	3,532
Total	2,549	21.23	7,699,655	86.0	14.0	3,018	3,194
Retail store and service trades:							
Store	1,942	16.17	9,224,200	65.0	35.0	5,133	4,243
Garage or repair shop	299	2.49	1,127,855	29.9	70.1	3,751	3,818
Restaurant	743	6.19	3,055,609	54.3	45.7	4,137	4,146
Business with flats	357	2.97	1,401,171	66.9	33.1	4,389	3,292
Filling station	213	1.77	690,372	62.4	37.6	3,598	2,823
Service establishment	687	5.72	2,467,848	81.8	18.2	3,580	3,806
Total	4,241	35.31	17,967,055	63.3	36.7	4,452	3,979
Commercial other than retail:							
Office building	303	2.53	1,474,827	62.8	37.2	5,589	4,069
Hotel	375	3.12	1,915,631	74.0	26.0	5,105	5,259
Warehouse	305	2.54	1,834,488	66.8	33.2	7,098	4,688
Theater	73	.61	313,317	77.2	22.8	4,178	4,768
Other amusement property	201	2.42	1,818,958	63.1	36.9	5,891	7,161
Other business property	891	7.42	4,594,516	48.6	51.4	5,656	4,822
Total	2,238	18.64	11,951,737	60.1	39.9	5,692	4,969
Farm property: Commercial farm property	99	.82	645,573	41.9	58.1	5,415	7,830
Industrial property:							
Manufacturing plant	1,026	8.54	6,271,903	28.3	71.7	7,132	5,837
Industrial plant	1,330	11.08	9,080,371	38.6	61.4	7,044	6,772
Total	2,356	19.62	15,352,274	34.4	65.6	7,073	6,320
Institutional property:							
Hospital	155	1.29	852,969	64.4	35.6	6,396	4,541
Church	1	.01	3,276		100.0		3,276
School or college	59	.49	264,691	79.5	20.5	5,139	3,022
Club	44	.37	191,629	96.5	3.5	4,411	3,336
Fraternal organization	11	.09	37,830	94.4	5.6	3,000	2,030
Orphanage	12	.10	74,237	85.7	14.3	7,080	3,544
Total	282	2.35	1,424,032	73.4	26.6	5,567	4,069
Unclassified property:							
Professional office in dwelling	118	.98	386,600	59.9	40.1	3,679	2,878
All other property	126	1.05	578,509	64.0	36.0	4,480	4,871
Total	244	2.03	965,109	62.3	37.7	4,134	3,762
Total, all types	12,009	100.00	56,006,095	57.8	42.2	4,534	4,939

Claims Paid by Types of Reserve.

It is not now possible to draw complete conclusions from the following table showing claims paid under the 20 and 10 percent reserve provisions for notes of different classes. It is too early to determine to what extent the higher proportion of claims paid under the 20 percent reserve may be due to the fact that these notes were made earlier and hence have had more time in which to run into default, or to the fact that the 20 percent reserve included loans covering the purchase of movable household equipment, a type of loan which was recognized at the time as subject to special hazards. For both the 20 and 10 percent reserves, the ratio of losses has been smaller for the notes for from $2,000 to $50,000 than for the smaller notes. This appears to be in keeping with the more careful credit investigations which were deemed to be warranted for the larger notes.

TABLE 48.—*Claims paid on insured notes by type of loan and insurance reserve, cumulative through December 1937*

Reserve	Notes for less than $2,000		Notes for $2,000 to $50,000		Total	
	Number	Amount	Number	Amount	Number	Amount
SECTION 2 (REGULAR LOANS)						
10 percent reserve	4,583	$1,606,021	48	$107,723	4,631	$1,713,744
20 percent reserve	50,668	11,101,508	120	407,902	50,794	11,509,410
Total	55,251	12,707,529	174	515,025	55,425	13,223,154
SECTION 6 (CATASTROPHE LOANS)						
10 percent reserve	2	76			2	76
Grand total	55,253	12,707,605	174	515,025	55,427	13,223,230

Loans and Claims Paid by Quarterly Periods.

The following table and chart,[1] which show the quarterly totals of modernization loans reported for insurance and claims paid, indicate that the peak volume of loans was reached in the final quarter of the year 1935, and the peak volume of claims paid was reached 1 year later, in the final quarter of 1936. Since that period the quarterly amount of claims paid has decreased steadily.

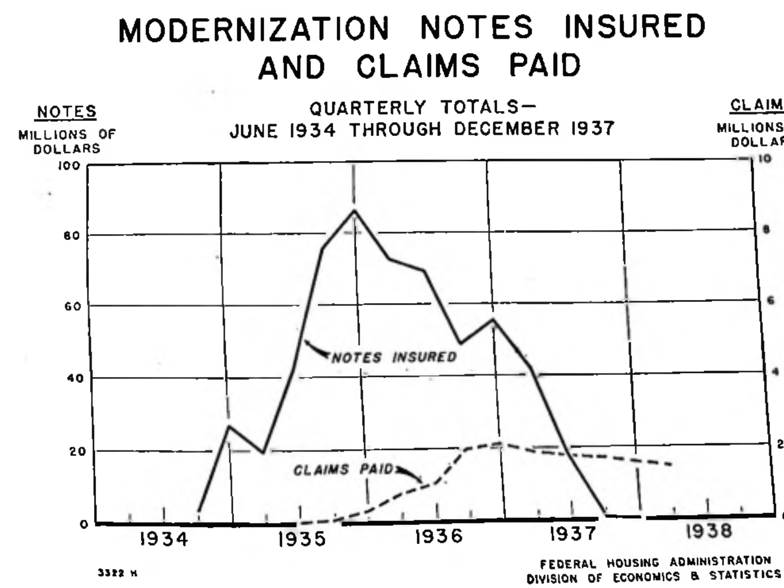
[1] The chart includes the amount reported during the first quarter of 1938.

TABLE 49.—*Modernization notes insured and claims paid June 1934 through December 1937—Quarterly totals*

Quarter	Modernization notes insured		Claims paid	
	Number	Amount	Number	Amount
1934				
August–September	7,875	$3,526,020		
October–December	64,783	26,924,563		
Total	72,658	30,450,583		
1935				
January–March	40,160	19,666,280		
April–June	105,913	41,870,214	86	$36,496
July–September	222,685	75,727,778	249	98,517
October–December	260,080	86,355,874	953	312,435
Total	635,747	223,620,146	1,288	447,448
1936				
January–March	219,974	72,486,632	3,197	776,088
April–June	158,044	69,325,326	4,706	1,025,499
July–September	109,533	48,787,973	8,641	1,979,112
October–December	130,140	55,549,982	8,771	2,104,186
Total	617,697	246,149,913	25,315	5,884,885
1937				
January–March	93,351	42,587,413	7,867	1,895,131
April–June [1]	31,128	17,668,394	7,313	1,758,242
July–September	189	91,570	6,733	1,678,165
October–December	90	35,212	6,911	1,559,359
Total	124,758	60,382,598	28,824	6,890,897
Grand total	1,450,860	500,603,240	55,427	13,223,230

[1] Includes adjustments in 2,350 loans for $375,873 reported Thursday, Dec. 31, 1937.

CHART XX



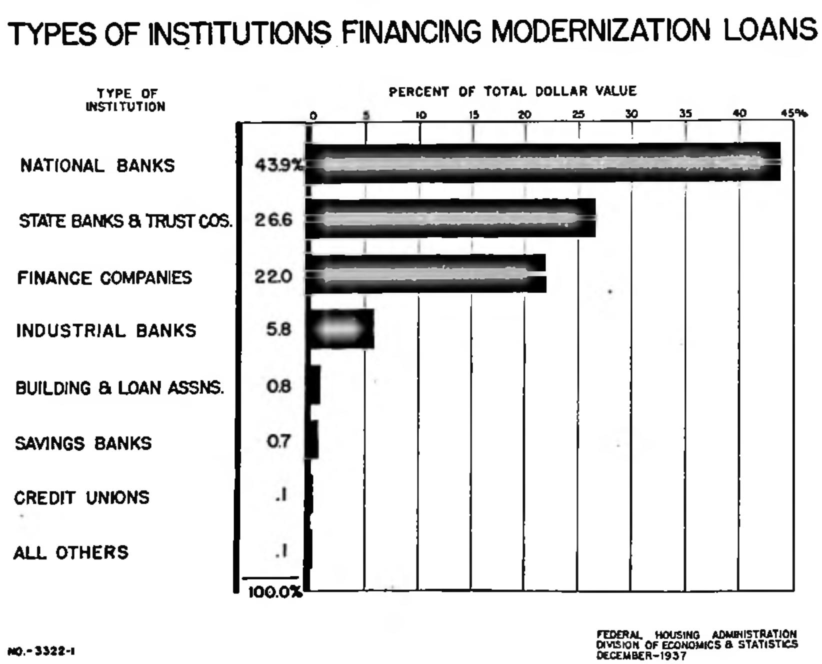
Insured Notes and Claims by Types of Financing Institutions.

Of the total amount of modernization notes reported for insurance during the early months of 1937, nearly half, or 49 percent, was loaned by national banks, and 28 percent by State banks and trust companies. Thus, the two types of commercial banks accounted for 77 percent of the total, a greater concentration of business among these institutions than in any preceding year. Finance companies, on the other hand, did only 15 percent of the final months' business, as compared to 23 percent for the period up to December 31, 1936. However, the business reported during 1937 did not materially affect the cumulative distribution of insured modernization loans among the different classes of lending institutions as shown in the following table:

TABLE 50.—*Lending institutions financing modernization notes cumulative through December 1937*

Type of institution	Number of institutions	Total volume of notes insured		
		Number	Amount	Percent of total amount
National banks	2,794	619,202	$246,197,883	43.9
State banks and trust companies	3,014	353,204	149,016,751	26.0
Finance companies	149	307,357	123,653,378	22.0
Industrial banks	77	91,272	32,476,300	5.8
Building and loan associations	296	8,180	4,409,705	.8
Savings banks	62	10,301	4,116,509	.7
Credit unions	28	794	408,119	.1
All others	13	550	324,589	.1
Total	6,433	1,450,860	560,603,240	100.0

CHART XXI



The following table indicates the claims paid to the various types of lending institutions. Claims for insurance were made by only 1,803, or 28 percent, of the insured institutions reporting modernization notes for insurance while 4,630, or 72 percent, of the institutions have not filed any claims. Hence it appears that the great majority of institutions that made only a small number of loans had excellent experience with them. The finance companies and industrial banks experienced the highest ratio of claims to notes insured, while credit unions and the building and loan associations (many of the latter had the additional protection of mortgage security on their modernization loans) have submitted the smallest percentage of claims.

TABLE 51.—*Claims paid to types of lending institutions cumulative through December 1937*

Type of institution	Number of institutions	Total volume of claims paid			Ratio of claims paid to amount of notes
		Number	Amount	Percent of United States total	
				Percent	*Percent*
National banks	890	17,639	$4,190,868	31.7	1.702
State banks and trust companies	700	9,346	2,375,102	18.0	1.594
Finance companies [1]	105	21,484	5,258,692	39.8	4.253
Industrial banks	50	6,699	1,311,805	9.9	4.039
Building and loan associations	32	57	21,094	.2	.478
Savings Banks	18	183	57,600	.4	1.399
Credit unions	4	6	1,820	(0.01)	.446
All others	4	13	6,249	(0.05)	1.925
Total	1,803	55,427	13,223,230	100.0	2.35[illegible]

[1] Includes 10,949 claims for $1,956,855 on finance-company notes transferred to national-bank ownership.

State Distribution of Notes and Claims Paid.

The distribution of insured modernization and repair notes by the State location of the property, together with the corresponding distribution of claims paid is indicated in the following table.

In 8 States the amount of claims paid through December 1937 exceeded 3 percent of the face amount of the notes insured, while in 22 States, as well as the District of Columbia and Alaska, the ratio was less than 2 percent. Further, no claims had been paid as a consequence of more than 600 modernization loans on properties in Hawaii, Puerto Rico, and the Canal Zone.

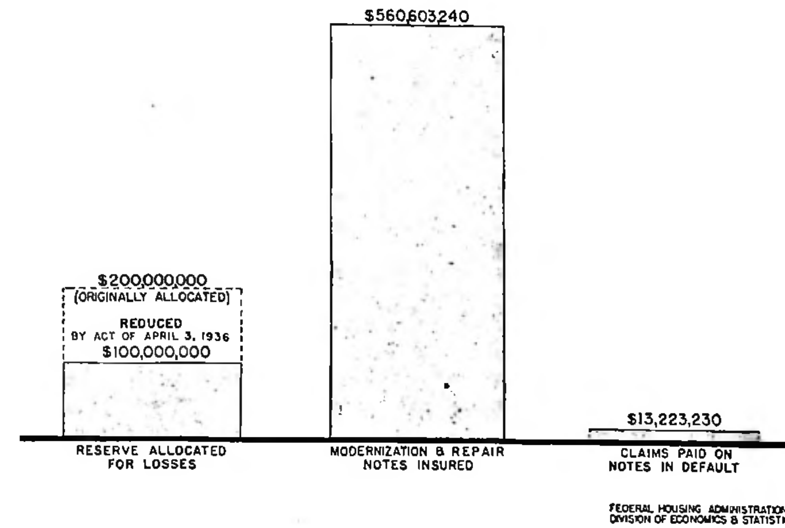
TABLE 52.—*State distribution of insured notes and of claims paid on insured notes in default, by location of property improved, Dec. 31, 1937*

State	All notes		Claims paid		Ratio claims to notes
	Number	Amount	Number	Amount	
Alabama	12,099	$4,012,965	473	$108,852	2.71
Arizona	10,962	4,258,947	369	109,958	2.58
Arkansas	10,475	3,791,144	1,035	241,404	0.37
California	224,617	78,059,815	6,953	1,707,029	2.19
Colorado	7,954	3,040,274	203	44,807	1.48
Connecticut	22,847	9,349,525	510	139,897	1.50
Delaware	3,139	1,473,649	69	21,752	1.48
District of Columbia	9,172	4,568,035	131	56,516	1.24
Florida	18,844	7,943,561	1,281	355,291	4.47
Georgia	16,890	6,559,851	689	151,308	2.31
Idaho	8,129	2,623,146	314	65,479	2.50
Illinois	71,451	27,597,955	2,226	488,551	1.77
Indiana	38,901	12,183,698	1,407	277,454	2.28
Iowa	14,711	5,570,668	304	76,676	1.38
Kansas	9,238	2,845,967	337	65,951	2.32
Kentucky	14,386	5,268,444	488	112,119	2.13
Louisiana	15,007	4,306,865	783	138,336	3.21
Maine	4,200	1,652,712	124	36,859	2.23
Maryland	20,438	8,450,941	539	155,551	1.84
Massachusetts	51,646	19,604,703	1,494	428,614	2.19
Michigan	72,697	23,175,238	4,090	696,259	3.00
Minnesota	24,366	9,482,457	382	87,269	.92
Mississippi	7,486	3,024,673	395	72,825	2.41
Missouri	40,457	12,720,426	2,210	457,478	3.59
Montana	3,342	1,776,013	55	14,389	.81
Nebraska	6,050	2,114,043	257	48,582	2.30
Nevada	2,324	1,098,160	55	18,596	1.69
New Hampshire	4,935	2,086,199	131	40,316	1.93
New Jersey	95,771	38,265,617	6,138	1,446,096	3.78
New Mexico	2,575	1,335,519	51	15,258	1.14
New York	232,046	117,408,040	8,775	2,709,154	2.31
North Carolina	11,175	4,195,409	516	99,910	2.38
North Dakota	1,795	935,984	71	15,742	1.68
Ohio	59,020	19,151,261	1,250	266,351	1.39
Oklahoma	14,833	4,850,501	809	142,200	2.93
Oregon	21,528	7,421,194	665	133,335	1.80
Pennsylvania	84,522	31,211,134	3,230	760,754	2.44
Rhode Island	10,762	4,564,760	314	90,544	1.98
South Carolina	6,473	2,525,581	347	76,544	3.03
South Dakota	2,158	971,420	56	17,157	1.77
Tennessee	15,875	5,921,257	606	124,670	2.11
Texas	43,760	15,053,427	2,406	454,505	3.02
Utah	7,220	2,700,734	188	39,353	1.46
Vermont	2,203	864,316	58	11,030	1.28
Virginia	17,140	7,381,946	443	118,594	1.61
Washington	47,898	16,268,841	1,630	335,445	2.06
West Virginia	5,928	2,408,894	180	41,909	1.74
Wisconsin	17,439	7,285,701	321	91,830	1.26
Wyoming	1,916	987,312	32	11,602	1.18
Alaska	183	163,351	7	3,030	1.85
Hawaii	595	333,542			
Puerto Rico	20	18,980			
Canal Zone	3	4,067			
Adjustments	1,169	−274,718			
United States	1,450,860	560,603,240	55,427	13,223,230	2.36

CHART XXII

STATUS OF MODERNIZATION CREDIT OPERATIONS

THROUGH DECEMBER 31, 1937



ACCOUNTS AND FINANCE

From the inception of the Federal Housing Administration there have been prepared and submitted to the Director of the Budget regular estimates for the payment of salaries and expenses of the Administration. Upon approval of the estimates, requisition was made upon the Reconstruction Finance Corporation for funds to be made available to the Federal Housing Administration in accordance with the provisions of section 4, title I of the National Housing Act which provides:

> For the purposes of carrying out the provisions of this title and titles II and III, the Reconstruction Finance Corporation shall make available to the Administrator such funds as he may deem necessary * * *.

These funds were deposited by the Reconstruction Finance Corporation in the Treasury of the United States. The Treasury Department in cooperation with the Comptroller General of the United States established the regular governmental appropriation procedure for the funds deposited from the Reconstruction Finance Corporation in an account entitled "OX-681—Salaries and expenses, Federal Housing Administration (allocation from Reconstruction Finance Corporation)."

The funds were made available for disbursement through the Chief Disbursing Office of the Treasury Department in accordance with regular governmental appropriation, requisition, and disbursement procedure. Operating expenses charged to this account during the period July 1, 1934, to December 31, 1937, in comparison with the volume of business generated, are shown below:

71114—38——7

Comparison of operating expenses to business generated July 1, 1934, to Dec. 31, 1937

Period	Operating expenses [1]			Volume of loans accepted for insurance		
	Departmental	Field	Total	Title I	Title II	Total
July 1 to Dec. 31, 1934	$1,205,733	$444,037	$1,739,770	$8,237,006		$8,237,006
Jan. 1 to June 30, 1935	2,014,654	2,685,306	4,699,960	83,750,071	$42,997,304	126,747,465
July 1 to Dec. 31, 1935	1,926,090	3,840,726	5,766,816	162,083,652	133,862,470	205,946,122
Jan. 1 to June 30, 1936	2,430,584	3,871,734	6,302,318	141,811,958	180,914,400	322,726,358
July 1 to Dec. 31, 1936	1,744,351	3,337,208	5,081,559	104,337,955	260,174,753	364,512,708
Jan. 1 to June 30, 1937	1,911,680	3,245,791	5,157,471	60,481,418	253,138,216	313,619,634
July 1 to Dec. 31, 1937	1,630,088	2,470,521	4,100,609	[2] −98,820	227,170,750	227,071,930
Total	12,953,180	19,895,323	32,848,503	560,603,240	1,098,257,983	1,658,861,223

[1] Expenses paid in subsequent years have been applied to year in which incurred; excludes outlays for furniture and fixtures.
[2] Deductions covering adjustments to figures previously reported.

The Independent Offices Appropriation Act, 1938, approved June 28, 1937, required all estimates for expenditures of the Federal Housing Administration, among other Federal agencies, to be submitted to Congress for consideration in accordance with standardized governmental appropriation procedure. In cooperation with the Director of the Budget, it was determined the Federal Housing Administration was in a financial position to pay part of the general operating expenses from the mutual mortgage insurance fund.

Section 205 (b) of the National Housing Act, which, in part provides:

> * * * General expenses of operation of the Federal Housing Administration under this title may be allocated in the discretion of the Administrator among the several group accounts or charged to the general reinsurance account. * * *

authorizes the Administrator to allocate, at his discretion, charges to the group accounts to cover expenses of operation. In considering the appropriation for salaries and expenses of the Federal Housing Administration for the fiscal year 1938, Congress authorized $5,000,000 to be payable from the mutual mortgage insurance fund and $5,000,000 from the allocation of funds from the Reconstruction Finance Corporation.

The Independent Offices Appropriation Act, 1938, as amended August 25, 1937, provides:

> Not to exceed $5,000,000 of the mutual mortgage insurance fund and $5,000,000 of the funds advanced by the Reconstruction Finance Corporation to the Federal Housing Administration * * * shall be available during the fiscal year 1938 for administrative expenses of the Administration * * *.

In accordance with these provisions, $1,000,000 had been transferred from the mutual mortgage insurance fund for administrative expenses, as of December 31, 1937, leaving a balance of not more than $4,000,000 to be charged for such expenses during the second half of the 1938 fiscal year ending June 30, 1938.

Title I Modernization Credit Plan Accounts.

With the exception of loans under section 6 of the act, which provides for the insurance of loans in connection with floods and other catastrophes to July 1, 1939, the general authority to insure new loans under title I of the National Housing Act expired April 1, 1937. From reports submitted by insured institutions on each loan made, appropriate reserve accounts were established for each institution. The liability of the Administrator is predicated on the aggregate amount of loans reported by each institution, which eliminates the necessity of maintaining current accounts with each borrower. Actual losses as paid are charged against the reserve of each insured institution.

Summary of notes insured under title I

Reserve basis	Notes reported for insurance		Claims paid through Dec. 31, 1937		
	Number	Face amount [1]	Number	Amount	Percent of notes reported
Sec. 2. General notes:					
20 percent reserve	1,029,951	$368,601,076	50,794	$11,509,410	3.1
10 percent reserve	420,393	191,721,819	4,631	1,713,744	.9
Sec. 6. Flood notes:					
10 percent reserve	159	135,335	2	76	.1
20 percent reserve	357	145,010			
Total	1,450,860	560,603,240	55,427	13,223,230	2.4

[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.

On account of the insurance provisions of title I, there have been paid 55,427 claims, amounting to $13,223,229.67 which have been charged against the insurance reserves of the insured institutions involved. The notes and other claims against the borrowers, which have 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 salvage and 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:

Claims paid under title I through Dec. 31, 1937

		Amount	Percent of insured losses	Percent of amount of notes reported
Insured notes		$560, 603, 240. 24		100. 00
Claims paid		13, 223, 229. 07	100. 0	2. 36
Recoveries to date:				
Cash collections	$1, 187, 061. 45		9. 0	
Repossessed property sold	58, 356. 38		. 4	
Repossessed property transferred or available for transfer to other Government agencies	2, 313, 765. 11		17. 5	
Total amount recovered		3, 559, 182. 94	26. 9	. 64
Net notes receivable:				
Charged to collection unit, Federal Housing Administration	7, 071, 816. 52			
Charged to Department of Justice for collection	2, 019, 305. 00			
	9, 091, 121. 52			
Uncollectible notes transferred to the General Accounting Office	572, 925. 21			
Net unrecovered loss		9, 664, 046. 73	73. 1	1. 72
Total		13, 223, 229. 67	100. 0	2. 36

Title I claims paid and cash collections on defaulted title I notes, April 1935 to December 1937

	Claims paid				Cash collections and other cash receipts	
	Monthly		Cumulative			
	Number	Amount	Number	Amount	Monthly amount	Cumulative amount
1935:						
Second quarter	86	$36, 496. 36	86	$36, 496. 36	$546. 98	$546. 98
Third quarter	249	98, 516. 94	335	135, 013. 30	3, 889. 87	4, 436. 85
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	4, 485	1, 223, 535. 59	24, 896. 84	34, 812. 77
Second quarter	4, 706	1, 025, 498. 96	9, 191	2, 249, 044. 55	41, 470. 41	76, 283. 18
Third quarter	8, 641	1, 979, 112. 10	17, 832	4, 228, 146. 65	116, 211. 38	192, 494. 56
Fourth quarter	8, 771	2, 104, 186. 38	26, 603	6, 332, 333. 03	110, 628. 44	303, 123. 00
1937:						
First quarter	7, 867	1, 895, 130. 83	34, 470	8, 227, 463. 86	174, 310. 28	477, 433. 28
Second quarter	7, 313	1, 758, 242. 76	41, 783	9, 985, 706. 62	205, 410. 77	682, 844. 05
Third quarter	6, 733	1, 678, 164. 51	48, 516	11, 663, 871. 13	271, 464. 61	954, 308. 66
Fourth quarter	6, 911	1, 559, 358. 54	55, 427	13, 223, 229. 67	291, 109. 17	1, 245, 417. 83

Statement of property repossessed under title I Dec. 31, 1937

Type of equipment	Total repossessed		Transferred		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	7, 301	$1, 218, 480. 59	6, 633	$1, 096, 205. 58	595	$98, 565. 42	73	$23, 709. 59	$11, 279. 31	$12, 430. 28
Ironers	364	26, 782. 43	210	13, 347. 17	153	13, 357. 79	1	77. 47	40. 00	37. 47
Washers	2, 966	244, 825. 42	2, 282	191, 336. 85	680	52, 288. 41	4	1, 200. 16	296. 81	903. 35
Cooking ranges	1, 546	167, 224. 20	669	75, 125. 35	865	90, 672. 31	12	1, 426. 54	690. 50	736. 04
Oil burners	910	119, 181. 35	335	43, 019. 54	536	60, 737. 47	39	15, 424. 34	7, 612. 25	7, 812. 09
Furnaces and heating units	1, 195	142, 231. 93	738	77, 783. 62	405	47, 840. 33	52	16, 607. 98	6, 160. 51	10, 447. 47
Air-conditioning units	18	8, 144. 07	7	2, 300. 82	10	5, 174. 01	1	669. 24	350. 00	319. 21
Retail commercial equipment	1, 016	405, 232. 44	469	149, 851. 25	534	207, 257. 77	13	48, 123. 42	21, 615. 57	26, 507. 85
Manufacturing equipment	52	31, 659. 18	23	13, 684. 87	28	17, 738. 72	1	235. 59	120. 00	115. 59
Miscellaneous	283	82, 807. 81	54	11, 339. 57	172	46, 138. 26	57	25, 320. 98	10, 191. 43	15, 138. 55
Total	15, 651	2, 446, 569. 42	11, 420	1, 673, 994. 62	3, 978	639, 770. 49	253	132, 804. 31	58, 356. 38	74, 447. 93

Statement of repossessed title I property transferred to other Government agencies Dec. 31, 1937

Receiving activity	Refrigerators	Ironers	Washers	Cooking ranges	Oil burners	Furnaces and heating units	Air conditioning units	Retail commercial equipment	Manufacturing equipment	Miscellaneous	Total	
											Number	Unpaid balance of notes
Agriculture	3, 135	74	1, 072	88	30	205	4	27	1	8	5, 313	$678, 443. 09
Commerce	437	1	5	10	15	13		20	3	6	519	94, 277. 87
Interior	903	116	330	199	250	377	2	240	15	20	2, 470	361, 989. 81
Justice	87	5	6		2			5		3	108	18, 865. 19
Labor	6		2		1						9	1, 672. 70
Navy	83			7				2			92	15, 550. 40
Soldiers' Home	24		2	15	1	1		7		1	51	15, 011. 08
Treasury	334	12	109	32	14	57		24		3	675	104, 991. 83
Veterans' Administration	638	1	2	53	1	2		18	4	1	720	130, 611. 94
War Department	971	1	55	250	12	21	1	117		12	1, 446	249, 084. 21
Other agencies	16					2					17	2, 896. 50
Total	6, 633	210	2, 282	669	335	738	7	400	23	54	11, 420	1, 673, 994. 42

Section 3 Loans.

Section 3 of the National Housing Act, authorizing loans secured by insured modernization notes to institutions holding them, was repealed April 3, 1936, and therefore no additional loans were made during 1937. The activities of the Comptroller's office in this connection were limited to making collections on loans previously made.

Six loans were made under section 3, totaling $141,000. Five of these loans have been entirely repaid. The sixth loan, originally for $5,000 was still outstanding on December 31, 1937, in the amount of $2,199.95. Collections on section 3 loans have totaled $138,800.05 in principal and $3,853.30 in interest, an aggregate of $142,653.35.

Title II. Mutual Mortgage Insurance Accounts.

Mortgages insured in the field 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 in the Treasury of the United States to the credit of the mutual mortgage insurance fund.

The following is a statement of the deposits in the Treasury Department on account of these collections:

Deposits to the mutual mortgage insurance fund through Dec. 31, 1937

Calendar year	Receipts from home mortgages			Receipts from rental housing mortgages		Total collections from fees and premiums
	Examination and other fees	Insurance premiums	Premiums paid on prepayment of mortgages	Examination fees	Insurance premiums	
1934						
1935	$763,654.84	$478,924.88	$522.90		$11,775.00	$1,254,877.62
1936	1,662,067.98	2,086,528.70	27,938.09		21,575.00	3,798,109.77
1937	1,777,319.80	4,004,881.89	148,210.94	$555.00	76,967.51	6,007,935.14
Total	4,203,042.62	6,630,335.47	176,671.93	555.00	110,317.51	11,120,922.53

Under the Appropriation Act for the fiscal year 1938, as amended, there was provided for salaries and expenses of the Federal Housing Administration the sum of $10,000,000, of which $5,000,000 was to be allocated from the Reconstruction Finance Corporation and not to exceed $5,000,000 to be derived from a portion of the current receipts of the mutual mortgage insurance fund. In accordance with the President's economy program, $1,500,000 of the allocation from Reconstruction Finance Corporation was set aside as a reserve for savings. It was estimated that the $5,000,000 from the mutual mortgage insurance fund would cover the expenses of all field offices for the fiscal year, and that the $3,500,000 of Reconstruction Finance Corporation funds, remaining after setting aside the $1,500,000 for savings, would cover the expenses of the administrative offices in Washington.

During the first 6 months of the fiscal year 1938, which ended December 31, 1937, the entire allocation of $3,500,000 from the Reconstruction Finance Corporation was first disbursed for administrative expenses and only slightly over $376,000 from the mutual mortgage insurance fund was needed for actual cash disbursements, leaving the bulk of the allocation from the mutual mortgage insurance fund to take care of cash disbursements for salaries and expenses in the last half of the fiscal year.

Available funds in the mutual mortgage insurance fund during the early part of the fiscal year were invested in interest-bearing Treasury bonds and cash needed for the payment of salaries and expenses for the latter half of the year will be withdrawn from the fund only as needed.

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. Debentures are issued for an amount which includes the unpaid principal, interest at 3 percent from the date foreclosure proceedings are instituted, and payments made by the mortgagee for taxes and hazard insurance. The sum of the debentures and certificates of claim in connection with any one property corresponds to the amount which the mortgagor would be required to pay to redeem the property as of the date of transfer to the Administrator.

Following is a list by States of all properties acquired by the Administrator in exchange for debentures and certificates of claim:

Home properties taken over by the Federal Housing Administration under title II

Location	Number of properties			Debentures issued		Certificates of claim issued	Mortgages insured	
	Taken over	Sold	On hand	Number	Amount		Number	Amount
Alabama	1	1		1	$3,127.18	$150.15	2,332	$7,885,855
Arkansas	1		1	1	7,540.75	573.51	1,726	4,759,407
Connecticut	1		1	1	4,324.26	245.47	1,875	9,016,345
Florida	1		1	1	2,020.67	267.12	4,508	17,871,844
Indiana	2	1	1	2	6,331.51	560.14	6,957	23,822,291
Kansas	1	1		1	2,372.00	130.41	3,521	9,861,982
Massachusetts and Rhode Island	5	2	3	5	28,250.24	1,708.14	3,361	16,290,308
Mississippi	9	7	2	9	31,904.08	1,957.78	2,232	6,680,942
Missouri	8	3	5	8	33,249.01	1,996.73	6,418	26,342,875
New Hampshire	2		2	2	11,809.17	734.34	594	2,391,936
New Jersey	8	4	4	8	41,937.93	3,960.92	11,875	58,795,739
New York	2	1	1	2	9,669.86	985.16	13,484	65,114,607
Ohio	2	1	1	2	9,698.35	436.09	14,837	62,535,055
Pennsylvania	3	1	2	3	10,622.99	962.46	14,053	55,627,459
South Carolina	1		1	1	1,992.93	200.72	1,421	5,241,828
Tennessee	2	1	1	2	4,040.43	229.24	4,219	14,950,805
Vermont	1	1		1	8,184.31	544.30	753	2,369,715
Virginia	38		38	38	75,159.10	7,391.40	3,598	14,124,854
All other States							104,940	423,516,270
Total	88	24	64	88	292,843.77	23,034.08	202,704	827,200,117
Percent of mortgages insured	0.04	0.01	0.03	0.04	0.04	0.003	100	100

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 and certificates of claim upon request of the Administrator. 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 and certificates of claim.

In order to illustrate the distribution of the proceeds of sale, including the retirement of debentures, when a piece of property is sold, the following case is cited:

Statement of final settlement on sale of real property acquired under title II, National Housing Act, insured mortgage, No. 88-042-000089

Mortgagee: First National Bank, Alabama.
Location of property: Alabama.
Date of acquisition by Federal Housing Administration: April 22, 1937.
Date of sale: December 10, 1937.
Group account number: 77.
Original amount of mortgage: $2,200.
Unpaid principal balance at time of foreclosure: $2,078.25.

Proceeds of sale: Sale price			$2,995.00	
Less:				
Commission on sale		$149.75		
Sales allowance		16.00		
			165.75	
				$2,829.25
Less acquisition and reconditioning costs:				
Interim certificates of debenture		2,102.74		
Unpaid taxes at date of acquisition		35.97		
Reconditioning to place property in marketable condition		448.00		
			2,586.71	
Operating and carrying costs:				
Taxes and assessments after acquisition		82.31		
Hazard insurance		8.15		
Repairs and other maintenance expense after initial reconditioning		18.84		
Interest on interim certificates to date of sale		39.97		
		149.27		
Deduct:				
Income from rents	$176.25			
Less commission on rents	3.75			
		172.50		
Net income			23.23	
Total net cost				2,563.48
Net amount realized available for payment of certificate of claim and refund to mortgagor				265.77
Payment of certificate of claim			$113.36	
Increment at 3 percent to date of sale			2.15	
				115.51
Refund to mortgagor				150.26
Total				265.77

It is the general policy of the administration to keep the amount of debentures outstanding at or below the value of property on hand. In accordance with this policy, as a property is disposed of by the Administrator an offer is made to repurchase all debentures in connection with the property. If the mortgagee does not care to sell the debentures, debentures of similar amount are purchased from other mortgagees.

Statements of properties remaining on hand and properties sold as of December 31, 1937, follow:

Foreclosed property accepted with debentures issued or authorized by the Administrator Dec. 31, 1937

	Properties accepted (100)	Properties sold (24)	Properties on hand (76)
Net proceeds of sales		$100,024.89	
Acquisition and reconditioning costs	$344,569.88	106,791.12	$237,778.76
Operating and carrying costs (net)	6,629.40	1,474.30	5,155.10
Total costs	351,199.28	108,265.42	242,933.86
Loss on sales		8,240.53	
Certificates of claim paid		1,701.57	
Refunds to mortgagors		633.17	
Net charges to mutual mortgage insurance fund		10,605.27	
Certificates of claim canceled		5,723.32	

Statement of property on hand Dec. 31, 1937

Acquisition and reconditioning costs:			
Debentures (interim certificates):			
Issued (64 properties)	$189,638.83		
Authorized (12 properties)	44,563.02		
		$234,201.85	
Accrued expenses unpaid at date of acquisition:			
Taxes and assessments	1,457.24		
Less premium rebates on hazard insurance	49.18		
		1,408.06	
Additions and improvements		249.65	
Initial reconditioning to place property in marketable condition		1,919.20	
Total acquisition and reconditioning costs			$237,778.76
Operating and carrying costs:			
Taxes and assessments after date of acquisition	$1,728.53		
Hazard insurance	609.83		
Repairs after initial reconditioning	592.22		
Interest on debentures	1,769.64		
Maintenance expense	1,929.37		
Total operating and carrying costs		$6,629.59	
Deduct:			
Income from rents—net	$1,460.99		
Miscellaneous income	13.50		
		1,474.49	
Net operating and carrying costs			5,155.10
Net investment			242,933.86

Statement of profit and loss on all foreclosed property sold through Dec. 31, 1937

					Average per case	Percent of total cost
Proceeds of sales (24 properties):						
Sales price			$103,339.64		$4,305.81	95.5
Less—						
Sales allowances		$108.00				
Commissions on sales		3,206.75	3,314.75			
Net proceeds of sales				$100,024.89	4,167.70	92.4
Cost of property sold:						
Acquisition and reconditioning costs:						
Debentures (interim certificates)		$103,204.94			4,300.21	95.3
Accrued expenses unpaid at date of acquisition:						
Taxes and assessments	$968.81					
Water rent	25.17					
Total	993.98					
Less hazard insurance premium rebates	229.95	764.03				
Additions and improvements		500.00				
Initial reconditioning to place property in marketable condition		2,322.15				
Total acquisition and reconditioning costs			106,791.12		4,440.63	98.0
Loss before operating and carrying costs	($6,766.23)					(6.2)
Operating and carrying costs:						
Taxes and assessments after date of acquisition		$1,168.43				
Water rent after date of acquisition		51.07				
Hazard insurance		59.88				
Repairs after initial reconditioning		133.25				
Interest on debentures to date of sale		1,445.25				
Maintenance expense		50.48				
Total		2,008.36			121.18	2.7
Less—						
Rental income, net	$1,375.31					
Miscellaneous income	58.75	1,434.00			59.75	1.3
Net operating and carrying costs			1,474.30		61.43	1.4
Total cost of property sold				108,265.42	4,511.06	100.0
Sales loss				8,240.53	343.36	7.6
Payments to mortgagees on certificates of claim		1,780.48				
Increment on certificates of claim		11.09	1,791.57			
Refunds to mortgagors			633.17	2,424.74	101.03	2.2
Net charges to mutual mortgage insurance fund on properties sold				10,665.27	444.39	9.8
Certificates of claim canceled				5,723.32	238.47	5.3

Analysis of certificates of claim issued in connection with properties sold

	Number	Percent of total number	Amount of certificates		
			Issued	Paid	Canceled
Paid in full	5	20.8	$1,134.62	$1,134.62	
Paid in part	4	16.7	1,540.50	645.86	$894.64
Canceled in full	15	62.5	4,828.68		4,828.68
Total	24	100.0	7,503.80	1,780.48	5,723.32
Percentage of total amount issued			100.0	23.7	76.3

As funds are deposited in the Treasury and 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.

A statement showing the cash receipts and disbursements of the mutual mortgage insurance fund to December 31, 1937, follows:

Mutual mortgage insurance fund cash receipts and disbursements through Dec. 31, 1937

Allocation from Reconstruction Finance Corporation:		$10,000,000.00
Receipts to date:		
Sale of investments	$125,279.17	
Fees and insurance premiums	11,120,922.53	
Interest income (including purchased interest)	1,466,353.90	
Sale of real property	55,945.00	
Collections—mortgage notes receivable	1,270.78	
Income from real property	3,067.94	
Funds received—escrow	1,191.23	12,774,030.55
Total allocation and receipts		22,774,030.55
Less transfer to salaries and expenses		1,000,000.00
Net		21,774,030.55
Disbursements to date:		
Debentures retired	68,409.97	
Certificates of claim retired	1,214.30	
Interest expense	1,928.24	
Commission and maintenance expense	14,589.27	
Taxes receivable—escrow	15.90	
Funds disbursed—escrow	585.29	
Refund to mortgagors	461.88	
Miscellaneous expenses, general account	.83	
Investments (including premium and interest purchased)	20,132,266.53	20,219,562.21
Cash balance		1,554,468.34

A balance sheet of the mutual mortgage insurance fund as of December 31, 1937, showing the status of the cash, investments, and liabilities follows:

Mutual Mortgage Insurance Fund Balance Sheet, Dec. 31, 1937

ASSETS

Current assets:			
Cash	$1,554,468.34		
Accrued income	238.20		
Accrued interest receivable on Treasury bonds	141,960.82	$1,696,667.36	
Fixed assets:			
Investments:			
Treasury bonds	19,629,714.50		
Mortgage notes taken on sale of foreclosed property	46,123.86		
Real and fixed property	234,201.85	19,910,040.21	
Total			$21,606,707.57

LIABILITIES, GROUP AND GENERAL REINSURANCE ACCOUNTS

Current liabilities:			
Accrued interest payable	$2,016.80		
Unliquidated obligations	3,346.69		
Mortgagors' escrow deposits	590.04	$5,953.53	
Fixed liabilities: [1]			
Debentures payable	224,343.80		
Debentures authorized but not yet issued	44,563.02	268,906.82	
			274,860.35
Group and general reinsurance accounts			21,331,847.22
Total			21,606,707.57

[1] In addition there is a contingent liability on certificates of claim amounting to $19,016.96.

Administrative Accounts.

All expense and other vouchers of the Federal Housing Administration are centrally controlled and approved in the Washington office. All disbursements are made through the Chief Disbursing Officer of the Treasury Department. Administrative vouchers are administratively audited and approved. Those which are regular in nature, such as purchase vouchers from general contracts, ordinary travel, etc., are sent directly to the Chief Disbursing Officer for payment. All vouchers which are unusual or on which there has not been established a well-defined precedent are forwarded to the Comptroller General of the United States for preaudit. There is no undue accumulation of unpaid accounts of the Federal Housing Administration.

Operating expenses of the Washington and field offices of the Federal Housing Administration for the calendar year 1937 follow:

Operating expenses of administrative offices, Washington, D. C., Jan. 1, 1937, to Dec. 31, 1937

	Total	Salaries	Supplies and materials	Communications	Travel
Administrator	$162, 680	$131, 856	$3, 813	$2, 809	$15, 169
Assistant to Administrator (Public Relations)	106, 570	71, 448	3, 335	834	2, 448
Economics and statistics	221, 903	205, 889	4, 999	1, 376	5, 427
Director in charge, title I	90, 334	37, 066	397	832	1, 113
Director of collections, title I	500, 527	265, 910	7, 669	1, 346	19, 746
Administrative division	529, 338	494, 157	15, 011	4, 325	73
Deputy Administrator, titles II and III:					
Mortgage insurance	213, 146	178, 926	3, 495	4, 537	25, 276
Underwriting	265, 271	205, 766	1, 705	1, 718	55, 840
Education	240, 107	168, 470	19, 470	1, 806	29, 694
Deputy Administrator, rental housing	182, 510	166, 736	2, 898	1, 487	8, 148
Technical	68, 621	60, 791	383	382	6, 756
General counsel	108, 885	98, 365	647	1, 359	3, 915
Comptroller	542, 797	513, 856	18, 408	1, 979	5, 759
Rents, administrative offices	226, 359				
Printing, general	211, 962				
Transfer to Treasury for disbursing costs	35, 300				
Grand total	3, 706, 310	2, 599, 236	82, 230	24, 880	179, 364

	Transportation	Printing	Rent	Special and miscellaneous services
Administrator	$8	$8, 510		$515
Assistant to Administrator (Public Relations)		28, 484		21
Economics and statistics	17	3, 791		404
Director in charge, title I		75		50, 851
Director of collections, title I	87	111		205, 658
Administrative division	3, 098	420		12, 245
Deputy Administrator, titles II and III:				
Mortgage insurance	14	748		150
Underwriting	13	56		173
Education	17, 345	1, 589		1, 637
Deputy Administrator, rental housing	38	2, 703		500
Technical	9	124		176
General counsel	9	4, 556		34
Comptroller	1, 310	954		531
Rents, administrative offices			$226, 359	
Printing, general		211, 962		
Transfer to Treasury for disbursing costs				35, 300
Grand total	21, 948	264, 092	226, 359	308, 195

NOTE.—Expenses of prior years paid during 1937 included.

Operating expenses of field offices, Jan. 1 to Dec. 31, 1937

State	City	Totals	Salaries	Supplies and Material	Communications	Travel	Transportation	Printing and Binding	Rents	Repairs and Miscellaneous	Consultants' Fees
Alabama	Birmingham	$79, 871	$60, 165	$435	$1, 518	$11, 000	$97	$386	$4, 759	$825	$677
Alaska	Juneau	7, 668	4, 560	68	80	645	86		709	64	1, 456
Arizona	Phoenix	33, 318	23, 594	205	715	4, 550	118	55	3, 190	722	160
Arkansas	Little Rock	59, 886	47, 309	331	812	7, 597	127	341	2, 393	956	20
California	San Francisco(R)[1]	11, 010	7, 690		26	2, 417		56	655	157	
	Do	309, 784	239, 208	2, 875	4, 533	26, 975	1, 500	874	10, 155	10, 274	13, 390
	Los Angeles	341, 557	272, 986	2, 644	5, 291	26, 674	956	958	10, 925	10, 962	10, 101
	San Diego	19, 834	16, 768	78	430	1, 219	13		615	702	
Colorado	Denver(R)[1]	1, 537	1, 178		22	101			140		
	Do	38, 290	29, 253	89	524	5, 320	190	268	1, 595	1, 051	
Connecticut	Hartford	75, 281	62, 694	436	793	6, 880	46	143	2, 865	1, 306	28
Delaware	Wilmington	16, 061	13, 716	11	353	302	31	14	1, 375	169	
Florida	Jacksonville	76, 303	57, 907	575	1, 220	9, 292	186	229	1, 421	1, 400	4, 058
	Miami	63, 925	55, 140	395	1, 303	5, 784	137	287		870	
Georgia	Atlanta	92, 745	60, 246	507	1, 260	18, 928	153	220	2, 925	2, 214	292
Hawaii	Honolulu	22, 226	17, 865	154	480	1, 096	66	52	1, 309	216	988
Idaho	Boise	28, 570	21, 720	104	322	4, 516	82	33	1, 354	430	
Illinois	Chicago	200, 850	156, 315	1, 858	4, 289	18, 668	1, 034	965	12, 051	5, 180	490
	Springfield	92, 088	59, 540	735	2, 111	21, 401	210	230	5, 213	2, 282	1, 266
Indiana	Indianapolis	151, 977	100, 891	1, 024	2, 021	27, 510	263	370	5, 921	4, 377	
Iowa	Des Moines	60, 690	44, 394	350	702	8, 344	98	231	4, 698	1, 060	732
Kansas	Topeka (O. A.)	9, 561	8, 583	55	200	695	21			7	
	do	86, 096	63, 770	587	1, 883	14, 392	214	287	593	2, 154	2, 207
Kentucky	Louisville	71, 908	55, 536	430	968	9, 772	78	180	2, 180	1, 111	1, 633
Louisiana	New Orleans	58, 713	42, 657	370	1, 445	6, 734	161	203	3, 448	690	3, 005
Maine	Bangor	28, 443	20, 814	122	580	4, 302	262	46	1, 460	316	532
Maryland	Baltimore	104, 390	88, 063	516	1, 785	5, 024	48	360	4, 958	1, 888	849
Massachusetts	Boston (R)[1]	3, 311	3, 802		−65	198	56		−686	6	
	do	113, 120	93, 554	1, 171	2, 705	6, 146	216	323	7, 645	1, 314	46
Michigan	Detroit	234, 880	186, 145	1, 405	3, 640	25, 664	212	631	9, 857	5, 638	1, 628
Minnesota	Minneapolis	97, 925	75, 702	755	1, 213	11, 239	292	224	2, 330	2, 464	3, 706
Mississippi	Jackson	66, 542	48, 837	354	548	11, 881	138	261	2, 450	1, 106	967
Missouri	Kansas City	66, 280	54, 819	255	1, 160	4, 993	118	211	2, 667	1, 060	997
	St. Louis (R)[1]	4, 784	4, 557	1	5	190	15	5		2	
	do	86, 534	72, 430	554	1, 920	7, 485	277	260	2, 103	1, 406	75
Montana	Helena	32, 796	23, 897	86	570	6, 702	101	57	584	542	167
Nebraska	Omaha	44, 327	37, 156	143	868	3, 593	63	112		575	1, 817
Nevada	Reno	27, 583	21, 778	140	430	3, 545	55	64	1, 004	350	208
New Hampshire	Concord	27, 078	20, 907	105	254	3, 570	18	18	1, 890	256	
New Jersey	Newark	254, 507	207, 955	1, 927	5, 559	22, 072	401	162	9, 416	7, 015	
New Mexico	Santa Fe	30, 578	22, 611	140	286	4, 627	72	27	2, 027	296	492

[1] Regional offices closed during calendar year.

Operating expenses of field offices, Jan. 1 to Dec. 31, 1937—Continued

State	City	Totals	Salaries	Supplies and Material	Communications	Travel	Transportation	Printing and Binding	Rents	Repairs and Miscellaneous	Consultants' Fees
New York	Albany	$68,577	$59,577	$460	$912	$6,242	$102	$281		$724	$270
	Brooklyn [1]	57,306	49,409	398	1,110	772	70	230	$3,868	1,359	
	Buffalo	88,861	72,170	540	1,621	7,603	128	376	4,750	1,200	413
	Jamaica	178,553	157,325	1,194	2,455	6,852	314	135	5,426	4,852	
	New York City	138,848	121,323	544	3,715	3,428	450	151	8,329	908	
	Rochester	31,202	25,938	231	699	1,936	20	168	1,708	518	65
	White Plains	59,069	51,856	463	875	2,236	131	271	2,250	987	
North Carolina	Greensboro	86,000	65,169	503	1,346	16,255	108	347	300	1,921	60
North Dakota	Bismarck	17,995	13,844	58	423	2,701	38	64	575	280	12
Ohio	Cincinnati	58,261	40,058	363	802	3,048	129	215	3,547	1,039	
	Cleveland	189,103	145,697	1,570	3,483	18,093	336	621	7,956	5,179	6,168
	Columbus (S. A.)	16,926	13,589	6	261	2,496	98	111		361	4
	do	84,521	68,034	701	1,759	9,780	290	149		2,352	1,366
Oklahoma	Oklahoma City	70,457	54,381	314	1,160	8,952	180	221	3,456	1,753	40
	Tulsa [3]	23,893	18,320	−65	443	3,569	49	40	1,162	366	
Oregon	Portland	50,087	39,084	225	762	5,120	140	381	2,040	1,753	582
Pennsylvania	Philadelphia	169,053	137,773	1,188	3,347	18,944	755	230	824	5,504	488
	Pittsburgh	126,206	103,538	1,032	2,158	14,304	267	286	480	4,117	24
Rhode Island	Providence	26,241	22,296	75	780	1,570	93	69	981	377	
South Carolina	Columbia	42,148	33,047	257	387	5,610	68	182		1,001	1,596
South Dakota	Sioux Falls	25,280	18,700	200	650	3,302	91	25	1,089	332	810
Tennessee	Memphis	112,101	85,357	1,177	2,530	18,154	327	326	1,365	2,856	
Texas	Dallas	55,019	39,268	498	1,037	4,971	234	175	3,449	2,216	3,171
	do (S. A.)	12,045	10,735	4	200	796	15	3	961	−69	
	Fort Worth	52,858	35,296	223	638	4,724	144	170	2,594	1,104	7,965
	Houston	59,146	44,384	692	938	5,783	196	364	3,400	1,231	2,158
	San Antonio	58,108	40,486	303	1,166	5,060	158	272	2,400	1,076	6,288
Utah	Salt Lake City	46,620	38,422	250	896	3,272	132	267	2,315	1,046	20
Vermont	Burlington	17,727	15,021	85	231	1,385	68	22		377	538
Virginia	Richmond	101,188	75,233	517	1,603	14,839	104	211	4,500	2,703	1,418
Washington	Seattle	88,791	70,044	522	1,543	7,036	171	261	3,721	2,436	3,057
West Virginia	Parkersburg	61,765	45,134	345	1,228	10,889	97	183	2,781	1,108	
Wisconsin	Milwaukee	85,982	65,884	683	1,250	6,188	215	660	4,291	1,701	5,110
Wyoming	Cheyenne	27,348	22,269	174	405	3,499	88	7	210	414	282
District of Columbia	Washington	65,580	57,019	461	573	3,141		9	3,106	1,161	110
Grand totals		5,687,307	4,487,487	38,348	99,009	595,871	14,026	16,032	212,052	129,820	94,062

[1] Brooklyn combined with New York Oct. 1, 1937.
[3] Tulsa office closed July 1, 1937.

NOTE.—Expenses of prior years paid during 1937 included.

R—Regional office.
G. A.—General Administrative office.
S. A.—State Administrative office.

A balance sheet of the administrative funds of the Federal Housing Administration as of December 31, 1937, follows:

Balance sheet of Federal Housing Administration, December 31, 1937

ASSETS

Current assets:			
Cash	$2,221,486.73		
Available funds, Reconstruction Finance Corporation renovation and modernization loans	86,000,000.00		
Inventory, stores	35,739.09		
Prepaid expense	1,845.12		
		$88,259,070.94	
Assets convertible into general fund receipts of the Treasury:			
Notes receivable:			
Loans to insured institutions	2,199.95		
Insured losses, net	9,091,121.52		
		9,093,321.47	
			$97,352,392.41
Fixed assets: Furniture and equipment			815,671.10
Mutual mortgage insurance fund, net			21,331,847.22
Total assets			119,499,910.73

LIABILITIES AND CAPITAL

Current liabilities:			
Unliquidated encumbrances, previous fiscal years	$85,691.00		
Unliquidated encumbrances, fiscal year 1938	235,920.40		
		$321,611.40	
Special deposits		21,943.64	
Miscellaneous receipts in process of deposit		131,717.27	
			$475,272.31
Working capital:			
Unexpended appropriations:			
Unallotted, title I		86,635,770.33	
Unallotted, salaries and expenses, etc.		372,708.41	
Unencumbered allotments, fiscal year 1938		17,599.95	
Unencumbered allotments, previous years		720,135.73	
			87,746,214.42
Surplus:			
Asset value remaining from expended appropriations		9,946,576.78	
Mutual mortgage insurance fund, net		21,331,847.22	
			31,278,424.00
Total liabilities and capital			119,499,910.73

It is of interest to compare all expenditures, regardless of nature, in connection with all receipts, regardless of nature, to arrive at the net excess of all types of expenditures over all types of receipts. This comparison is made with the full knowledge that certain collections reflect miscellaneous receipts which cannot in themselves be deducted from specific expenditures and that others are in the nature of a trust representing the establishment of reserves in the interest of mortgagors and mortgagees. The comparison is merely made for academic interest in arriving at the net expenditures after taking into consideration all types of expenses.

Payments for salaries and expenses constituted the largest item, amounting to $33,436,619.96. On account of the mutual mortgage insurance fund, $20,219,562.21 was paid out and of this 99.6 percent represented investments, including purchased interest and premiums. On account of insured modernization loans under title I, $13,364,229.67 was paid out, of which 98.9 percent was paid on claims, and the remainder was loaned, with insured modernization notes as collateral. The total disbursements from all funds from July 1, 1934, to December 31, 1937, were thus $67,020,411.84.

Against these disbursements the largest credits are on account of collections and investments in connection with mortgage insurance. These items amount to $32,448,677.68. Of this amount, investments in Treasury bonds (amounting to $19,629,714.50) comprise 60 percent, fees and premiums 34 percent, and interest income 4.5 percent. The remainder comes chiefly from the sale of investments and of real property, including mortgage notes receivable. Collections in connection with title I, including the value of repossessed property reported to the Treasury, together with a small item covering the balance of section 3 loans still receivable, amount to $3,711,482.48. This last sum does not include any part of the net notes receivable from the borrowers on defaulted notes, as shown on page 105, and from many of whom regular monthly installments are being received. Furniture, equipment, and inventories on hand amounting to $837,850.02, together with miscellaneous fund receipts of $5,674.28, bring the total assets and recoveries to $37,003,684.46.

The total disbursements from all funds and from all sources, during the 3½-year period therefore exceeded by $30,016,727.38 the total sum of (a) collections, (b) property taken over in settlement of amounts due, (c) investments, and (d) equipment and inventories.

The accounts and records of the Federal Housing Administration have been established on a commercial basis adapted to Government requirements. In the development of its accounting procedures this office has had the cooperation of the Treasury Department and the office of the Comptroller General of the United States.

Federal housing administration enabling legislation

State	1935 session		1936 session		1937 session	
	Bill number	Signed	Bill number	Signed	Bill number	Signed
Alabama	S. B. 4	Jan. 31, 1935	S. B. 52	Apr. 15, 1936	S. B. 21	Feb. 2, 1937
	S. B. 33	Feb. 8, 1935				
	H. B. 98	do.				
	S. B. 188	Aug. 15, 1935				
Arizona	H. B. 27	Feb. 27, 1935			S. B. 19	Mar. 6, 1937
	H. B. 30	do.			S. B. 5	Feb. 27, 1937
	H. B. 205	Mar. 15, 1935			S. B. 6	Feb. 23, 1937
					S. B. 20	Feb. 27, 1937
Arkansas	Act 47	Feb. 18, 1935			S. B. 174	Mar. 1, 1937
	Act 48	do.			S. B. 180	Mar. 3, 1937
	Act 49	do.			S. B. 178	Mar. 1, 1937
	Act 50	do.			S. B. 179	Feb. 24, 1937
	Act 51	do.				
	Act 75	Feb. 26, 1935				
California	S. B. 211	Jan. 30, 1935			A. B. 1710	May 21, 1937
	Chap. 559	July 15, 1935				
	Chap. 163	May 13, 1935				
	Chap. 190	May 23, 1935				
Colorado	S. B. 172	Mar. 7, 1935			S. B. 28	Mar. 26, 1937
Connecticut	File 71	May 7, 1935			S. B. 578	June 8, 1937
	Chap. 137	May 8, 1935			H. B. 448	June 3, 1937
	S. B. 85	May 9, 1935				
	S. B. 150	May 10, 1935				
Delaware	S. S. for S. B. 2	Apr. 18, 1935			H. B. 297	Apr. 12, 1937
Florida	H. B. 247	Apr. 26, 1935			H. B. 395	May 31, 1937
					H. B. 464	June 14, 1937
Georgia					S. B. 195	Mar. 31, 1937
					H. B. 642	Do.
Idaho	S. B. 7	Jan. 23, 1935			H. B. 12	Feb. 18, 1937
	H. B. 309	Mar. 19, 1935				
	S. B. 184	do.				
Illinois	H. B. 662	June 20, 1935			S. B. 270	June 29, 1937
	H. B. 663	do.			S. B. 163	July 9, 1937
	H. B. 664	do.			S. B. 164	Do.
	H. B. 665	do.			S. B. 165	Do.
	H. B. 666	do.			S. B. 167	Do.
	H. B. 668	do.			S. B. 168	Do.
	H. B. 669	do.				
	H. B. 670	do.				
	H. B. 667	July 13, 1935				

Federal housing administration enabling legislation—Continued

State	1935 session		1936 session		1937 session	
	Bill number	Signed	Bill number	Signed	Bill number	Signed
Indiana	H. B. 3	Jan. 28, 1935			S. B. 52	Mar. 2, 1937
	H. B. 289	Mar. 8, 1935			H. B. 402	Mar. 12, 1937
Iowa	S. F. 118	Apr. 17, 1935			S. F. 392	Apr. 2, 1937
	H. F. 438	May 4, 1935			H. F. 155	Apr. 3, 1937
Kansas	S. B. 154	Feb. 10, 1935			S. B. 92	Apr. 2, 1937
	S. B. 156	do			S. B. 242	Mar. 9, 1937
	S. B. 155	Mar. 2, 1935			S. B. 04	Mar. 29, 1937
Kentucky						
Louisiana [1]			S. B. 4	Feb. 18, 1936		
			H. B. 106	July 9, 1936		
Maine	L. D. 14	Feb. 7, 1935			L. D. 527	July 24, 1937
	L. D. 422	do			L. D. 528	Do.
	L. D. 95	do				
Maryland	S. B. 404	May 17, 1935			S. B. 62	Apr. 26, 1937
	H. B. 212	do				
Massachusetts	H. B. 1918	Apr. 15, 1935	H. B. 1657	Mar. 24, 1936	H. B. 1732	Apr. 29, 1937
Michigan	H. B. 90	Feb. 20, 1935			H. B. 546	July 20, 1937
	S. B. 182	Apr. 9, 1935			S. B. 2	July 28, 1937
	H. B. 349	May 31, 1935			S. B. 14	July 9, 1937
Minnesota	S. F. 687	Mar. 15, 1935			S. F. 374	Mar. 23, 1937
	H. F. 1477	Apr. 29, 1935			S. F. 375	Do.
					S. F. 376	Mar. 24, 1937
					S. F. 377	Do.
Mississippi			S. B. 333	Mar. 9, 1936		
Missouri	H. B. 81	June 5, 1935				
Montana	S. B. 7	Feb. 9, 1935			H. B. 89	Mar. 4, 1937
	S. B. 6	Feb. 19, 1935			S. B. 46	Feb. 17, 1937
	S. B. 36	do			S. B. 48	Do.
Nebraska	H. R. 103	Apr. 1, 1935			L. B. 52	Mar. 29, 1937
	S. F. 235	May 21, 1935			L. B. 53	Apr. 1, 1937
Nevada	S. B. 65	Mar. 18, 1935			H. B. 30	Mar. 17, 1937
	S. B. 81	do			H. B. 31	Do.
	S. B. 86	do				
	S. B. 92	do				
	S. B. 93	do				
New Hampshire	S. B. 30	Mar. 26, 1935			H. B. 430	May 12, 1937
					H. B. 14	Feb. 12, 1937
New Jersey	S. B. 58	Feb. 5, 1935			S. B. 130	May 31, 1937
New Mexico	H. B. 13	Feb. 1, 1935			S. B. 21	Feb. 24, 1937
					S. B. 22	Do.
New York [1]	Int. 4	Feb. 8, 1935	Int. 1424	Apr. 8, 1936	A. Int. 510	May 25, 1937
	Int. 282	Apr. 17, 1935	Int. 1413	Apr. 9, 1936	S. Int. 1582	May 27, 1937
	Int. 289	Apr. 18, 1935	Int. 2070	May 27, 1936	A. Int. 1795	Do.
	Int. 1797	Apr. 23, 1935	Int. 1693	May 29, 1936	S. Int. 979	Do.
	Int. 1908	do	Int. 1423	June 13, 1936	A. Int. 1357	May 28, 1937
	Int. 780	do			A. Int. 1942	Do.
	Int. 1475	do			S. Int. 1583	Do.
					A. Int 1563	June 4, 1937
					A. Int. 362	Mar. 18, 1937
					S. Int. 143	Do.
North Carolina	S. B. 140	Mar. 8, 1935			S. B. 320	Mar. 22, 1937
	S. B. 476	May 10, 1935				
North Dakota	S. B. 128	Mar. 2, 1935			S. B. 83	Feb. 15, 1937
					S. B. 85	Mar. 10, 1937
Ohio [1]					H. B. 416	May 12, 1937
					S. B. 253	Mar. 25, 1937
					H. B. 570	May 7, 1937
					H. B. 580	May 5, 1937
					H. B. 581	May 13, 1937
					H. B. 582	May 5, 1937
					H. B. 583	May 14, 1937
Oklahoma	H. B. 12	Jan. 25, 1935			H. B. 70	Feb. 12, 1937
					H. B. 124	Apr. 28, 1937
					H. B. 416	May 14, 1937
Oregon	H. B. 414	Mar. 4, 1935			H. B. 82	Feb. 19, 1937
	S. B. 136	Mar. 6, 1935			H. B. 87	Feb. 19, 1937
	S. B. 351	Mar. 11, 1935				
Pennsylvania	H. F. 1608	June 10, 1935			S. B. 1047	May 28, 1937
	H. F. 473	July 2, 1935			H. B. 554	Apr. 22, 1937
	H. F. 2318	do			H. B. 1020	June 5, 1937
	H. F. 2537	July 12, 1935				
Rhode Island	S. B. 15	Jan. 18, 1935	S. B. 315	Apr. 21, 1936	S. B. 514	Apr. 30, 1937
South Carolina	S. B. 144	Mar. 8, 1935				
	S. B. 137	Apr. 6, 1935				
South Dakota	H. B. 23	Feb. 7, 1935			H. B. 171	Mar. 5, 1937
Tennessee	H. B. 578	Apr. 12, 1935			S. B. 107	Feb. 25, 1937
	H. B. 580	Apr. 20, 1935			S. B. 108	Feb. 25, 1937
	H. B. 582	do			S. B. 109	Feb. 25, 1937
	H. B. 581	do			H. B. 246	Feb. 26, 1937
Texas	S. B. 91	Jan. 31, 1935			H. B. 489	June 9, 1937
	S. B. 92	do			H. B. 491	Apr. 26, 1937
	S. B. 93	do			H. B. 493	Apr. 26, 1937
	S. B. 94	do			H. B. 494	Apr. 26, 1937
	S. B. 95	do			H. B. 495	June 9, 1937
	S. B. 96	do				
	S. B. 98	do				
	S. B. 99	do				
	S. B. 97	Apr. 6, 1935				
	H. B. 711	May 13, 1935				
Utah	H. B. 170	Mar. 2, 1935			S. B. 13	Feb. 4, 1937
					H. B. 28	Feb. 20, 1937
					H. B. 212	Apr. 9, 1937
Vermont	S. B. 54	Mar. 29, 1935			S. B. 30	Mar. 16, 1937
					S. B. 34	Mar. 23, 1937
					S. B. 35	do

[1] See the table following.

Federal housing administration enabling legislation—Continued

State	1935 session		1936 session		1937 session	
	Bill number	Signed	Bill number	Signed	Bill number	Signed
Virginia			S. B. 1	Feb. 4, 1936		
			H. B. 85	Feb. 20, 1936		
			S. B. 158	Mar. 5, 1936		
			H. B. 80	Mar. 5, 1936		
			H. B. 100	Mar. 14, 1936		
Washington	H. B. 68	Feb. 18, 1935				
	H. B. 69	Feb. 18, 1935				
	H. B. 86	Feb. 18, 1935				
	H. B. 87	Feb. 18, 1935				
	S. B. 76	Mar. 23, 1935				
West Virginia	H. B. 280	Mar. 4, 1935			S. B. 50	Mar. 11, 1937
Wisconsin	S. B. 243	Apr. 27, 1935			H. B. 448-A	May 10, 1937
					H. B. 447-A	do
Wyoming	S. F. 9	Feb. 10, 1935			S. F. 1	Feb. 5, 1937
					S. F. 3	Feb. 5, 1937

[1] See the following table:

State	1934 session	
	Bill number	Signed
Louisiana	H. B. 18	Dec. 22, 1934
New York	Int. 287	Aug. 17, 1934
	Int. 142	Aug. 17, 1934
	Int. 144	Aug. 17, 1934
Ohio	S. B. 113	Dec. 7, 1934
	S. B. 4	June 20, 1934

CHARACTERISTIC RESULTS OF OPERATIONS

The work of the mutual mortgage insurance system can best be understood by accounts of its service to the public in different areas of the country—how it operates in regard to typical financial institutions and how it serves individual families. Space prohibits a report of operations for each State. The following text, however, drawn chiefly from reports of State directors, indicates ways in which mutual mortgage insurance meets local situations, as well as needs common to all sections of the country.

Reports from States in the Pacific Coast, Rocky Mountain, and Southwestern areas, for example, are significant because of the high interest rates and relative scarcity of capital for home mortgages that formerly prevailed there.

California.

In California, where the percentage gain in population from 1920 to 1930 was greater than in any other State, the volume of insured mortgage financing is largest.

The director of the Los Angeles office reports as follows:

For all practical purposes, money to buy a home, build a home, or refinance existing home mortgages was not available at any price in 1933 or 1934. Today practically every lending institution that has money to loan is actively seeking, is advertising for, and competing for long-time, home-financing mortgages at the lowest rate of interest ever available for similar financing. The complex which major lending institutions, primarily the banks, had against long-time real-estate mortgages had been completely overcome by the insured mortgage system which gives the real-estate loan absolute and self-contained liquidity, a profitable return, and the greatest measure of fundamental security.

It is of interest that radio broadcasting stations in southern California for more than a year have donated time for presentation regarding mortgage insurance that would cost $765 a week at commercial rates.

The director of the San Francisco office writes:

The customary rate of interest in San Francisco used to be 6 percent for the first mortgages, and 7 to 10 percent for second mortgages. The second mortgages the builder rediscounted with a penalty of 15 to 20 percent. In all other cities around the bay region, the first mortgage rate was 7 percent. Outside of this district the rate was usually 8 percent. In one city the customary practice of financing a home was for the realtor to make all of the loans with money deposited with him for the investment. These loans were made for as high as 90 percent of the sale price of the house; 7- to 8-percent interest was charged on the mortgage, plus a minimum brokerage charge of 2 percent, and the loan had to be renewed every 2 years, at which time the 2-percent brokerage was again levied.

Today, because of the competition among the banks for Federal Housing Administration loans, all banks charge a flat fee, for setting up loans, of $5. To compete with Federal Housing Administration loans, insurance companies are soliciting loans in this area, on a 5-percent basis and terms as long as 25 years. Therefore, the Federal Housing Administration had done a tremendous good in bringing all interest rates down to a fair basis.

A prominent banker has written in a published article:

"With the amortizing loan plan of a single mortgage under a longer period of time, monthly payments for the average man are the easiest today that they have ever been in the history of the country."

In northern California the major lending institutions not only spent a tremendous amount of money in their advertising programs, but put out crews who called upon all of the builders, building material companies, and realtors to educate them on how to obtain Federal Housing Administration loans.

The small private banks in outlying towns have been making Federal Housing Administration loans because they know these loans are readily marketable to insurance companies and major lending institutions which are continually bidding for them at a 1-percent premium. A great many of these small banks have loaned themselves up, then sold their loans at a profit, retaining the servicing of the loans, and then repeated the operation time and again.

Practically all banks have changed their real-estate-loan application forms, giving consideration to the individual buying the home. In the old days, real-estate loans were made by banks considering only the value of the property. The result was that a great many people bought homes that either were too expensive for them or the payments were higher than they could afford, and the natural result was eventual foreclosure. All banks are highly in favor of the Federal Housing Administration idea of the right house to the right party.

Utah.

From Utah, where 45 financial institutions have accepted for insurance 2,505 mortgages valued at $8,341,265, the State director notes:

One phase of our underwriting work in certain sections of the State has been the improvement in sewage-disposal systems and sources of water supply. Our architectural section has required that the sewage-disposal system and the water supply be approved by the State board of health. The State board of health advises us that we have done much to improve the health and living conditions of the people.

Oregon and Washington.

In Oregon and Washington, about one-third of the mortgages accepted for insurance during a recent 6 months' period were made by mortgagees from other States.

A mortgage-loan correspondent in Portland, Oreg., reports:

By obtaining conditional commitments on eligible properties which real-estate organizations intend to list, we are enabled to inform the latter of the amount of loan that can be obtained and full details concerning it before the property is placed on the market. Thus our company, which acts as loan correspondent for life-insurance companies principally, and specializes in Federal Housing Administration insured loans, offers real-estate brokers a service which greatly facilitates the making and closing of sales by giving them good loan outlets and enabling them to handle the loan transaction rapidly.

From our own standpoint, and that of the mortgagees we represent, the plan permits careful advance selections for loans of properties listed with real-estate organizations.

Arizona.

In Arizona a prominent branch banking institution invested its own funds in insured mortgages up to what it considered a reasonable limit and, as further demand for such loans has appeared, has sold mortgages to institutional investors from outside the State. This enables it to keep abreast of local needs. At the same time, it retains the business of servicing the mortgages it sells and the borrowers continue to deal with a local institution.

Texas.

The State director for Texas reports:

Insured-mortgage loans have been accepted as sound investments by many Texas banks to which, at the outset, mortgage lending was a radical departure from their concepts of commercial banking. In one city of less than 20,000 population, 3 banks alone hold in their portfolios over a million dollars in insured-mortgage loans. It is our definite understanding that not one of these mortgage loans is for sale, nor in default.

Several building inspectors have remarked that the Federal Housing Administration program has been an immeasurable help to the person buying or building a moderate-priced home; that contractors in that field have tried to build as cheaply as possible, but the efforts of the Federal Housing Administration have appreciably bettered the quality of such construction in the past 2 to 3 years; and that minimum construction requirements and compliance inspections have greatly helped and encouraged good construction. Again a city engineer in a municipality with no written building code reports that the Federal Housing Administration minimum construction requirements have helped him more than anything else in his experience to obtain proper construction in his city.

The role played by the mutual mortgage insurance system in a number of Middle Western States, which were hard hit by failure of financial institutions as well as by the collapse ending a period of speculation in urban real estate, is suggested by reports from Illinois and Indiana.

Illinois.

The State director for Illinois reports:

A building and loan association official in a small town of less than 4,000 population has stated that without the Federal Housing Administration no homes would have been built in his town during the past few years. Actually seventy new homes have been built with insured mortgages, totaling over a quarter of a million dollars, with more new homes in prospect.

A building and loan association in a town of 7,500 population found itself with all assets either loaned on property or tied up in repossessed realty. Through the cooperation of the State building and loan examiner a number of their loans were recast under the Federal Housing Administration insured-mortgage plan and immediately sold. This permitted the association again to enter the new mortgage-lending field in its own community with insurance on all new mortgages written under the Federal Housing Administration insured-mortgage plan. The method whereby this institution liquidated a frozen portfolio has a counterpart in a dozen other institutions in Illinois.

Likewise, lending, building and loan, banking and insurance company officials have sent in unsolicited testimony of the practical service that we have rendered in preventing haphazard land development, unsound planning, and poor construction.

Indiana.

The State director for Indiana reports:

In a small county seat which was faced with an acute housing shortage, the chamber of commerce made a list of potential home owners from renters who were well employed and who were paying from $25 to $35 per month in rent. Nine such citizens were selected and agreed to the idea of building homes under the insured-mortgage plan of the Federal Housing Administration. A prominent local citizen furnished the lots at a nominal sum, and a local contractor furnished plans and specifications for nine homes, ranging in cost from $3,500 to $4,500. Each home owner selected his own plans and made individual contracts, but all pooled their money so that materials and lumber could be purchased in a single order, thereby decreasing the cost. The basements for the nine houses were excavated in a single day, the result of cooperation and mass buying. The homes are built on graded lots and are completely modern throughout. The contractor reported he plans to go ahead with seven additional houses.

In one city 35 modern brick bungalows had been constructed in 1923, and had been financed by bond issues held by individual investors. For a number of years these properties were involved in complicated litigation. Bondholders were unable to agree upon a plan of liquidation, and the fees of their committees and attorneys were mounting. The properties were beginning to deteriorate. Although many prospective purchasers were able to buy on small down payments, the prospects for making cash sales were practically nil.

After the passage of the National Housing Act, the bungalows were sold in a few weeks' time to purchasers who executed 19-year insured mortgages for 80 percent of the appraised value of the properties. Thus the bondholders liquidated their present holdings and paid off their attorneys; the city, county, and State collected their delinquent taxes; and owners of the street-assessment bonds collected past due interest and principal. The individual institutions making the new mortgages put inactive funds to work; the purchasers bought substantially built modern homes and obtained the advantage of cash prices rather than the padded prices usually required on land contract purchases with small down payment. They also obtained their homes on a permanent plan of financing with monthly payments that they could meet without undue sacrifice.

Vermont.

A life-insurance company in Vermont, which includes in its portfolio the first mortgage loan insured by the Federal Housing Administration, has extended its home-lending operations into over half the

States of the country, with a total of more than $19,000,000 in insured loans which it has originated or purchased. The company has paid par for the loans and receives a net return of 4½ percent. "Obviously this rate of return on these investments is particularly satisfactory during the present period of low interest rates," the vice president of the company has stated. "As to the future, the company has not reached the limit of loans which it is willing to buy, so long as loans such as we have been acquiring the last year can be purchased on a satisfactory basis."

District of Columbia.

One of the largest banks in the District of Columbia, whose operations had been almost wholly of a commercial banking nature, had made mortgage loans only on a limited scale, chiefly for the accommodation of old customers, before passage of the National Housing Act. Since the act the bank has made more than 300 commitments for loans in an amount totaling more than $2,000,000. The bank had had no foreclosures and at the end of the year had no loans in default.

The president of the bank, a former president of the American Bankers' Association, recently stated:

> We saw in the Federal Housing Administration's insured-mortgage system an opportunity to expand this type of business on the basis of enhanced safety and liquidity. We also saw in such an expansion profitable employment for a portion of the funds which we, like many other commercial banks, had found accumulating much faster than demands for commercial loans.

New York.

In an earlier section of this report the purchase of $2,636,840 worth of insured mortgages by the comptroller of the State, as trustee for the State employees' retirement fund and other sinking and trust funds, has been mentioned.

In the New York metropolitan area, large-scale developments of low-priced houses on Long Island have commanded Nation-wide attention. In a number of these developments the amount of insured-mortgage financing has been considerable.

The president of an old and well-established savings bank in Brooklyn has stated:

> Today we would not consider making a mortgage without provision for amortization. It seems unbelievable today that we overlooked the basic principles of sound mortgage lending for so long.
>
> In our search for mortgage loans we found that we could get none on houses in the newer developments unless we were willing to accept them on the basis of 80 percent of value. The more we studied the new developments and became aware of the desire of home buyers for satisfactory long-term financing, the more we were inclined to invest our funds in Federal Housing Administration insured loans.

The same bank makes construction loans, following the New York practice of advancing installments as the construction work progresses, each advance being endorsed on the bond and secured by the mortgage. The bank advises that the building loan offers little risk when made to a reputable builder, makes possible the investment of funds, and gives the bank the call on the insured-mortgage loan.

The head of a large building and loan association in New York City, which is now using the insured-mortgage plan with all its upper-percentage loans, states:

> Here are some of the conclusions we have reached, crystallized by questions we are frequently asked by brother savings and loan executives:

> We have eliminated tax headaches, as our borrowing members make monthly provision for their taxes in advance.
>
> We have very definitely concluded that an 80-percent insured loan better protects the interest of our savings members than a 60-, a 50-, or even a 40-percent uninsured loan. The law of average is with us not only in theory, but in our actual operations to date.
>
> Our entire lending operation as a result of the Federal Housing Administration's program comes closer to fitting the pocketbook of the borrower than ever before.

In one small town in up-State New York, loans in a new subdivision were not approved because of the lack of a zoning ordinance and the consequent danger of industrial encroachment. The Federal Housing Administration was requested to explain the situation to the town council and to assist with the preliminary steps necessary to start a community-planning program. The council was advised of the assistance available through various public and private agencies and of the need for so coordinating the city plan, the zoning ordinance, subdivision regulations, and building and sanitary codes as to offer the maximum neighborhood protection.

In another small city in central New York, the Federal Housing Administration was unable to insure maximum loans in many neighborhoods because of deficiencies in the zoning ordinance. Home owners and developers felt that because they had a zoning ordinance maximum loans were warranted. The weaknesses of the ordinance were explained in detail, and it was recommended that the community retain an experienced consultant to aid in correcting its ordinances.

New Jersey.

From northern New Jersey the State director reports in regar to the maintenance of standards:

> At the beginning of insuring operations it was found that more than 50 perce of the towns in New Jersey had no plumbing and sanitary codes, and this mad it necessary to prepare special requirements covering the installation of water supply systems, etc.
>
> Now a number of municipalities have thought so highly of these Federal Housing Administration minimum construction standards and sanitary and plumbing requirements that they have adopted them entirely as the local codes, or have used them as models for drafting local regulations.
>
> We have been successful in securing the cooperation of developers in covering their tracts with restrictive covenants that will insure protection for the areas over a long period of years.
>
> A requirement has also been made that new houses insured under the Federal Housing Administration plan in New Jersey must be constructed of grade-marked lumber. This enables the purchaser to be certain that he is obtaining that which he pays for.

PROTECTIVE SERVICE TO INDIVIDUALS

Following are several specific examples of services such as are rendered daily to families throughout the country by the insured-mortgage system with its protective features.

Change from renting to ownership.—A mortgagor in Texas had been renting a three-room apartment for 5 years, paying $45 a month rent. Through an insured-mortgage loan he built a new 5-room brick-veneer house on which his total payments were $45 monthly. He has stated that he now has his own home with plenty of room, light, ventilation, yard, and privacy, and feels that his payment checks are now employed to his own investment and not to that of a landlord; that if it had not been for the insured-mortgage plan he would still be living in that apartment.

Avoidance of overbuying.—In Miami, Fla., the operator of a small business applied for an insured mortgage to enable him to purchase a house valued at $10,000. This application could not be approved because the burden of making the necessary monthly payments and maintaining the house appeared too great in relation to his income. He later decided to build a smaller house costing $7,500, which he found entirely adequate to meet the needs of his family with consequent relief to his family budget.

Protection against inferior construction.—Preliminary inspection of plans for a house being built for a widow in Illinois indicated service stairs entirely too narrow to be serviceable, and too low a roof pitch. These deficiencies were corrected under Federal Housing Administration requirements without additional cost to the owner.

In another case involving new construction, the third compliance inspection report showed numerous defects in interior finish on an otherwise first-class building improvement. The Federal Housing Administration called for correction of these defects, involving a cost of about $500. It later developed that the applicant had felt that the work was not up to standard but had been unable to make his builder correct the defects.

In Chicago a special inspection made at the request of the owner revealed an inadequate heating plant contrary to specifications and, accordingly, it was replaced with an adequate new plant which complied with the requirements of the mortgage-insurance commitment.

A borrower in Texas applied for an insured loan on a property which he contemplated purchasing and, as a result of an underwriting analysis and subsequent commitment, he concluded that his proposed purchase was not warranted. Inspection reports had reflected poor construction, poor quality of workmanship, and poor materials. These defects, not apparent to a layman, were soon recognized by the applicant, and he did not consummate the purchase. Afterward, through the medium of an insured-mortgage loan, he purchased another property and repeatedly has expressed his appreciation of the service rendered him by the Federal Housing Administration.

Avoidance of unsuitable locations.—In Texas another applicant wishing to finance a home costing about $2,750 on a lot costing approximately $200, was told that because his lot was close to rather old and decayed properties in a substantially lower value range, the maximum valuation on his project could not be over $2,250. As a result of this analysis, he was able to purchase for $400 a lot in a neighborhood with houses similar to the one that he had planned, and well protected by deed restrictions.

A businessman in a midwestern city applied for an insured mortgage loan to cover the construction of a new home. The local Federal Housing Administration underwriting department took the position that the home, which was to cost approximately $17,000, was to be built in a neighborhood that was entirely out of line for a home of the proportions and type represented in the plans and specifications. The borrower was notified that the same home built in an acceptable location would be insurable. At first he was greatly incensed, but later followed the underwriter's suggestion and wrote an appreciative letter, in which he stated: "It is evident now that I would always have regretted placing my home on the location originally suggested."

Relief from burdensome financing.—A couple in an Indiana city had purchased a house for $6,000 and by dint of hard saving had reduced the debt to $3,000. They still had to pay $50 a month to the lending institution for interest at 7 percent, and amortization, and due to cuts in the man's wages they were forced to move from the property, taking cheaper quarters and renting their home furnished. Even this did not suffice, and they applied for an insured-mortgage loan through a local financial institution. They obtained an insured loan for $3,150, on which the payment was $27.61 a month, covering principal, interest, service charge, and mutual mortgage insurance, with taxes and hazard insurance—charges that formerly had to be met in lump sums—carried by an additional regular payment of $8.11 monthly. They felt that this arrangement enabled them to retain their home on a secure basis, with corresponding relief from their long period of anxiety.