42

Ninth Annual Report

of the

FEDERAL HOUSING ADMINISTRATION

ABNER H. FERGUSON
Commissioner

For the year ending
December 31, 1942

Ninth Annual Report

of the

FEDERAL HOUSING ADMINISTRATION

Year ending December 31, 1942

Submitted to Congress With the First Annual Report of the
NATIONAL HOUSING AGENCY

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To the Congress of the United States:

Pursuant to Section 5 of the National Housing Act as amended, I am transmitting herewith the ninth annual report of the Federal Housing Administration, covering the calendar year 1942.

Respectfully,

Signed ABNER H. FERGUSON,
Commissioner

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Part I

SUMMARY OF OPERATIONS

DURING the year 1942, the Federal Housing Administration concentrated its activities on aiding the construction of privately financed war housing accommodations. Insurance written on mortgages and loans, authorized under the National Housing Act, totaled more than $1,136,000,000; construction of approximately 160,000 privately financed new dwelling units were started under the FHA program; 67,500 applications for preference rating orders were processed for the War Production Board; and other important services were rendered in connection with war housing construction.

New insurance operations covered mortgages to the amount of approximately $795,000,000 for new construction, $200,000,000 on existing residential properties, and the insurance of loans of $141,000,000 for the remodeling and maintenance of existing structures. The 1942 total volume of insurance written, $1,136,000,000, in view of wartime restrictions on civilian construction, compared favorably with the 8-year record volume of $1,186,000,000 established in 1941.

During the calendar year ended December 31, 1942, mortgages insured under Title VI totaled $283,775,778, of which $267,015,578 represented mortgages on one- to four-family dwellings and $16,760,200 on multifamily rental housing projects in war housing areas designated by the President. In addition, insurance was written on small home mortgages under Title II totaling $691,445,427 and on large-scale rental housing projects for the net amount of $5,701,000.[1]

On December 31, 1942, the cumulative volume of loans and mortgages insured since the Administration began operations in June, 1934, was $6,400,000,000. The total involved 5,185,143 individual loan transactions. Through repayments and terminations of mortgage insurance, the estimated outstanding amount of loans protected by FHA insurance had been reduced to $4,100,000,000 by the end of 1942.[2]

Financial Position

Administrative expenses of the Federal Housing Administration since the fiscal year beginning July 1, 1940, have been paid out of income. Dur-

[1] See chart 1
[2] See table 1

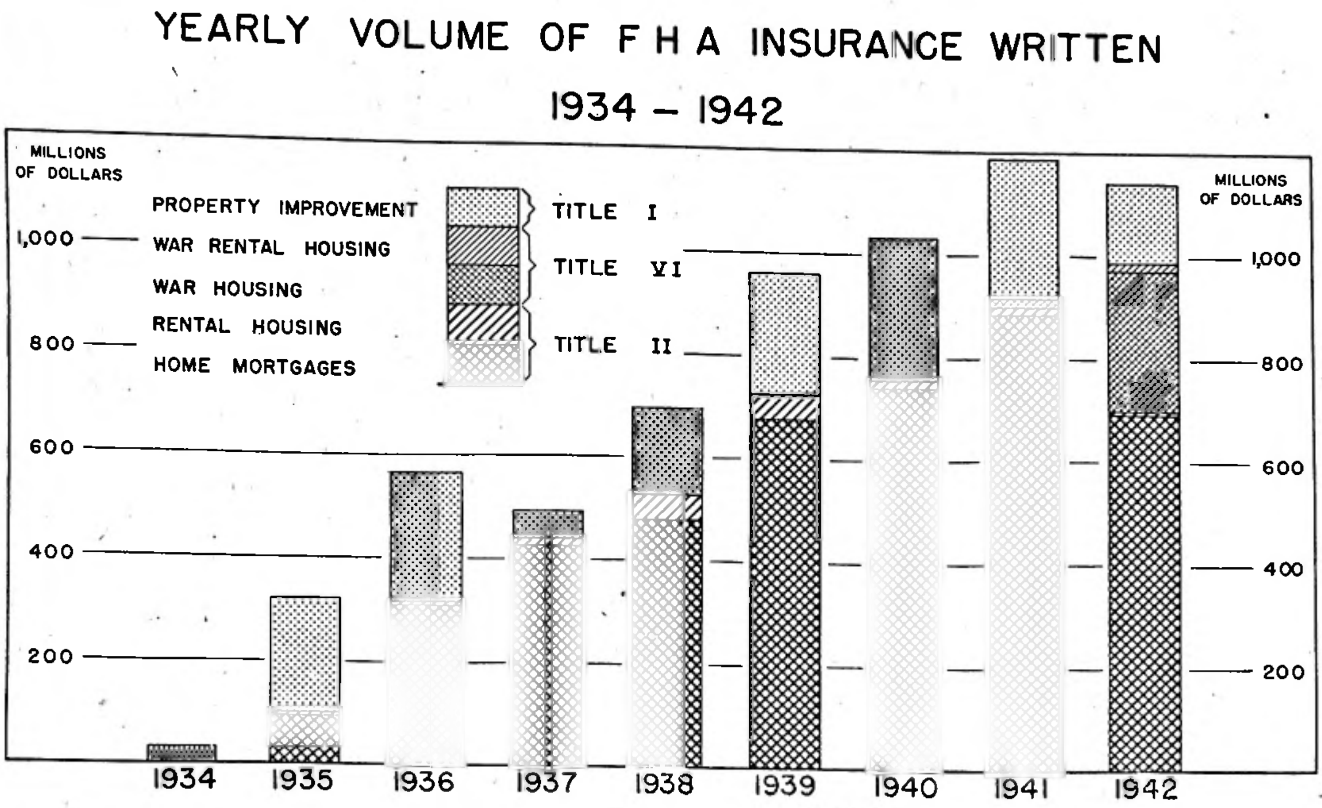

CHART I

TABLE 1.—*Yearly Volume of Mortgages Insured by the FHA: Trend and status of insurance of property improvement loans, home mortgages, rental housing mortgages, and war housing mortgages, August 1934–December 31, 1942*

Year and status of insurance written	Title I	Title II		Title VI[1]		
	Property improvement loans	Section 203 home mortgages	Section 207[2] rental projects	Section 603 war housing	Section 608 war rental housing	Total
Net insurance outstanding	$305,596,126	$3,392,166,636	$108,798,559	$273,970,526	$16,760,200	$4,097,292,047
Estimated amount amortized	1,330,721,684	360,686,497	6,302,432	3,520,802	....	1,701,231,415
Face amount in force	1,636,317,810	3,752,853,133	115,100,991	277,491,328	16,760,200	5,798,523,462
Insurance terminated	[3]44,908,719	521,652,417	30,550,525	2,955,500	....	[3]600,067,161
Face amount written	1,681,226,529	4,274,505,550	145,651,516	280,446,828	16,760,200	6,398,590,623
1934	30,450,583	(4)	(4)	....	....	30,450,583
1935	223,620,146	93,882,012	2,355,000	....	....	319,857,158
1936	246,149,913	308,945,106	2,101,000	....	....	557,196,019
1937	60,382,598	424,372,999	10,549,000	....	....	495,304,597
1938	172,747,308	473,246,124	47,589,150	....	....	693,582,582
1939	233,067,349	669,416,154	51,340,625	....	....	953,824,128
1940	276,541,365	736,490,344	13,017,900	....	....	1,026,049,609
1941	282,716,233	876,707,384	12,997,841	13,431,250	....	1,185,852,708
1942	155,551,034	691,445,427	5,701,000	267,015,578	16,760,200	1,136,473,239

[1] Section 603 of Title VI, enacted on March 28, 1941, provides for the insurance of mortgages secured by new 1- to 4-family homes located in war housing areas designated by the President. Section 608, added to Title VI on May 26, 1942, provides for the insurance of mortgages secured by multifamily rental housing projects located in these areas.
[2] Includes also rental and release clause projects insured under section 210, enacted February 3, 1938 and repealed June 3, 1939.
[3] Title I terminations include claims paid only, since statistics on prepaid loans are not available.
[4] Not in operation pending necessary changes in state laws.

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ing 1942, the current revenues of the Administration exceeded its operating expenses by $15,434,993, as compared with $13,170,802 in 1941.

Total income from fees and premiums charged for insurance under Titles I, II, and VI and from interest on investments was $27,298,702 in 1942. In 1941, total income was $26,877,450. Total administrative expenses in 1942, exclusive of equipment, amounted to $11,863,709, as compared with $13,706,648 in 1941.

Pursuant to the provisions of the National Housing Act, current income not required for payment of administrative expenses is deposited to the credit of the various FHA insurance funds, which aggregated $61,013,499 as of December 31, 1942.

National Housing Agency Created

By Executive Order signed by the President on February 24, 1942, the Federal Housing Administration, with other housing agencies of the Federal Government, was placed under the National Housing Agency. The Executive Order changed the title of Federal Housing Administrator to Federal Housing Commissioner.

Amendments to the National Housing Act

Mortgage insurance authorizations under Title I and Title VI of the National Housing Act were expanded and extended by Congress. Amendments to both Titles I and VI, approved by the President on May 26, 1942 were directed toward stimulating the production of privately financed housing and living accommodations for war industry workers.

Changes were made in Title I to increase the production of additional accommodations for war workers through the remodeling of existing houses and the rehabilitation of substandard structures in designated war housing areas. The amendments authorized the insurance of loans of up to $5,000 and with maturities of up to 7 years, and extended the authority to insure loans under Title I to July 1, 1943.

Legislation amending Title VI changed its official designation from "Defense Housing Insurance" to "War Housing Insurance." Maximum insurance authorization was increased to $800,000,000 from $300,000,000, and the expiration date of authority to insure mortgages under Title VI was extended to July 1, 1943. The amendments also liberalized Title VI to give the Commissioner broader latitude in the acceptance of insurance risks under emergency conditions.

Changes in the provisions of Section 603 made Title VI financing available for construction of one- to four-family structures up to the $6,000 maximum price limitation per dwelling unit or $50 per month shelter rent for rental properties, established by the War Production Board for privately financed war housing. The amendments authorized increases in the principal amount of individual mortgages on single-family dwellings to $5,400 from $4,000; two-family dwellings to $7,500 from $6,000; three-family dwellings to $9,500 from $8,000; and four-family dwellings to $12,000 from $10,500. The maximum maturity of mortgages insured under Section 603 was increased to 25 years from 20 years.

Included in the Title VI amendments of May 26, 1942, was the addition of Section 608 authorizing the insurance of mortgages on large-scale rental housing projects for war workers. Individual mortgages were limited to a maximum of $5,000,000 in principal amount and a maximum of $1,350 a room for that part of the project attributable to dwelling use.

WARTIME EFFECT ON INSURING OPERATIONS

Wartime conditions, restrictions, and measures had important and major influences on the volume and pattern of mortgage insuring operations in 1942. The volume of housing allocated to private construction under the War Production Board's materials priorities system placed limitations on the total construction available for FHA mortgage insurance. These conditions resulted in a decrease in the volume of mortgages of the type insured in peacetime. However, a substantial increase in the volume of war housing insured offset the major portion of the decrease in non-war housing insurance written in 1942. To conserve scarce materials and to meet the needs of in-migrant workers in war industry areas, there was a marked percentage increase in the construction of multifamily houses in contrast to the volume built under normal conditions.

Wartime measures effected a pronounced up-swing in the volume of dwelling units built for rental purposes. Further effects on the Administration's insuring operations in 1942 were increases in volume of mortgages insured on existing dwelling properties and in the number of outstanding obligations prepaid by mortgagors.

A decline of about 28 percent from the record volume of new dwelling units started under FHA-insured financing in 1941 reflected primarily the War Production Board's Limitation Order L-41 of April 9, 1942, which stopped all private building construction not serving essential war needs. During 1942, private builders started construction of approximately 160,000 new dwelling units under FHA mortgage insurance commitments, or some 27.5 percent less than in 1941. In areas designated as vital to the war program, the number of new units started was about 20 percent more than that in these areas in 1941. The number of designated areas increased from 270 on December 31, 1941, to 509 on December 31, 1942.

These declines contrasted with a drop of more than 50 percent in the total number of all nonfarm privately financed units on which construction was begun in 1942. In that year, the total number of dwelling units on which construction was started in nonfarm areas of the nation was reported to be 299,000, as against 619,000 in 1941.[3]

Under emergency conditions, it became desirable to place all new war housing covered by FHA insurance under Title VI of the National Housing

[3]See table 2

Act, and for the year 1942 new dwelling units started under Title VI provisions represented 70 percent of the total.

Approximately 30 percent of the new dwelling units started under FHA inspection in 1942 were financed by loans insured under Titles I and II. This construction was concentrated primarily in the first five months of the year prior to enactment of the 1942 amendments to the Act. In 1941, more than 87 percent of the new dwelling units started under FHA inspection were committed for insurance under Titles I and II, and about 13 percent under Title VI, Section 603.[4]

Wartime regulations affecting property improvement loans resulted in a decrease in the number of Class 1 and Class 2 loans of 37.1 percent from those of 1941. New dwellings constructed and financed under Title I, Class 3, insured loans in 1942 decreased 32.5 percent in number from the 1941 total.

Before the enactment of Section 608, authorizing the insurance of mortgages on large-scale multifamily rental projects for war workers, mortgages secured by projects providing 859 new dwelling units had been insured under Section 207. Applications for mortgage insurance under Section 608 began to be received in July, 1942, and before the end of the year totaled 82 projects designed for 7,650 dwelling units, with mortgages totaling more than $30,000,000. By December 31, 1942, 47 projects providing 4,983 units, with mortgages totaling $19,238,000 had been committed for insurance, of which 31 projects containing 4,291 units had become premium paying.

On May 26, 1942, when Congress authorized an increase in insurance permitted under Title VI from $300,000,000 to $800,000,000, it was estimated that about 50 percent of all home construction being started under the WPB preference rating system was covered by mortgages committed for insurance under that Title of the National Housing Act. During the last four months of the year, the volume of dwelling units started under Title VI increased to about 80 percent of the total started with priority assistance. As a result, it became apparent that the remaining Title VI authorization

[4]See table 3

TABLE 2.—*Public and Private Nonfarm Dwellings: Estimated number of privately financed 1-family, 2-family, and multifamily units started, as reported by Bureau of Labor Statistics, 1935–1942*

Year	Privately financed				Total publicly financed	Total nonfarm
	1-family	2-family	Multi-family	Total		
1935	183,000	7,700	25,000	215,700	5,300	221,000
1936	243,900	14,300	46,000	304,200	14,800	319,000
1937	266,800	16,300	49,300	332,400	3,600	336,000
1938	316,400	17,900	65,000	399,300	6,700	406,000
1939	373,000	20,000	66,000	459,000	56,000	515,000
1940	448,000	25,000	57,000	530,000	73,000	603,000
1941	533,000	28,000	58,000	619,000	96,000	715,000
1942	251,000	17,000	31,000	299,000	194,000	493,000

Source: Bureau of Labor Statistics.

would permit the issuing of commitments for insurance of mortgages on only 20,000 dwelling units beyond the end of 1942, although there remained a balance of 130,000 dwelling units of the quota that had been allocated to private construction. This was brought to the attention of the National Housing Administrator and Congress was requested to authorize an additional $400,000,000 in Title VI mortgage insurance to permit essential privately financed construction to proceed in 1943.[5]

Increase in Rental Accommodations

In the programming of housing for workers in war industry areas, the National Housing Agency recognized the need for providing housing on a rental basis without obligation to buy. Before the end of the year all new privately financed war housing was required to be offered for rent.

The Office of Production Management, which later became the War Production Board, allocated in September 1941 preference ratings for 200,000 privately financed dwelling units but established no specific distribution as between units for rent and for sale. To this 15,572 dwelling units were added by the WPB. On March 21, 1942 a second allocation for 200,000 private war housing units was made by the War Production Board with the stipulation that at least 50 percent of these units be offered for rent or for occupancy on lease-option terms equivalent to rent. On December 11, 1942, a joint declaration of policy was signed by the War Production Board and

[5]The total amount of insurance permitted under Title VI was increased $400,000,000, bringing the total to $1,200,000,000, by an amendment enacted March 23, 1943.

TABLE 3.—*New Dwelling Units Provided Under the FHA Program, 1935–1942*

Year	Title I	Title II		Title VI[1]		
	Class 3 new small homes[2]	Sec. 203 new small homes[3]	Sec. 207 rental housing[4]	Sec. 603 war housing	Sec. 608 war rental housing	Total
1935	....	13,226	738	....	....	13,964
1936	....	48,752	625	....	....	49,377
1937	....	56,980	3,032	....	....	60,012
1938	5,845	100,966	11,905	....	....	118,716
1939	10,783	133,874	13,342	....	....	157,999
1940	10,194	166,451	3,562	....	....	180,207
1941	9,145	180,156	3,580	27,463	....	220,344
1942	4,010	41,578	1,539	110,380	2,253	159,760

[1] Section 603 of Title VI, enacted on March 28, 1941, provides for the insurance of mortgages secured by new 1- to 4-family homes located in war housing areas designated by the President. Section 608, added on May 26, 1942, provides for the insurance of mortgages secured by multifamily rental housing projects located in these areas. Title VI data represent dwelling units provided by structures reported by the field offices as started under FHA inspection.

[2] Legislation providing for the insurance of class 3 loans was enacted on February 3, 1938. For the years 1938 and 1939, data represent dwelling units provided by structures securing loans insured by the FHA, as tabulated in Washington. For the years 1940-1942, the data represent the dwelling units provided by structures reported by the field offices as started under FHA inspection.

[3] For the years 1935-1938, section 203 data represent dwelling units provided by 1- to 4-family, new home structures securing mortgages underlying gross firm commitments for FHA insurance as tabulated in Washington. For the years 1939-1942, section 203 data represent dwelling units provided by structures reported by the field offices as started under FHA inspection.

[4] Section 207 data represent dwelling units provided by rental and release clause projects securing mortgages insured by the FHA. For the years 1938 and 1939, data also include dwelling units provided by rental and release clause projects insured under section 210.

the National Housing Agency which required all war housing units started after that date to be rented to war workers, with the provision that an occupant after four months of occupancy could purchase the housing unit.

As a result of these changing requirements, the proportion of privately financed war housing made available on a rental or lease-option basis advanced sharply during the course of the year. During the first six months of operation under the priorities system, 26.8 percent of the units completed and occupied were marketed on a rental basis. After establishment of the national 50 percent quota, the proportion of rental units increased, and of the 181,228 units covered by applications certified as eligible by the FHA or approved by the WPB between March 21 and December 31, 1942, 66 percent represented proposed units to be offered for rent or on equivalent lease-option terms.

An increase in rental accommodations, through maximum utilization of existing structures in war housing areas was also facilitated by the amendment to Title I of the National Housing Act enacted in May 1942. This amendment provided for the insurance of loans made for the conversion, remodeling, or rehabilitation of existing structures to provide additional living accommodations on a rental basis for war workers. Applications for priority ratings for privately financed conversion or remodeling projects were received in FHA offices at a steadily increasing rate during 1942, until by December they had reached a volume of almost 6,000 dwelling units per month. Completed projects, by December 31, 1942, had added a substantial number of family living units and single rooms for rent in existing structures for the accomodations of essential war workers.

Insurance of Mortgages and Loans on Existing Structures

With new residential construction restricted by the War Production Board to housing for war workers in designated areas, families in other areas were limited to the purchase of existing dwellings. In designated war housing areas, workers in some instances also found it desirable to purchase existing properties. Many purchasers of existing dwellings, in addition to others throughout the country who refinanced their mortgages, utilized FHA-insured mortgage financing. As a result mortgages on approximately 45,000 existing properties, totaling more than $200,000,000 were insured in 1942, an increase in amount of approximately 10 percent over 1941.

The general ban on new construction emphasized the necessity of maintaining existing dwellings, whether or not located in war housing areas, in sound repair as a safeguard to health, safety, and preservation of investments in home ownership. Title I-insured financing also was available to aid the nation's fuel conservation program. This included financing the cost of converting oil and gas heating equipment to other types, and such preventive measures against heat loss as the installation of storm windows, weather stripping, and insulation in walls, floors, and ceilings. During 1942, 427,534 Class 1 and 2 property improvement loans totaling $140,741,430 were insured under Title I.

Prepayment of Mortgages

As an anti-inflationary measure, the President early in 1942 urged the American people, insofar as possible, to adopt a program of accelerating the paying off of debts and mortgages. To further this program the Federal Housing Administration encouraged the prepayment of mortgages and on May 26, 1942 agreed to waive the prepayment premium of one percent when refinancing was not involved. During the period from June 1 to December 31, 1942, 19,666 FHA-insured Section 203 mortgages amounting to $85,643,715 were paid in full prior to maturity. Earlier in the year, 9,587 families had prepaid their insured mortgage obligations amounting to $41,381,762. Between December 31, 1941 and December 31, 1942, 29,253 mortgages insured under Section 203, totaling $127,025,477 were paid before maturity, representing an increase of 33 percent in number over 1941.

Claims Paid, Defaults and Foreclosures

Under wartime conditions, FHA loan and mortgage insurance operations continued to experience an unusually low loss ratio. On December 31, 1942, claims paid on insured property improvement loans represented 2.7 percent of the total volume of loans insured under Title I. Defaults in monthly payments on mortgages insured under Section 203 at the close of 1942, represented 0.87 of one percent of the total amount of premium paying mortgages in force, as compared with 1.25 percent at the end of 1941.

During the calendar year 1942, dwelling properties acquired by the FHA through foreclosure totaled 502 as compared with 1,044 in 1941 and 1,123 in 1940. Through December 31, 1942, a total of 3,857 small home properties, with total mortgages of $18,344,781, had been acquired, of which 3,651 had been sold. From the beginning of operations through December 31, 1942, 16 rental housing projects with mortgages amounting to $12,072,100, insured under Sections 207 and 210, had been acquired by the FHA and the mortgage on one project amounting to $3,000,000 had been assigned to the Administration. By the end of 1942, of these 16 acquired projects, 8 were being held and operated by the Administration, 6 had been sold, and 2 were sold and reinsured by the FHA.

INSURING PROCEDURES UNDER WARTIME CONDITIONS

Modifications in the underwriting of mortgage insurance for war housing in 1942 had to be made because of the amendments to Title VI of the National Housing Act. Changes in insuring procedures also were necessary as a result of wartime restrictions placed by federal agencies upon privately financed dwelling construction. The most important restrictions affecting mortgage insurance were the limitation of new construction to designated war industry areas; location of properties with respect to their distance from the industry served; priority ratings and limitations on the use of certain construction materials; the establishing of a maximum sales price and rental for new dwellings; and the requirement that new dwellings be offered for rent to war workers.

Legislation by Congress and controls issued by the war agencies had a common objective: The production of housing for war workers in the location, volume, and type needed. The accomplishment of this objective necessitated adjustment of FHA underwriting procedures to permit effective use of mortgage insurance as an aid to the construction of war housing with reasonable safety to the investment of private capital.

The insurance of mortgages on dwellings built under wartime conditions involves added insurance risk because of the uncertainty of postwar needs and conditions. In view of this, amendments to the National Housing Act, made in 1942, broadened the Administration's latitude in the acceptance of mortgage risks. In recognition of increased risk, income derived from insurance of mortgages on war housing under Title VI is segregated in a separate war housing insurance fund from other mortgage insurance funds.

Many safeguards established by the Administration to minimize mortgage risk in peacetime were unsuited to the production of essential war housing using a minimum amount of critical materials. FHA minimum standards and construction requirements for new dwellings submitted under Title VI were therefore revised to permit the use of alternate and substitute materials and construction methods with as little impairment as possible to structural quality. These also were designed to maintain safe sanitary conditions and to preserve the livability of housing built under emergency conditions.

Underwriting procedures previously used were redesigned to meet the new conditions under which residential properties were produced and financed. To effect these changes in procedure, an expanded program of in-service training of field personnel was instituted under the direction of the Washington Headquarters Staff. Particular emphasis was given in this training to the processing of rental property to be occupied by war workers.

Current cost of construction, in 1942, was given greater recognition as a basis for determining the amounts of insurable mortgages. In view of the changing cost situation, FHA's cost estimating procedures also were modified to meet the needs of wartime conditions.

Site Planning of War Housing

The location of war housing was established by the National Housing Agency upon the basis of need within war industry areas. Convenience of locations to war industries was further determined by the War Production Board's requirement relative to the proximity of projects to war production factories and to existing utility systems. Within these limitations, FHA land planning consultants made studies to determine the most desirable sites with respect to future trends and effects of war housing on the postwar development of war industry areas.

To minimize mortgage insurance risk, conserve scarce materials, and assure the development of communities that would meet emergency needs and peacetime uses, the FHA stressed the importance of the sound planning of insurable projects. Each project received careful analysis by land planning consultants, and special attention was given the location of structures to effect economies in utility installations and site development cost, to assure their being economical and desirable living areas. The permanent nature of privately financed war housing indicated the need for developing sites that would assure maximum livability and continuing desirability when the emergency ended. As a further aid to this objective, standards applicable to war rental housing developments were issued in 1942 on a national basis.

Projects submitted for mortgage insurance were subjected to critical analysis with respect to topography, drainage, sanitation, and landscaping. To assure streets of serviceable width, with curbs and sidewalks, and economical but sound construction, standards were developed that would avoid costly future reconstruction and maintenance.

Technical Problems of War Housing

Studies were made by the technical staff of various construction materials and methods that would permit satisfactory replacement of scarce materials. When alternate materials were not available, analyses were made of methods that would reduce the quantity of material required. This research approached the problem from the standpoint of structural framing and also from the effect of the planning of dwelling units on economy in the use of materials.

Plan studies were made of various types of dwelling units to determine the most economical use of materials in construction and in plumbing and heating installations. These studies also were used as a basis for estimating material requirements and cost of future war housing and to aid builders in the development of plan arrangements within the various limitations imposed under emergency conditions.

In view of the urgent necessity of conserving fuel as well as critical materials, the development of requirements for heating equipment and its installation, for dwellings financed with mortgages insured under Title VI, was significant. To achieve the desired objectives, the FHA requirements sought to increase the use of equipment efficient in operation and to reduce the heat loss from houses through improved insulation qualities. In 1942, the technical staff also developed standards and requirements for individual water supply and sewage disposal systems in an effort to improve sanitary conditions in areas where public utilities are not available to serve new dwellings.

COOPERATIVE SERVICES IN THE WAR HOUSING PROGRAM

The Federal Housing Administration's broad experience in the field of privately financed dwelling construction throughout the United States, and its technical staff, trained and experienced in all phases of house production, were made available to and utilized by all agencies concerned with war hous-

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ing. The Administration, through its organization, records, and facilities, was able to render assistance to the over-all execution of the emergency housing program in many different ways. This service was effectively conducted through close collaboration and daily liaison with other Governmental agencies within and without the National Housing Agency. In addition, applications for preference rating and other orders, and applications for FHA-insured mortgages on privately financed war housing were processed.

Determination of the need for housing and the most suitable type of housing needed in specific war industry areas was important to the planning of the war housing program. Until the President's Executive Order of February 24, 1942, programming of the necessary construction which could be met by privately financed building and the volume of federally financed construction required was a responsibility of the Division of Defense Housing Coordination. After that date, the programming of war housing became a function of the National Housing Agency.

During the first half of 1942, the FHA Division of Research and Statistics completed 120 reports on current housing situations in war industry areas for the use of the Office of Defense Housing Coordination or the Office of the Administrator of the National Housing Agency. As of July 1, 1942, the Office of the Administrator assumed the function of over-all market analysis to meet the needs of that office and also of the constituent units of the National Housing Agency. With the assumption of that function by the Office of the Administrator, technical personnel of the FHA Division of Research and Statistics who had been engaged in market analysis work and related activities were transferred to that Office and continued there the work previously performed by the FHA.

In addition to statistical surveys, FHA field offices made frequent reports upon housing and industrial conditions in their respective territories. These supplementary reports were of especial value as an aid in determining the extent to which private capital could be expected to produce needed housing within the necessary time limitations, and also in the determination of the location of needed housing facilities.

In the nationwide effort to conserve materials vitally needed for armament production, the War Production Board continued the priority rating system for construction materials, established by the Office of Production Management in 1941. In the further development and adjustment of the priority system to changing conditions, the WPB, in 1942, continued to consult the FHA's technical staff. In addition to furnishing technical information, the staff developed statistical data and made analyses to determine the quantity of metals used in both dwelling units and the utility services. To further maximum saving of scarce materials, comparisons were made of the quantities of these materials required in different types of dwelling units. Analyses also were made of the materials required for dwellings, nationally and on a regional basis for the purpose of determining material requirements for privately financed housing.

In the last quarter of 1942, the War Production Board established a method of allocating materials for the construction of essential war housing. Information required to provide a basis for estimating material allocations was developed by FHA's technical staff.

In a consulting capacity, the Administration's technical staff aided the War Production Board in the elimination of unnecessary sizes and types of plumbing and heating equipment, as a means of conserving scarce materials without retarding the production of privately financed war housing. Consultation also was rendered the Petroleum Administrator on problems involving the conservation of fuel through conversion of heating equipment and encouraging the use of construction methods that would aid the fuel conservation program.

Close cooperation with public officials on all matters affecting private war housing was continued during 1942. Problems of water supply, sanitation, extension of utilities, and road construction in war housing areas were acute, and close collaboration was necessary between engineers and the local authorities to find satisfactory solutions. In cooperation with local highway authorities, minimum road construction requirements were developed to assure well constructed traffic-ways with minimum upkeep expense to local communities.

Processing of War Housing Priority Applications

In the early stages of the war, it became evident that the nation's supply of certain materials—particularly metals—for civilian uses was being greatly restricted by the emergency volume necessarily required for military purposes. To conserve the supply available for civilian use, the priorities system, established by the Office of Production Management in 1941, became the basis upon which critical materials could be purchased. The priorities system established preference ratings for which application was made for the proposed use of these materials.

The services of the field offices of the Federal Housing Administration were enlisted in September 1941, as agent for the Office of Production Management, to process applications for preference rating orders. This arrangement was continued by the War Production Board. In 1942 the processing of applications for preference rating to obtain critical materials for war housing was an important additional function of the Administration, since applications were processed for all private construction financed with or without mortgage insurance. The cost of processing applications, amounting to $907,000, was paid for by the War Production Board.

During 1942 FHA field offices received 68,851 applications for preference rating orders submitted by builders for the construction of 492,956 dwelling units. Of these, 53,511 applications covering 370,102 units were certified as eligible by the FHA. Of the applications forwarded to the War Production Board, 46,742 were approved in 1942 for the production of 284,855 dwelling units, of which 87 percent were to be provided by new construction and

13 percent through remodeling of existing structures. On December 31, 1942, projects providing 37,831 dwelling units were in process of examination by the WPB and applications involving 10,580 units were under examination in FHA field offices.[6]

Construction of 171,279 dwelling units had been completed by private builders with preference rating orders by December 31, 1942. On that date, construction was started but not completed to provide an additional 78,339 units.

WPB preference rating orders had been issued by the year end for 105,902 additional privately financed dwelling units on which construction had not yet started. Builders holding preference rating orders for 47,447 of these units had indicated that they did not intend to start construction. The outstanding orders in these cases were subject to recapture under a procedure agreed upon by the Federal Housing Administration, through the National Housing Agency, and the War Production Board.

In September 1941 the Office of Production Management authorized issuance of preference rating orders to assist private industry in building 200,000 new dwelling units. Because part of these authorized orders had been used to enable completion of some units already under construction on September 1, 1941 and other orders had been issued to assist with rehabilitation projects, adjustments were made in December 1941 so that 15,572 additional units might be assisted by preference rating orders. On March 21, 1942 the War Production Board made a second allocation of materials to enable construction of an additional 200,000 dwelling units, bringing to 415,572 the total number of units for which preference rating orders could be issued.

Of the 171,279 dwelling units completed under preference orders on December 31, 1942, 93,264 had been sold, 3,617 were built for use of their

[6]See table 4

TABLE 4.—*Private War Housing Operations: Number of dwelling units covered by preference rating applications received by the FHA and approved by the WPB as reported by the FHA field offices, 1941–1942*

Year	New construction	Conversion	Total
Received by the FHA[1]			
1941	169,280	1,620	170,900
1942	438,432	54,524	492,956
Total	607,712	56,144	663,856
Approved by the WPB			
1941	106,231	1,302	107,533
1942	246,590	38,265	284,855
Total	352,821	39,567	392,388

[1] Reopened applications appear more than once.

owners, and 55,408 had been rented. In addition to those rented, 9,100 had been rented with lease-option arrangements. Dwelling units reported as not yet occupied totaled 9,890.

Specific services for the War Production Board performed by the Federal Housing Administration included the processing of applications for:

1. Preference ratings on private war housing, remodeling or rehabilitation projects, and essential non-war housing.
2. Authority to begin construction under WPB Conservation Order L-41.
3. Appeals from WPB Fuel Limitation Order L-56.
4. Exemption from Lumber Conservation Order L-121.
5. Change of stipulated rental or sales prices of war housing projects constructed under P-55 preference orders.
6. Purchase of new domestic mechanical refrigerators.
7. Approval of utility facilities for privately financed war housing projects.

Other services rendered the War Production Board included:

1. Countersigning purchase orders for subcontracts under WPB private war housing preference ratings.
2. Analysis of preference rating applications and utility projects in order to obtain the highest degree of conservation of materials.
3. Reporting construction progress and occupancy of dwellings built under the priorities system.
4. Recapture of issued preference rating orders for projects not to be built.
5. Reporting existing or impending shortages of critical materials in designated war industry areas.
6. Surveying electric range and hot water equipment requirements in private war housing projects.
7. Estimating quarterly requirements for allotment of critical materials.

EFFECT OF EMERGENCY CONDITIONS ON PERSONNEL

Insuring operations and services rendered the War Production Board and other agencies during 1942 were carried on with a reduction of 21 percent in personnel from that employed in 1941. Spread over the year, there was an average reduction in personnel of 8 percent as compared with the previous year. Personnel entering the armed forces by December 31, 1942, totaled 429, and by that date the services of 658 additional members of the staff had been lost through transfer to other agencies, resignations, or other causes.

On December 31, 1942, the FHA Washington and field personnel totaled 3,972 or 1,087 less than that of the previous year. During the course of the year, the number of per diem employees was reduced to 444 from a total of 727 employed in 1941. Over the period of one year, there was a total personnel turnover of 47.22 percent.

Field offices maintained by the FHA were reduced to 100 by the end of the year through the closing of six offices out of 106 operating in 1941. The operation of these six offices became uneconomical due to the reduced volume of construction which followed the War Production Board's restriction of new dwelling construction to designated war housing critical areas.

The numerous directives, limitation orders, and construction standards issued by the various war agencies throughout 1942 for the control of wartime housing greatly increased operating details of the FHA. Also, while applications for mortgage insurance in 1942 decreased in number, under Title VI there was a substantial increase in the number of dwelling units in multifamily structures covered by individual applications, as compared with applications for single-family structures normally insured under Section 203. Operation details were further increased by the volume of priority assistance and other applications processed by the FHA field offices for the War Production Board, in addition to the statistical and technical services rendered the war housing agencies.

The handling of this unusual volume of emergency-created detail with a reduced number of employees was partially offset by increasing the work week to 44 hours from 39, and at the end of the year by a further increase to 48 hours.

Part II

MORTGAGE INSURANCE OPERATIONS

MORTGAGE and loan insurance operations in 1942 changed considerably from those of previous years. The placing of privately financed construction on a war basis, including the definite limitation on residential construction by the War Production Board, and Congressional amendments to the National Housing Act in 1941 and 1942 had important effects on the volume and type of housing built. The effects of these conditions and measures are seen primarily in the reduction in volume of insurance applied for and accepted, the decrease in mortgage insurance operations under Title I and Title II, and the steady increase in operations under Title VI, as compared with the year 1941.

The total volume of FHA mortgage insurance transactions, in number and in amount, in 1942 was comparable to that of 1940. While there was a general decline in private building in 1942, applications for mortgage insurance in the first quarter of the year showed a gain of 38 percent over the corresponding period of 1941.

Applications for mortgage insurance on new small homes, existing homes and rental housing projects, aggregating $1,290,667,431, were received in 1942, a decline of 18.6 percent from FHA's 8-year record in 1941. As a result of placing all war housing under Title VI the total number of mortgage insurance applications accepted under Titles I and II declined 62.7 percent in number and 62.4 percent in amount from 1941 levels. However, insurance written in 1942 under Titles I, II and VI, totaling $1,136,473,239, was only 4.2 percent less than that of the previous year. During the year a total of 159,760 dwelling units were started under FHA inspection.

Under Sections 203 and 603 combined, applications for mortgage insurance on 277,809 one- to four-family dwellings were received during 1942, a decrease of 18.2 percent from the total received in 1941. Firm commitments to insure 247,340 mortgages under the two Sections were issued in 1942, a decline of only 1.5 percent compared with the previous year. Insurance written under both Sections covered a total of 218,341 mortgages for $958,461,005, an increase of 7.8 percent in number and 7.7 percent in amount over that of 1941.

In 1942 the insurance of mortgages on existing homes continued the upward trend begun in 1941. Mortgages on 45,456 existing properties, totaling $201,401,278, were insured under Title II. Almost 55 percent of all Section 203 mortgage applications received during the year involved existing homes as compared with 23 percent in 1941.

Large-scale rental housing project applications, in 1942, under Titles II and VI, totaled 103 with mortgages aggregating $40,827,000. Out of 42 projects, providing 5,830 dwelling units with insured mortgages totaling $22,461,200, 31 were war rental housing projects with mortgages totaling $16,760,200 insured under Section 608. As a result of insuring all war housing under Title VI, the amount of large-scale rental housing mortgages insured under Section 207 registered a decline of 56.1 percent from that of 1941.

The importance of war housing in FHA operations during 1942 is reflected in the volume of mortgages originated by private lending institutions operating under the FHA program. For each major type of institution, the 1942 dollar volume of war housing mortgages originated under Section 603 exceeded the amount originated under Section 203. Insurance companies, for example, originated 63.6 percent more under Section 603 than under Section 203, while the war home mortgage originations of savings and loan associations and of mortgage companies exceeded their Section 203 activity by 30.7 and 43.9 percent, respectively.

INSURANCE OF ONE- TO FOUR-FAMILY HOME MORTGAGES

War Housing Insurance Operations Under Title VI, Section 603

Title VI, Section 603 was established by congress in legislation approved March 26, 1941. The purpose of the new title was to provide a supplementary financing medium under the FHA mortgage insurance system to stimulate increased private construction of one- to four-family dwellings in war housing areas by builders or corporate mortgagors.

Under the provisions of Section 603 liberal financing arrangements were made available to builders operating on a project basis, and provided an effective financing medium for rental projects. Under Title II, Section 203, which theretofore had been the main financing medium for FHA-insured new home construction, 90 percent mortgages had been limited to those amounting to $5,400 or less for new single-family owner-occupied dwellings built under FHA inspection.

The original amendment establishing Title VI authorized the underwriting of a maximum insurance volume of $100,000,000. In legislation approved September 2, 1941, maximum authorization was increased to $300,000,000 effective to July 1, 1942.

In the first quarter of 1942 applications for Section 603 insurance on 60,002 mortgages totaling $235,385,739 were received, as compared with 48,617 mortgages amounting to $180,113,632 received during the 9 month period in which Title VI was in operation in 1941.

In the first 3 months of 1942, commitments to insure involved 47,641 Title VI mortgages totaling $181,189,000 as compared with commitments on 40,793 mortgages aggregating $146,413,340 issued during 1941. On March 31, 1942, the volume of insurance under Title VI had reached the maximum authorized by Congress and the issuance of further commitments was suspended.

In anticipation of additional insurance authorization by Congress, FHA field offices continued to receive and process Title VI applications but without issuing commitments in order to minimize delays when an increased authorization became available. On March 31, 1942, 13,246 mortgages in amount of $56,672,599 were in process of examination. During the follow-

TABLE 5.—*Trend of Applications, Firm Commitments Issued, and Mortgages Insured: Gross face amount of 1- to 4-family home mortgages under sections 203 and 603, as reported by FHA insuring offices, 1935–1942*

Month and year	Applications		Firm commitments issued		Mortgages insured	
	Number	Amount	Number	Amount	Number	Amount
TITLE VI Section 603[1]						
1941	48,617	$180,113,632	40,793	$146,413,340	3,778	$13,431,250
1942:						
January	10,262	38,622,251	6,901	25,986,850	1,892	6,556,050
February	21,078	82,741,750	17,356	64,571,000	2,270	8,483,200
March	28,662	114,021,738	23,384	90,631,150	3,328	12,273,000
April	16,391	65,166,450	1,931	7,490,800	3,228	11,424,100
May	10,837	44,508,550	149	599,350	3,746	13,554,350
June	12,695	57,997,100	13,591	54,987,100	4,485	15,875,550
July	12,755	58,767,165	16,933	73,124,700	5,447	20,620,850
August	13,265	60,676,700	17,114	75,982,550	6,524	25,030,350
September	14,013	66,016,100	14,697	65,182,250	8,029	31,523,508
October	14,345	66,534,750	14,782	67,923,050	9,693	38,265,120
November	8,903	43,742,850	11,128	51,884,900	9,797	40,195,300
December	5,822	28,655,600	7,788	36,612,500	10,267	43,214,200
Total	169,028	727,451,004	145,754	614,976,200	68,706	267,015,578
Section 603 cumulative	217,645	907,564,636	186,547	761,389,540	72,484	280,446,828
TITLE II Section 203						
1935	69,196	270,010,238	42,147	170,594,864	23,397	93,882,012
1936	131,802	538,885,269	109,611	438,449,153	77,231	308,945,106
1937	137,631	589,468,385	108,738	447,519,716	102,076	424,372,999
1938	223,980	1,010,584,906	149,895	647,949,074	109,279	473,246,124
1939	247,502	1,123,792,380	170,112	737,153,887	153,747	669,416,154
1940	282,880	1,271,983,776	202,281	876,431,018	168,293	736,490,344
1941	291,199	1,358,312,975	210,237	938,384,435	198,799	876,707,384
1942:						
January	11,508	54,667,270	9,111	40,965,010	19,338	87,166,975
February	12,766	61,930,805	8,843	39,994,510	15,572	70,798,685
March	15,667	76,059,136	11,018	50,812,215	14,948	67,780,045
April	19,494	90,114,310	13,291	61,734,340	12,115	55,447,845
May	13,397	62,636,900	11,462	52,889,100	13,034	60,176,825
June	7,112	32,909,062	9,511	43,813,125	13,933	65,810,335
July	5,525	24,914,562	7,898	36,225,113	13,315	62,727,700
August	5,750	26,476,075	7,274	33,677,615	11,159	51,813,028
September	5,665	26,346,735	7,623	35,273,725	10,225	47,572,640
October	5,069	23,775,765	6,918	31,909,600	9,558	44,470,000
November	3,783	17,286,555	4,784	21,883,125	8,229	38,964,199
December	3,045	14,287,827	3,853	17,446,400	8,209	38,717,150
Total	108,781	511,405,002	101,586	466,623,878	149,635	691,445,427
Section 203 cumulative	1,492,971	6,674,442,931	1,094,607	4,723,106,025	982,457	4,274,505,550
Total 603 and 203	1,710,616	7,582,007,567	1,281,154	5,484,495,565	1,054,941	4,554,952,378

[1] Section 603 of Title VI, enacted on March 28, 1941, provides for the insurance of mortgages secured by 1- to 4-family homes located in war housing areas designated by the President.

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ing interim period of two months, applications involving 27,000 additional Title VI mortgages in amount of $110,000,000 were received. On May 26, 1942, the President approved legislation voted by Congress which increased the maximum insurance authorization under Title VI by $500,000,000, raising the total permitted to $800,000,000.

In 1942 applications for mortgage insurance under Title VI, Section 603, totaled 169,028 and amounted to $727,451,004. About 3½ times as many applications for war housing mortgage insurance under Section 603 were submitted during 1942 as in the nine month period of 1941, while the 145,754 mortgages on which firm commitments were issued exceeded the 1941 total by some 105,000, an increase of over 2½ times.[1]

There was a seventeen-fold increase in the number of mortgages insured under Section 603 in 1942, as compared with the 1941 total, which may be attributed not only to the accelerated war housing insurance operations of 1942, but also to the fact that most mortgages committed for insurance in 1941 secured properties which were not completed until 1942 and hence were not endorsed for insurance until that year.

Under Section 603, the construction of 110,380 new dwelling units

[1]See table 5

TABLE 6.—*Status of FHA Mortgage Insurance Operations: Disposition of face amount of all 1- to 4-family home mortgage insurance applications under section 603 of Title VI and section 203 of Title II, cumulative 1935–1942*

Status of insuring operations	Section 603 war housing mortgages[1]		Section 203 home mortgages	
	Number	*Amount*	*Number*	*Amount*
Net insurance outstanding	71,672	$273,970,526	863,997	$3,392,166,636
Estimated amount amortized	....	3,520,802	....	360,686,497
Face amount in force	71,672	277,491,328	863,997	3,752,853,133
Insurance terminated[2]	812	2,955,500	118,460	521,652,417
Face amount written	72,484	280,446,828	982,457	4,274,505,550
Firm commitments outstanding	96,601	426,146,800	15,973	74,258,625
Net firm commitments issued[3]	169,085	706,593,628	998,430	4,348,764,175
Firm commitments expired[2 4]	17,462	54,795,912	96,177	374,341,850
Gross firm commitments issued[3]	186,547	761,389,540	1,094,607	4,723,106,025
Conditional commitments outstanding	....	....	9,301	43,473,100
Conditional commitments expired[4]	....	....	130,307	587,077,046
Total commitments issued	186,547	761,389,540	1,234,215	5,353,656,171
Rejections and withdrawals[4]	26,071	121,992,996	257,751	1,316,038,335
Total applications processed	212,618	883,382,536	1,491,966	6,669,694,506
Applications in process of examination	5,027	24,182,100	1,005	4,748,425
Total applications for insurance	217,645	907,564,636	1,492,971	6,674,442,931

[1] Section 603 of Title VI, enacted on March 28, 1941, provides for the insurance of mortgages secured by new 1- to 4-family homes located in war housing areas designated by the President.
[2] As reported by the Comptroller's Division in Washington.
[3] The volume of firm commitments as reported by the field offices, shown in this table and in table 007, differs from the volume of commitments as tabulated in Washington, shown in tables 008, 009, 013 and 014, because of the lag between the time the field office reports its action and the receipt of the supporting commitment statistical forms and the tabulating of the information therefrom in Washington.
[4] Excludes cases reopened.

started in 1942 represented 70.8 percent of the total number of one- to four-family dwellings started under FHA inspection.

For the year 1942, insurance written under Section 603 covered mortgages on 68,706 small homes, amounting to $267,015,578. This total was 23.5 percent of all insurance written under Titles I, II and VI in 1942. From April 1941 through December 1942, the total amount of insurance written under Section 603 was $280,446,828 for mortgages on 72,484 small homes upon which construction had been completed.[2]

Activity of Lending Institutions

In the nine-month period following the establishment of Section 603, in March 1941, 40,651 mortgages for $146,320,800 were originated by 542 lending institutions. The volume of mortgage originations under Section 603 continued to steadily increase through 1942, ranging from a nearly three-fold increase for insurance companies to a seven-fold increase for savings banks. On December 31, 1942, 1,288 institutions had originated a cumulative total of 169,777 mortgages totaling $708,979,679.[3]

During the year 1942, lending institutions originated 146,070 mortgages for $625,697,429 committed for insurance under Section 603. Mortgage companies, insurance companies, and national banks, which were the leading originators of mortgages on war housing in 1941, maintained their relative rank, accounting for 27.7, 17.1, and 17.0 percent respectively of the total dollar amount of Section 603 mortgages committed for insurance in 1942.[4]

There was an active secondary market for mortgages insured under Section 603, and at the close of 1942 transfers of 14,045 mortgages totaling $50,-

[2]See table 6
[3]See chart 2
[4]See table 7

TABLE 7.—*Type of Institution Originating Mortgages: Gross face amount of firm commitments issued by the FHA to insure 1- to 4-family home mortgages under section 603 of Title VI and section 203 of Title II, 1935–1942*

Type of institution	Section 603[1]		Section 203			
	1941	1942	1935-1939[2]	1940	1941	1942
	(000 omitted)					
National banks	$27,111	$106,556	$634,395	$214,934	$222,235	$98,390
State banks	18,502	94,163	546,365	180,886	191,102	89,476
Savings and loan assns.	14,547	59,444	269,829	76,376	83,361	45,480
Mortgage companies	43,382	173,069	389,729	209,022	224,281	120,231
Insurance companies	29,612	107,193	200,080	110,468	123,811	65,519
Savings banks	3,044	26,316	70,986	34,762	45,954	25,059
Federal agencies[3]	....	7,290	32	955	263	....
All others[4]	10,123	51,666	96,923	53,062	49,885	24,436
Total	146,321	625,697	2,208,339	880,465	940,892	468,591

[1] Section 603 of Title VI, enacted on March 28, 1941, provides for the insurance of mortgages secured by new 1- to 4-family homes located in war housing areas designated by the President.
[2] Net cumulative amount through December 31, 1939.
[3] The RFC Mortgage Company and the United States Housing Corporation.
[4] Includes investment companies, finance companies, endowed institutions, private and State benefit funds, etc.

TYPES OF INSTITUTIONS ORIGINATING AND HOLDING MORTGAGES UNDER SECTION 603, 1941 - 1942

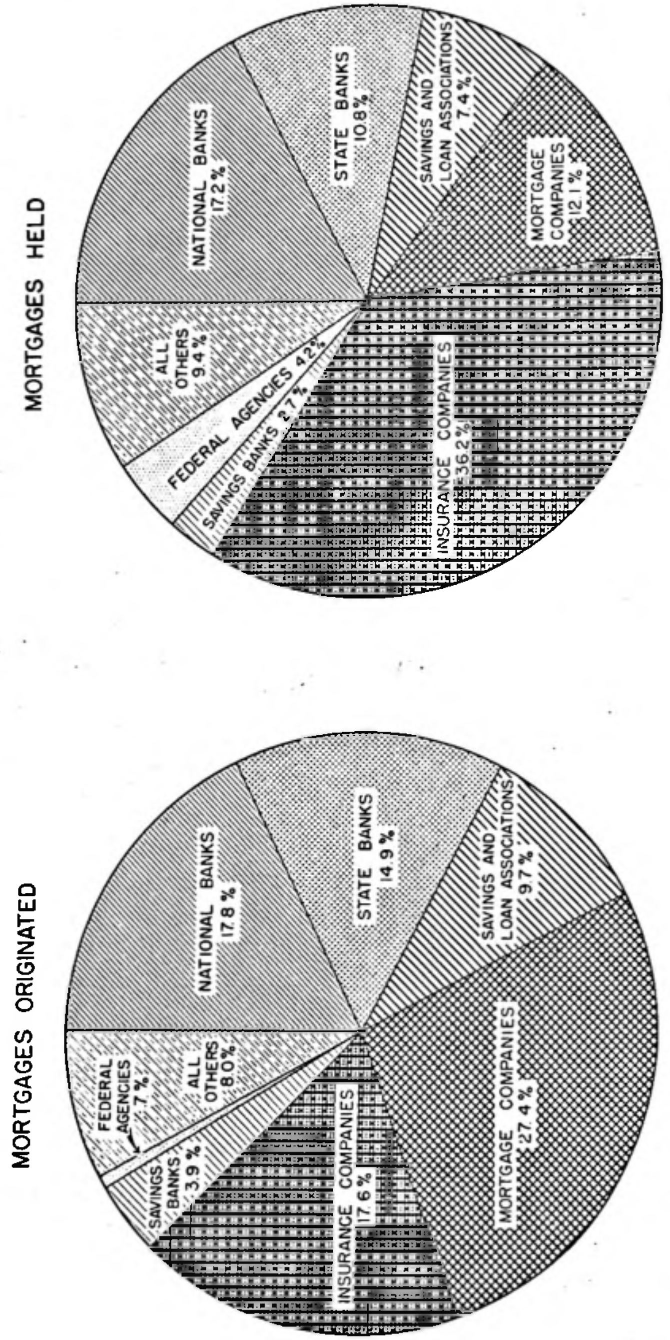

CHART 2

602,650 had been made. This amount represented almost one-fifth of the total dollar volume of mortgages insured under Section 603 since its enactment. Mortgage companies, which frequently act as agents for insurance companies and other large institutions, sold 47.9 percent of the amount of all transfers.

On December 31, 1942, insurance companies were holding 36.2 percent, and commercial banks 28.0 percent of all insured mortgages on privately financed one- to four-family dwellings for war workers. Mortgage companies had decreased their holdings to 12.1 percent of the total from 35.4 percent at the close of the previous year, while Federal agencies which held no Section 603 mortgages in 1941, were holding 4.2 percent at the year end.[5]

Terminations, Foreclosures, and Defaults

By December 31, 1942, FHA insurance had been terminated on 812 war home mortgages, or 1.1 percent of the total insured under Section 603. Of the total terminations, 11.2 percent represented mortgages prepaid in full prior to maturity and 88.7 percent, mortgages refinanced with new insured mortgages. During the twenty-one months of Section 603 operations, only one mortgage had been foreclosed. At the end of the year, there were 160 cases in the serious default stage, 0.2 of one percent of the total Section 603 insured mortgages in force.[6]

Characteristics of Insured Home Mortgages

The typical principal amount of one- to four-family home mortgages covered by firm commitments for FHA insurance under Section 603 increased during the year to $4,266 from $3,653, an increase of 16.8 percent. One important reason for this increase in amount of mortgage principal is that the number of two- to four-family dwellings underlying mortgage insurance commitments rose sharply from 2.8 percent of the total in 1941 to 6.9 percent in 1942. Since the mortgage principal under Section 603 may amount to as much as $12,000 for four-family dwellings as compared with $5,400 for single-family homes, the average was increased by the construction of more two- to four-family dwellings. The increase in the principal amount of the typical mortgage is further accounted for by the substantial increase in the maximum principal authorized by the Title VI amendments of May 26, 1942.[7]

The amendments also provided for the extension of maximum maturity from 20 to 25 years, thereby enabling the average duration of Section 603 mortgages to rise to 24.4 years in 1942 from 20.0 years in 1941. It should be noted, moreover, that an appreciable number of mortgages with higher principal amounts, which ordinarily would have been processed under

[5] See table 8
[6] See table 9
[7] See table 10

TABLE 8.—*Type of Institution Originating, Transferring, and Holding Mortgages: Face amount of firm commitments and insured mortgages transferred (inclusive of resales) and held under section 603 of Title VI and section 203 of Title II, cumulative 1935–1942*

Type of institution	Mortgages originated [1]		Mortgages purchased		Mortgages sold		Mortgages held in portfolio	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	(Section 603 war housing mortgages)							
National banks	$126,203,700	17.8	$5,243,550	10.4	$5,128,850	10.1	$30,096,400	17.2
State banks	105,436,879	14.9	3,455,250	6.8	9,824,500	19.4	18,980,650	10.8
Mortgage companies	194,485,200	27.4	1,036,200	2.1	24,242,800	47.9	21,262,200	12.1
Insurance companies	124,552,300	17.6	30,225,750	59.7	4,544,950	9.0	63,397,950	36.2
Savings and loan assns.	68,910,700	9.7	229,700	.5	3,924,750	7.8	12,895,200	7.4
Savings banks	27,537,350	3.9	1,319,750	2.6	126,200	.2	4,760,850	2.7
Federal agencies [2]	4,871,100	.7	7,505,550	14.8	42,450	.1	7,325,800	4.2
All others [3]	56,982,450	8.0	1,586,900	3.1	2,768,150	5.5	16,408,800	9.4
Total [4]	708,979,679	100.0	50,602,650	100.0	50,602,650	100.0	175,127,850	100.0
	(Section 203 home mortgages)							
National banks	1,136,433,678	26.2	281,889,122	14.3	278,737,610	14.1	948,590,459	26.2
State banks	973,902,740	22.4	293,671,474	14.9	422,780,922	21.5	697,295,232	19.3
Mortgage companies	907,858,968	20.9	66,903,599	3.4	872,855,685	44.3	31,867,342	.9
Insurance companies	482,101,575	11.1	783,863,092	39.8	93,876,174	4.8	1,031,877,904	28.5
Savings and loan assns.	460,845,758	10.6	37,798,675	1.9	136,823,950	6.9	275,715,726	7.6
Savings banks	165,626,447	3.8	132,668,888	6.7	16,340,385	.8	259,063,957	7.2
Federal agencies [2]	510,591	(.01)	326,171,655	16.5	[5]46,137,437	2.3	244,545,287	6.7
All others [3]	219,357,083	5.0	48,756,388	2.5	104,170,730	5.3	131,434,844	3.6
Total [6]	4,346,636,840	100.0	1,971,722,893	100.0	1,971,722,893	100.0	3,620,390,751	100.0

[1] Net firm commitments issued: includes mortgages insured and firm commitments outstanding.
[2] Includes the RFC Mortgage Company, Federal National Mortgage Association, the Federal Deposit Insurance Corporation, and the United States Housing Corporation.
[3] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[4] Net firm commitments issued include 96,601 commitments outstanding for the amount of $426,146,800 and insured mortgages exclude 812 mortgages for $2,955,500 on which insurance has been terminated as of December 31, 1942.
[5] Excludes the transfer of 10,561 mortgages for $41,970,698 between the RFC Mortgage Company and the Federal National Mortgage Association, and 30 mortgages for $39,794 between the RFC Mortgage Company and the United States Housing Corporation. Figures are based upon FHA records of mortgage transfers.
[6] Net firm commitments issued include 15,973 commitments outstanding for the amount of $74,258,625 and insured mortgages exclude 118,460 mortgages for $521,652,417 on which insurance has been terminated as of December 31, 1942.

TABLE 9.—*Trend of Terminations, Titles Acquired by Mortgagees, and Serious Defaults: Total 1- to 4-family home mortgages insured by the FHA under section 603 of Title VI and section 203 of Title II, cumulative 1935–42*

Year	Terminations			Titles acquired by mortgagees*			Serious defaults		
	Number for the year	Cumulative through end of year		Number for the year	Cumulative through end of year		Number for the year	Outstanding at end of year	
		Number	Percent of total insured		Number	Percent of total insured		Number	Percent of insured mortgages in force
Section 603[1]									
1941									
1942	812	812	1.12	1	1	(2)	358	60	0.22
Section 203									
1935	95	95	.41	2	2	0.01	(3)	(3)	
1936	1,362	1,457	1.45	30	32	.03	(3)	45	.05
1937	5,065	6,522	3.22	218	250	.12	(3)	379	.19
1938	8,871	15,393	4.93	696	946	.30	655[4]	861	.29
1939	12,865	28,258	6.07	1,149	2,095	.45	4,820	1,757	.40
1940	22,829	[5]51,087	8.06	1,452	3,547	.56	5,436	1,906	.33
1941	30,033	[6]81,120	9.74	1,122	4,669	.56	4,813	1,617	.22
1942	37,340	[7]118,460	12.06	572	5,241	.53	3,792	995	.12

*Titles acquired by mortgagees through foreclosure proceedings or deeds in lieu of foreclosure.
[1] Section 603 of Title VI, enacted March 28, 1941, provides for the insurance of mortgages secured by new 1- to 4-family homes located in war housing areas designated by the President.
[2] Less than 0.005 percent.
[3] Not reported.
[4] Data available for October, November, and December only.
[5] Includes 13,973 mortgages reinsured by the FHA.
[6] Includes 20,441 mortgages reinsured by the FHA.
[7] Includes 27,535 mortgages reinsured by the FHA.

TABLE 10.—*Yearly Trend of Characteristics of Mortgages, Homes, and Borrowers: Averages of firm commitments issued by FHA to insure new and existing homes under sections 603 and 203, 1937, 1939–1942*

Year		New homes	Existing homes	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes
Mortgages on 1- to 4-family homes		Mortgage principal[1]		Duration in years[2 3]		Loan as percent of FHA value[2 4]		1-family as a percent of 1- to 4-family	
Section 603[5]	1941	$3,653		20.0		88.5		97.2	
	1942	4,266		24.4		89.2		93.1	
Section 203	1937	4,304	$3,361	18.4	16.5	75.3	73.7	95.7	91.9
	1939	4,439	3,470	22.0	16.9	83.7	74.4	98.5	92.7
	1940	4,297	3,615	23.0	17.3	84.7	75.1	99.0	92.7
	1941	4,426	3,919	23.3	17.6	85.5	76.2	99.2	93.0
	1942	4,697	4,139	23.5	18.1	86.6	77.0	99.4	93.2
Single family homes		Property valuation[1 6]		Land valuation[2]		Number or rooms[1 7]		Percent with garages	
Section 603[5]	1941	$4,058		$439		4.0		69.7	
	1942	4,689		517		4.9		52.5	
Section 203	1937	5,467	$4,705	913	(8)	5.9	(8)	80.5	(8)
	1939	5,136	4,540	724	$956	5.7	6.3	79.3	88.1
	1940	5,028	4,600	662	948	5.6	6.3	75.6	87.2
	1941	5,045	5,004	649	981	5.5	6.3	73.9	86.8
	1942	5,368	5,272	635	935	5.5	6.3	70.3	85.5
Buyers of single-family homes[9]		Borrower's annual family income[1 10]		Gross monthly payment[2 11]		Payment as a percent of income[2]		Ratio of property value to annual income[2 10]	
Section 603[5]	1941	(8)		$33.39		(8)		(8)	
	1942	(8)		33.04		(8)		(8)	
Section 203	1937	$2,716	$2,485	(8)	(8)	(8)	(8)	1.93	1.71
	1939	2,471	2,501	38.87	$38.25	17.0	15.0	1.93	1.65
	1940	2,416	2,490	36.81	38.18	17.2	15.1	1.97	1.70
	1941	2,250	2,473	36.98	39.63	17.3	15.3	2.05	1.75
	1942	2,416	2,751	38.07	40.75	16.8	15.1	1.98	1.72

[1] Data shown are medians.
[2] Data shown are arithmetic means.
[3] The maximum permissible term was increased from 20 to 25 years for section 203 new homes on February 3, 1938 and for section 603 on May 26, 1942. Data for 1937 are based on insured mortgages.
[4] The maximum permissible ratio of loan to value was increased from 80 to 90 percent for section 203 new homes on February 3, 1938.
[5] Section 603 of Title VI, enacted on March 28, 1941, provides for the insurance of mortgages secured by new 1- to 4-family homes located in war housing areas designated by the President.
[6] Includes FHA valuation of house, all other physical improvements, and land.
[7] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.
[8] Data not available.
[9] For the years 1937-1941, includes owner-occupant purchasers only; for 1942, includes all buyers of "single-family homes."
[10] For the years 1937-1941, data are based on insured mortgages.
[11] Includes payment to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items, if any. Section 603 averages based on monthly payments for all single family homes.

Section 203, in 1942 were committed under Section 603, since they covered properties of a war housing nature.

As an aid to builders in producing additional housing accommodations for war workers, the principal amount of Section 603 mortgages committed for insurance in 1942 constituted a larger proportion of the property valuation than in 1941, 89.2 percent as against 88.5 percent.

Builders no doubt were encouraged by the increase in maximum permitted amount of Section 603 loans to construct properties of higher valuation. This is indicated by the fact that the typical single-family home was valued at $4,689 in 1942, a 15.5 percent increase over the typical valuation in 1941.

The average land valuation of Section 603 single-family properties in 1942 was $517, an increase of 17.8 percent over that of the previous year. This increase reflects the observed tendency of land valuation to vary directly with the valuation of the physical improvements. It also may result from the fact that all war housing built with preference rating assistance was required to be located within reasonable commuting distances of war industry sites, which tended to restrict building to developed areas of higher land valuation.

The number of rooms in the typical Section 603 single-family dwelling increased to 4.9 from 4.0 in the previous year. A marked decline in the proportion of single-family homes with garages from 69.7 percent in 1941 to 52.5 percent in 1942 resulted from the diversion of a considerable amount of lumber and other materials into the construction of additional dwelling units.

In 1942, the average gross monthly payment on single-family dwellings under Section 603 amounted to $33.04, which included payment to principal, interest, the FHA insurance premium, taxes, and hazard insurance. That this was less than the average payment made in 1941, despite a 16.8 percent increase in typical mortgage amount and a 15.5 percent increase in property valuation, is largely attributable to the four-year increase in the duration of Section 603 mortgages.

Mortgage Principal

During 1942, 4 out of 5 firm commitments issued under Section 603 were for mortgages in amounts of less than $5,000. Nearly 56 percent of the commitments were for mortgages in the $3,500 to $4,500 group. Mortgages of less than $3,000 represented but 1.7 percent of the total as compared with 15.6 percent accepted for insurance in the nine-month period of 1941. There was an increase in mortgages of $6,000 or more as compared with 1941, with percentages of the total being 5.6 and 1.4, respectively.[8]

Property Valuation

Almost all, 99.0 percent, of the single-family homes for which mortgage insurance commitments were made in 1942, under Section 603, were valu-

[8]See table 11

ed at $6,000 or less. This was in line with the $6,000 maximum sales price stipulated by the WPB for all single-family dwellings constructed with preference rating assistance. More than one-half of these properties were concentrated in the $4,000 to $5,000 valuation group and about 13 percent were valued at less than $4,000. In 1942, the typical valuation of Section 603 single-family properties was $4,689 as compared with $4,058 in 1941.[9]

Monthly Payments

The cost of owning single-family properties built under the Title VI program, as compared with rents, was well below the $50 monthly shelter rent limitation established by the War Production Board. Gross monthly payments on single-family homes for which mortgage insurance commitments were made under Section 603, in 1942, ranging from $30 to $35 represented 40.3 percent of the total, while almost 85 percent ranged from $25 to $40. Only 11.3 percent exceeded $40 per month, of which a preponderant number were within the $40 to $45 range.[10]

Insuring Operations Under Title II, Section 203

Previous to the enactment of legislation establishing Title VI, Section 603, in March 1941, Section 203 was the main financing medium of FHA-

[9]See table 12
[10]See table 13

TABLE 11.—*Amount of Mortgage Principal: Firm commitments issued by FHA under sections 603 and 203 to insure mortgages secured by new and existing 1- to 4-family homes, 1942*[1]

Mortgage principal	Percentage distribution: Section 603[2] mortgages on war housing	Percentage distribution: Section 203 mortgages on— New homes	Percentage distribution: Section 203 mortgages on— Existing homes	Mortgage principal	Percentage cumulation: Section 603[2] mortgages on war housing	Percentage cumulation: Section 203 mortgages on— New homes	Percentage cumulation: Section 203 mortgages on— Existing homes
Less than $2,000	....	0.2	2.7	Less than $2,000	....	0.2	2.7
$2,000 to $2,499	0.1	.6	7.0	Less than $2,500	0.1	.8	9.7
$2,500 to $2,999	1.6	3.1	10.3	Less than $3,000	1.7	3.9	20.0
$3,000 to $3,499	8.4	7.7	13.6	Less than $3,500	10.1	11.6	33.6
$3,500 to $3,999	21.7	11.4	12.3	Less than $4,000	31.8	23.0	45.9
$4,000 to $4,499	34.1	19.5	14.3	Less than $4,500	65.9	42.5	60.2
$4,500 to $4,999	12.7	19.1	9.9	Less than $5,000	78.6	61.6	70.1
$5,000 to $5,999	15.8	30.0	14.2	Less than $6,000	94.4	91.6	84.3
$6,000 to $6,999	2.3	5.1	7.3	Less than $7,000	96.7	96.7	91.6
$7,000 to $7,999	1.3	1.7	3.2	Less than $8,000	98.0	98.4	94.8
$8,000 to $8,999	.1	.9	2.2	Less than $9,000	98.1	99.3	97.0
$9,000 to $9,999	.1	.2	.9	Less than $10,000	98.2	99.5	97.9
$10,000 to $11,999	1.8	.3	1.2	Less than $12,000	100.0	99.8	99.1
$12,000 to $16,000	....	.2	.9	All groups	100.0	100.0	100.0
Total	100.0	100.0	100.0				
Average mortgage	$4,448	$4,682	$4,384	Median mortgage	$4,266	$4,697	$4,139

[1] Section 603 is based on original firm commitments issued July — November, 1942; section 203 on original firm commitments issued January — June 1942.
[2] Section 603 of Title VI, enacted on March 28, 1941, provides for the insurance of mortgages secured by new 1- to 4-family homes located in war housing areas designated by the President.

insured new one- to four-family dwellings. In 1941, the insurance of war housing under Section 603, resulted in a gradual decline in insurance volume under Section 203, a decline which gained momentum after the first quarter in 1942, until by the end of the last quarter insurance written on new construction under Section 203 had declined to 43 percent of FHA's total mortgage and loan insurance operations.

In the first quarter of 1942, 39,941 applications for mortgage insurance under Section 203 were received; in the second quarter, 40,003; in the third, 16,940; while in the fourth quarter only 11,897 applications were received. Insurance written under Title II, Section 203, in the first quarter amounted to $225,745,705; $181,435,005 in the second; $162,113,368 in the third; and but $122,151,349 in the fourth quarter. Total insurance written under Section 203, in 1942, covered 149,635 mortgages for the amount of $691,445,427. In amount, the combined new and existing home mortgage insurance written was 21.1 percent less than in 1941, and represented 60.8 percent of the total amount written under Titles I, II, and VI.

Construction of 41,255 new homes started under FHA inspection and financed with mortgages committed for insurance under Section 203, was 76.9 percent less than the number started in the previous year. However, a preponderant amount of this construction was located in designated critical war housing areas and substantially relieved housing shortages in these areas.

TABLE 12.—*Property Valuation: Firm commitments issued by FHA under sections 603 and 203 to insure mortgages secured by new and existing single-family homes, 1942*[1]

Property valuation[2]	Percentage distribution: Section 603 mortgages on war housing	Percentage distribution: Section 203 mortgages on— New homes	Percentage distribution: Section 203 mortgages on— Existing homes	Property valuation[2]	Percentage cumulation: Section 603[3] mortgages on war housing	Percentage cumulation: Section 203 mortgages on— New homes	Percentage cumulation: Section 203 mortgages on— Existing homes
Less than $2,000	....	(4)	0.4	Less than $2,000	....	(4)	0.4
$2,000 to $2,999	0.5	0.9	4.9	Less than $3,000	0.5	0.9	5.3
$3,000 to $3,999	13.0	9.5	16.7	Less than $4,000	13.5	10.4	22.0
$4,000 to $4,999	55.3	26.8	22.1	Less than $5,000	68.8	37.2	44.1
$5,000 to $5,999	23.2	33.7	20.8	Less than $6,000	92.0	70.9	64.9
$6,000 to $6,999[5]	8.0	20.7	14.9	Less than $7,000	100.0	91.6	79.8
$7,000 to $7,999	(4)	4.4	8.3	Less than $8,000	100.0	96.0	88.1
$8,000 to $9,999	(4)	2.7	6.7	Less than $10,000	100.0	98.7	94.8
$10,000 to $11,999	....	.7	2.7	Less than $12,000	100.0	99.4	97.5
$12,000 to $14,999	....	.4	1.5	Less than $15,000	100.0	99.8	99.0
$15,000 or more	....	.2	1.0	All groups	100.0	100.0	100.0
Total	100.0	100.0	100.0				
Average valuation	$4,698	$5,385	$5,568	Median valuation	$4,689	$5,368	$5,272

[1] Section 603 is based on original firm commitments issued July-November 1942; section 203 on original firm commitments issued January-June 1942.
[2] FHA valuation includes value of house, all other physical improvements, and land.
[3] Section 603 of Title VI, enacted on March 28, 1941, provides for the insurance of mortgages secured by new 1- to 4-family homes located in war housing areas designated by the President.
[4] Less than 0.05 percent.
[5] Some 7.0 percent of the section 603 and 10.8 percent of the section 203 new homes were valued at $6,000.

Activity of Lending Institutions

As a result of requiring insurance applications to be processed under Section 603 rather than Section 203 wherever possible, the volume of mortgages originated under Section 203 decreased for each of the major types of lending institutions in 1942 as compared with 1941. Marked declines in originations of small home mortgages were registered by national banks, 55.7 percent, and State banks, 53.2 percent. As in 1941, however, mortgage companies, national banks, and State banks continued to play the leading roles, originating 25.7, 21.0, and 19.1 percent respectively, of the total mortgages firmly committed for insurance under Section 203. (See Table 7)

An active secondary market was maintained during 1942 in Section 203 home mortgages with transfers of these mortgages totaling $440,962,000, a decrease of only 0.2 percent compared with 1941.

As in previous years, insurance companies continued to be the most active purchasers of home mortgages, acquiring 48.4 percent of the total volume of Section 203 mortgages transferred. Mortgage companies accounted for the largest amount, 43.3 percent, of mortgage sales. Federal agency purchases of Section 203 mortgages amounted to only 7.3 percent of the total transferred in 1942, compared with 10.7 percent in 1941.

All major categories of lending institutions, except mortgage companies, increased their holdings of Section 203 mortgages in 1942. At the end of the year, insurance companies and savings banks held larger percentages of

TABLE 13.—*Gross Monthly Payment: Firm commitments issued by FHA under sections 603 and 203 to insure mortgages secured by new and existing single family homes, 1942*[1]

Gross monthly payment[2]	Percentage distribution			Gross monthly payment[2]	Percentage cumulation		
	Section 603[3] mortgages on war housing	Section 203			Section 603[3] mortgages on war housing	Section 203	
		New homes	Existing homes			New homes	Existing homes
Less than $20.00....	0.2	0.7	2.7	Less than $20.00....	0.2	0.7	2.7
$20.00 to $24.99....	3.7	4.9	7.8	Less than $25.00....	3.9	5.6	10.5
$25.00 to $29.99....	20.2	10.9	13.8	Less than $30.00....	24.1	16.5	24.3
$30.00 to $34.99....	40.3	20.5	16.7	Less than $35.00....	64.4	37.0	41.0
$35.00 to $39.99....	24.3	26.2	16.2	Less than $40.00....	88.7	63.2	57.2
$40.00 to $44.99....	9.7	19.0	12.6	Less than $45.00....	98.4	82.2	69.8
$45.00 to $49.99....	1.5	8.0	9.2	Less than $50.00....	99.9	90.2	79.0
$50.00 to $54.99....	.1	3.7	6.4	Less than $55.00....	100.0	93.9	85.4
$55.00 to $59.99....	(4)	2.6	4.2	Less than $60.00....	100.0	96.5	89.6
$60.00 to $69.99....	....	2.1	4.7	Less than $70.00....	100.0	98.6	94.3
$70.00 to $79.99....	....	.7	2.3	Less than $80.00....	100.0	99.3	96.6
$80.00 to $99.99....	(4)	.5	1.9	Less than $100.00...	100.0	99.8	98.5
$100.00 or more....	....	.2	1.5	All groups.........	100.0	100.0	100.0
Total.......	100.0	100.0	100.0				
Average payment...	$33.04	$38.07	$40.75	Median payment...	$33.22	$37.46	$37.80

[1] Section 603 is based on original firm commitments issued July–November 1942; section 203 on original firm commitments issued January–June 1942.
[2] Includes payment to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, ground rent and miscellaneous items if any.
[3] Section 603 Title VI, enacted on March 28, 1941, provides for the insurance of mortgages secured by new 1- to 4-family homes located in war housing areas designated by the President.
[4] Less than 0.05 percent.

the total volume of outstanding insured mortgages than at the end of 1941. The percentage held by other major classifications of institutions was somewhat less than at the end of 1941.

Terminations, Foreclosures, and Defaults

By December 31, 1942, FHA insurance had been terminated on 118,460, or 12.1 percent of all mortgages insured under Section 203. During the year, insurance was terminated on 37,340 mortgages, an increase of 24.3 percent over the 1941 number. By far the greater proportion of the 1942 terminations, 78.3 percent, represented mortgages prepaid in full prior to maturity, a substantial increase of 32.6 percent over 1941 being represented by this type of termination.

About 5,000 Section 203 mortgages had been foreclosed by the end of 1942, or about one-half of one percent of the total insured at that date. For the year, foreclosures were made on only 572 properties, about one-half of the number foreclosed in 1941. Similarly, the number of cases of serious default status on December 31, 1942, had declined to 995 from 1,617 at the end of 1941 and 1,906 at the end of 1940. Serious defaults represented only 0.12 percent of Section 203 mortgages in force at the end of the year, compared with 0.22 at the end of 1941 and 0.40 percent at the end of 1939. (See Table 9)

Trend of New and Existing Home Mortgages

Insurance transactions involving new homes continued to dominate FHA small home operations in 1942. About 3 of every 5 firm commitments issued under Section 203 were for the insurance of new home mortgages. FHA's policy of assigning the risks of war housing to the Title VI War Housing Fund, however, resulted in a decline of 64.1 percent from the 1941 volume of new home commitments issued under Section 203.[11]

The number of firm commitments issued under Section 203 for the insurance of mortgages on existing homes increased 1.2 percent over the 1941 level. Because of the pronounced decline in the volume of new home mortgage commitments issued, however, existing home mortgage as a proportion of all Section 203 activity increased from 19.2 percent in 1941 to 40.1 percent in 1942.[12]

Characteristics of Insured Home Mortgages

The typical principal amount of one- to four-family home mortgages covered by firm commitments for FHA insurance under Section 203 in 1942 increased 6.1 percent to $4,697 for new home mortgages and 5.6 percent to $4,139 for existing home mortgages. The ratio of loan to value for new dwellings advanced to 86.6 percent from 85.5 percent the year before. The median valuation of new single-family homes rose to $5,368 in 1942

[11] See table 15
[12] See table 15

TABLE 14.—*State Distribution of New and Existing Home Mortgages: Number and face amount of net firm commitments issued by FHA under sections 603 and 203 to insure mortgages secured by 1- to 4-family homes, cumulative 1935–1942*

Location of property	Title VI, section 603[1] War housing Number	Title VI, section 603[1] War housing Amount	Title II, section 203 New homes Number	Title II, section 203 New homes Amount	Title II, section 203 Existing homes Number	Title II, section 203 Existing homes Amount	Total Number	Total Amount
Alabama	3,300	$13,265,550	6,438	$26,447,395	2,512	$8,280,577	12,250	$47,993,522
Arizona	404	1,516,000	3,455	13,564,467	1,836	5,733,679	5,695	20,814,146
Arkansas	1,745	6,244,000	3,576	12,837,820	2,005	5,312,190	7,326	24,394,010
California	31,106	120,138,250	127,199	557,847,346	51,994	212,898,335	210,299	890,883,931
Colorado	838	3,190,200	6,037	25,056,324	4,333	13,962,644	11,208	42,209,168
Connecticut	3,104	14,128,700	7,105	35,762,635	2,044	10,072,060	12,253	59,963,395
Delaware	748	3,370,000	1,300	6,471,800	485	2,105,150	2,533	11,946,950
District of Columbia	735	5,943,400	2,127	12,136,000	553	3,896,150	3,415	21,975,550
Florida	3,096	11,201,800	20,596	81,874,449	3,416	12,040,552	27,108	105,116,801
Georgia	4,545	17,340,175	11,747	47,326,352	3,586	12,587,950	19,878	77,254,477
Idaho	....	....	2,914	10,606,240	1,611	4,652,515	4,525	15,258,755
Illinois	5,134	24,618,650	29,675	168,188,620	33,752	163,885,424	68,561	356,692,694
Indiana	5,249	23,936,600	20,474	93,380,878	17,675	59,666,488	43,398	176,983,966
Iowa	963	3,634,200	5,246	22,854,385	3,788	12,007,264	9,997	38,495,849
Kansas	3,839	15,877,430	7,635	31,952,745	5,162	13,847,722	16,636	61,677,897
Kentucky	1,595	6,789,500	6,130	27,762,619	2,108	8,998,892	9,833	43,551,011
Louisiana	2,774	10,833,550	8,336	34,565,475	1,624	5,979,015	12,734	51,378,040
Maine	703	3,232,800	1,046	4,121,300	1,914	5,252,030	3,663	12,606,130
Maryland	5,286	23,296,050	12,978	59,212,395	3,777	15,285,390	22,041	97,793,835
Massachusetts	1,377	6,119,850	3,722	18,550,860	3,130	14,900,627	8,229	39,571,337
Michigan	9,813	44,446,000	60,660	291,290,940	17,549	71,784,785	88,022	407,521,725
Minnesota	1,169	4,710,650	7,969	35,880,930	5,170	17,910,874	14,308	58,502,454
Mississippi	643	1,943,000	5,051	17,060,113	1,739	4,741,576	7,433	23,744,689
Missouri	3,708	15,356,250	14,488	66,094,812	9,500	35,433,210	27,696	116,884,272
Montana	3	15,050	1,847	7,600,741	1,357	4,334,100	3,207	11,949,891
Nebraska	1,650	6,195,600	3,074	13,514,099	3,620	11,834,307	8,344	31,544,006
Nevada	1,251	5,452,300	1,040	5,126,850	433	1,708,205	2,724	12,287,355
New Hampshire	38	164,850	505	2,241,150	1,250	4,248,001	1,793	6,654,001
New Jersey	6,347	30,895,499	31,501	158,733,333	18,711	80,783,497	56,559	270,412,329
New Mexico	331	1,275,200	2,683	10,206,250	546	1,727,275	3,560	13,208,725
New York	7,194	32,784,775	50,215	257,903,782	9,653	45,760,587	67,062	336,449,144
North Carolina	2,161	8,077,400	8,657	36,894,900	2,404	9,328,229	13,222	54,300,529
North Dakota	....	....	490	2,019,250	551	1,447,745	1,041	3,466,995
Ohio	7,202	34,003,450	27,841	148,067,015	29,005	123,435,510	64,048	305,505,975
Oklahoma	4,040	16,158,700	12,317	49,721,480	4,196	14,118,562	20,553	79,998,742
Oregon	1,652	6,781,600	4,763	18,441,150	3,633	10,797,050	10,048	36,019,800
Pennsylvania	9,622	43,642,450	36,435	179,318,724	25,974	93,493,542	72,031	316,454,716
Rhode Island	434	1,981,100	2,148	10,239,880	1,156	4,817,290	3,738	17,038,270
South Carolina	2,161	8,222,850	5,125	20,050,684	1,123	4,020,054	8,409	32,293,588
South Dakota	48	254,550	1,117	4,455,400	1,590	3,803,280	2,755	8,513,230

TABLE 14.—*State Distribution of New and Existing Home Mortgages: Number and face amount of net firm commitments issued by FHA under sections 603 and 203 to insure mortgages secured by 1- to 4-family homes, cumulative 1935–1942—Continued*

Location of property	Title VI, section 603[1] War housing Number	Title VI, section 603[1] War housing Amount	Title II, section 203 New homes Number	Title II, section 203 New homes Amount	Title II, section 203 Existing homes Number	Title II, section 203 Existing homes Amount	Total Number	Total Amount
Tennessee	1,980	$7,188,750	12,390	$47,278,515	4,160	$14,964,244	18,530	$69,431,509
Texas	12,795	45,228,150	42,597	167,298,414	5,246	18,130,248	60,638	230,656,812
Utah	1,708	6,944,600	5,667	23,625,120	2,786	9,195,395	10,161	39,765,115
Vermont	148	567,550	616	2,578,550	1,300	4,008,837	2,064	7,154,937
Virginia	9,635	40,369,800	13,749	64,727,333	4,275	17,721,016	27,659	122,818,149
Washington	4,931	20,175,950	13,354	55,785,890	13,540	41,899,775	31,825	117,861,615
West Virginia	829	3,587,250	4,914	23,773,450	2,481	9,871,760	8,224	37,232,460
Wisconsin	1,670	7,627,550	8,075	40,138,389	3,289	14,888,405	13,034	62,654,344
Wyoming	69	240,900	2,053	8,228,710	2,165	5,922,788	4,287	14,392,398
Alaska	4	11,200	256	1,345,500	152	505,460	412	1,862,160
Hawaii	....	....	1,381	5,851,690	451	1,733,080	1,832	7,584,770
Puerto Rico	....	....	563	3,370,950	351	1,519,400	914	4,890,350
Total	169,777	708,979,679	671,277	3,069,384,099	326,661	1,277,252,741	1,167,715	5,055,616,519

[1] Section 603 of Title VI, enacted on March 28, 1941, provides for the insurance of mortgages secured by new 1- to 4-family homes located in war housing areas designated by the President.

from $5,045 in 1941, an increase of 6.4 percent. The valuation of the typical existing single-family home, $5,272, was 5.4 percent higher than in the previous year, and reflected the overall advance in residential real estate values. However, the average land valuation of Section 203 properties declined 2.2 percent to $635 in the case of new dwellings and 4.7 percent to $935 for existing properties.

New single-family homes as a proportion of all one- to four-family homes securing mortgages with FHA commitments to insure under Section 203 rose to 99.4 percent from 99.2 percent, and in the case of existing homes to 93.2 percent from 93.0 percent in the year before. The number of rooms in the typical new single-family dwelling, 5.5, and existing dwellings 6.3, was the same as in 1941. There was a slight decline, however, in the proportion of single-family structures with garages, 73.9 to 70.3 percent for new homes and 86.8 to 85.5 for existing homes.[13]

The gross monthly payment on Section 203 mortgages increased 2.9 percent to $38.07 for new single-family homes, and 2.8 percent to $40.75 for existing homes. The typical new home buyer in 1942 received a family income of $2,416, 7.4 percent more than buyers in the previous year, while the typical existing home buyer earned $2,751, an increase of 11.2 percent over the median income of the 1941 purchasers, reflecting a general overall increase in earnings.

Since the average income of Section 203 home buyers increased proportionately more during 1942 than either the gross monthly payment or the property valuation, there was a corresponding decrease in the ratio of payment to income and in property value to income as compared with the year before. New home buyers applied an average of 16.8 percent of their

[13] See table 10

Table 15.—*Trend of New and Existing Home Mortgages: Gross number and face amount of firm commitments issued by the FHA to insure 1- to 4-family home mortgages under sections 603 and 203, 1935–1942*

Month and year	Section 603[1] War housing Number	Section 603[1] War housing Amount	Section 203 New homes[2] Number	Section 203 New homes[2] Amount	Section 203 Existing homes[2] Number	Section 203 Existing homes[2] Amount	Total Number	Total Amount
1935	....	....	12,360	$60,248,256	29,787	$110,346,608	42,147	$170,594,864
1936	....	....	45,562	212,279,801	64,049	226,169,352	109,611	438,449,153
1937	....	....	53,552	248,948,357	55,111	200,651,725	108,663	449,600,082
1938	....	....	97,645	450,962,208	52,057	199,197,893	149,702	650,160,101
1939	....	....	123,731	561,956,702	46,491	179,108,062	170,222	741,064,764
1940	....	....	162,333	721,462,431	39,918	159,002,448	202,251	880,464,879
1941	40,651[3]	$146,320,800[3]	169,651	769,623,000	40,353	171,269,100	250,655	1,087,212,900
1942	146,070	625,697,429	60,917	289,320,515	40,837	179,270,202	247,824	1,094,288,146

[1] Section 603 of Title VI, enacted on March 28, 1941 provides for the insurance of mortgages secured by new 1- to 4-family homes located in war housing areas designated by the President.
[2] For the months January 1935 through April 1936, net firm commitments to insure mortgages on homes completed any time before the date of application are included in this table as existing homes. Beginning with May 1936, gross firm commitments to insure mortgages on homes completed not more than 12 months prior to the date of application are included as new homes.
[3] Cumulative April through December.

TRENDS IN SECTION 203 HOME MORTGAGE FINANCING UNDER THE FHA PLAN, 1935 - 1942

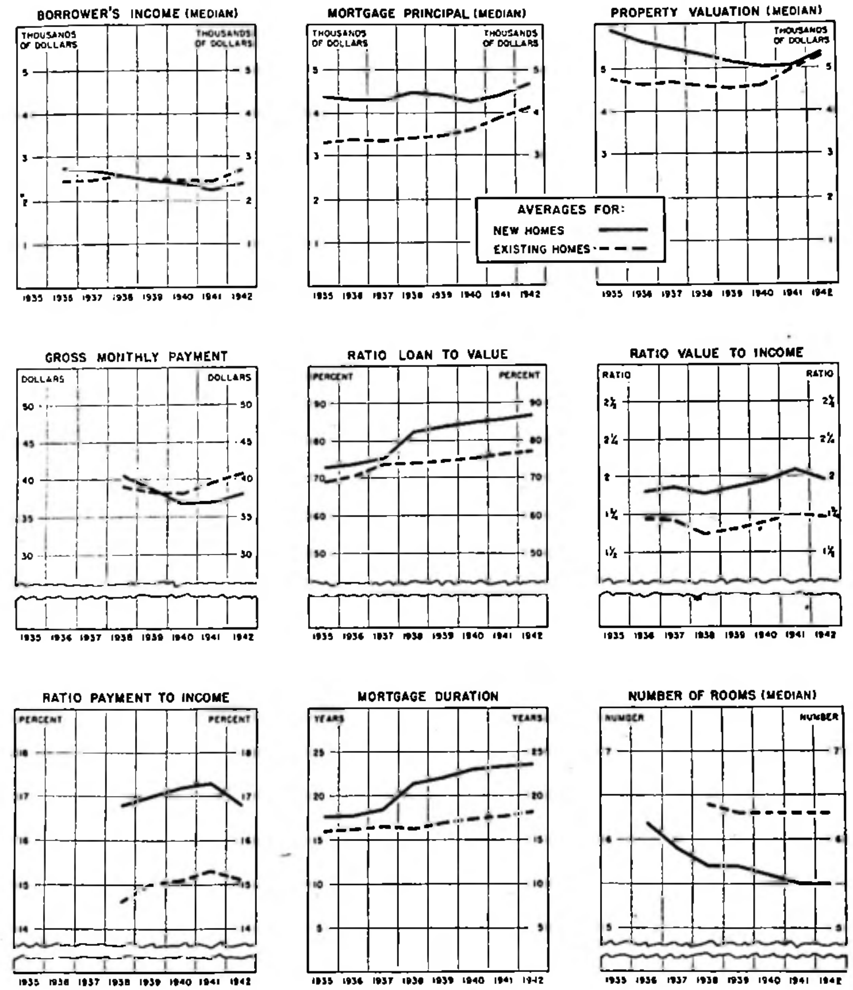

CHART 3

incomes to monthly mortgage payments as against 17.3 percent in 1941. At the same time the ratio of payment to income for buyers of existing homes declined slightly to 15.1 percent from 15.3 percent. For new homes, the average ratio of property valuation to borrower's income dropped to 1.98 from 2.05 and for existing homes to 1.72 from 1.75. (See Table 10)

Mortgage Principal

Mortgages of less than $5,000 accounted for 6 of every 10 new home mortgage commitments under Section 203; about 7 of every 10 were concentrated in the $4,000 to $6,000 range. Only 3.9 percent of the new home mortgages were for amounts of less than $3,000 compared with 20.0 percent of the existing home mortgages. On the other hand, 15.7 percent of the existing home mortgages amounted to $6,000 or more, as against only 8.4 percent of the new home mortgages. Since mortgage amounts are contingent upon the valuation of the properties, this larger proportion of existing home mortgages with amounts of $6,000 or more may be attributed in part to the fact that these properties were not subject to the maximum sales price of $6,000 per family unit applied to all dwellings constructed in 1942 with WPB preference rating assistance. (See Table 11)

Property Valuation

Of the new single-family homes on which mortgage insurance commitments under Section 203 were made in 1942, some 71.3 percent were valued at from $4,000 through $6,000 for house, physical improvements, and land. Properties valued at between $6,001 and $7,000 represented the only important volume in excess of the $6,000 level, amounting to about 10 percent of the total. The valuation of the typical new home property in 1942 was $5,368, about $300 more than the typical 1941 new home.

The valuation of single-family existing homes under Section 203 displayed a more even distribution. Some 22.0 percent of the existing homes were valued at less than $4,000 as against 10.4 percent of the new homes. On the other hand, 20.2 percent of the existing homes were for valuations of $7,000 or more as compared with 8.4 percent of the new homes. The proportion of existing homes with valuations in the $6,000 to $10,000 range rose from 25.8 percent in 1941 to 29.9 percent in 1942. The median valuation of existing homes in 1942 increased to $5,272 from $5,004 in the previous year. (See Table 12)

Borrower's Annual Income

Families with annual incomes of between $1,500 and $3,500 comprised 82.1 percent of the purchasers of new single-family homes securing mortgages firmly committed for insurance under Section 203 in 1942. The largest group, accounting for 37.0 percent of the total, were families with annual incomes of $2,000 to $2,500. For new single-family home purchasers in this group the average annual family income was $2,226, the average valuation of the property purchased was $5,093, the average loan was $4,463, and the average gross monthly payment was $35.79, or 19.3 percent of the family income.

On existing homes, more than 70 percent of all insurance commitments made under Section 203, in 1942, were for mortgagors in the $1,500 to $3,500 income bracket. As in the case of new homes, the largest single group were families with annual incomes of $2,000 to $2,500, the average income being $2,231, which represented 27.9 percent of the existing properties. As compared with the new home buyers in this same income group, the average property valuation and mortgage principal for existing home mortgagors were considerably less, 10.1 and 20.7 percent respectively, but the average monthly mortgage payment was only 6.5 percent less. This is accounted for largely by the fact that monthly payments per $1,000 of mortgage principal must be amortized in not over 20 years for existing homes as compared with 25 years for new homes.[14]

Monthly Payments

The typical gross monthly payment made by mortgagors, based upon commitments made to insure mortgages on new single-family homes under Section 203, in 1942, was $37.46. Nearly two-thirds of the gross payments ranged from $30 to $45 per month, and 26.2 percent were concentrated in the $35 to $40 bracket. On existing homes, the median monthly payment was $37.80, 46.7 percent ranging from $25 to $40. In the case of existing homes, 21.0 percent of the monthly payments were for amounts of $50 or more, compared with only 9.8 percent of the new home payments. (See Table 13)

INSURANCE OF RENTAL HOUSING MORTGAGES

War Housing Insurance Operations Under Title VI, Section 608

Section 608 of Title VI, established under the amendments of May 26, 1942, authorized the insurance of mortgages on large-scale rental projects for war workers. Provisions of Section 608 made liberal financing arrangements available for multifamily rental projects, having in mind the economies in use of critical material which generally are represented in this type of construction as compared with single-family dwellings.

Insurance authorization permitted under the new legislation limited the principal amount of individual mortgages insurable to $5,000,000, and the amount per room, attributable to dwelling use, to $1,350. Mortgages insured under Section 608 were authorized up to 90 percent of the FHA estimate of reasonable replacement cost of the completed property, including land, but not in excess of the estimated cost of the completed physical improvements, exclusive of off-site public utilities and streets and of organization and legal expense. Section 608 also provided for the insurance of mortgage advances during construction and for advances to cover the purchase of scarce materials, in order to avoid delays in war housing construction.

Applications for mortgage insurance under Section 608, began to be received in FHA offices in July 1942. Through December 1942, commitments had been issued for mortgages totaling $19,238,000 on 47 projects designed to provide 4,983 dwelling units. On December 31, 1942, commitments to insure one project of 36 dwelling units had expired, 9 applications for the amount of $1,982,400 had been rejected, firm commitments to

[14]See table 16

TABLE 16.—*Average Characteristics by Borrower's Annual Income: Firm commitments issued by the FHA under section 203 to insure mortgages secured by single-family homes, 1942*[1]

Borrower's annual income[2]	Percentage distribution	Average: Borrower's annual income[2]	Average: Mortgage principal	Average: Property valuation[3]	Average: Gross monthly payment[4]	Average: Prospective monthly housing expense[5]	Average: Monthly taxes[6]	Ratio of property valuation[3] to annual income[2]	Mortgage as a percent of property valuation[3]
				New Home Buyers					
$1,000 to $1,499[7]	1.5	$1,332	$3,081	$3,609	$24.24	$36.11	$4.54	2.71	85.4
$1,500 to $1,999	17.6	1,761	3,949	4,520	31.16	45.02	6.42	2.57	87.4
$2,000 to $2,499	37.0	2,226	4,463	5,093	35.79	50.77	7.80	2.29	87.6
$2,500 to $2,999	14.7	2,664	4,792	5,506	39.08	55.04	8.57	2.07	87.0
$3,000 to $3,499	12.8	3,100	4,998	5,743	41.14	57.41	8.79	1.85	87.0
$3,500 to $3,999	7.0	3,649	5,260	6,096	43.95	60.67	9.24	1.67	86.3
$4,000 to $4,999	5.2	4,389	5,661	6,657	48.38	66.17	9.98	1.52	85.0
$5,000 to $6,999	2.8	5,670	6,159	7,402	53.50	73.05	11.20	1.31	83.2
$7,000 to $9,999	1.0	7,965	7,141	8,809	62.63	85.05	13.01	1.11	81.1
$10,000 or more	.4	13,842	7,541	9,439	67.22	95.72	14.78	.68	79.9
All groups	100.0	2,721	4,670	5,385	38.07	53.65	8.13	1.98	86.7
				Existing Home Buyers					
$1,000 to $1,499[7]	1.5	1,290	2,331	3,171	22.65	36.03	4.78	2.46	73.5
$1,500 to $1,999	14.0	1,744	3,000	3,935	28.38	43.16	6.00	2.26	76.2
$2,000 to $2,499	27.9	2,231	3,540	4,579	33.48	49.24	7.33	2.05	77.3
$2,500 to $2,999	13.0	2,669	4,065	5,262	38.40	55.33	8.72	1.97	77.3
$3,000 to $3,499	15.5	3,107	4,436	5,723	41.89	59.63	9.51	1.84	77.5
$3,500 to $3,999	9.2	3,646	4,833	6,222	45.47	64.05	10.33	1.71	77.7
$4,000 to $4,999	8.2	4,432	5,439	6,996	51.26	71.33	11.69	1.58	77.7
$5,000 to $6,999	6.2	5,704	6,388	8,248	60.85	83.96	14.65	1.45	77.4
$7,000 to $9,999	2.8	8,042	7,660	9,931	73.78	100.71	18.05	1.23	77.1
$10,000 or more	1.7	14,420	9,171	12,099	91.11	125.98	23.68	.84	75.8
All groups	100.0	3,229	4,298	5,568	40.75	58.60	9.28	1.72	77.2

[1] Based on original firm commitments issued January — June 1942.
[2] Includes effective annual family income of buyers of single-family homes.
[3] FHA valuation includes value of house, all other physical improvements, and land.
[4] Includes estimated payment to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items, if any.
[5] Includes gross monthly payment for the first year, estimated monthly cost of maintenance, and operating expenses for such items as fuel for heating, water, gas, and electricity.
[6] Includes real estate taxes, special assessments, if any, and water rent, provided its nonpayment results in a lien against the property.
[7] Borrowers with incomes of less than $1,000 amounted to less than 0.05 percent of the total.

insure $2,352,500 of mortgages on 15 projects providing 656 dwelling units were outstanding, and 26 projects involving mortgages of $8,906,100, and designed for 2,139 dwelling units, were under examination. (See Table 19)

From July to December 31, 1942, under Section 608, mortgages were insured on 31 projects providing 4,291 dwelling units, and involving a total mortgage amount of $16,760,200. The total amount of insurance

TABLE 17.—*State Distribution of FHA Rental Housing Projects: Family units and face amount of insured mortgages in force under sections 608 and 207 and 210, as of December 31, 1942*

Location of property	War rental projects under section 608[1]			Rental projects [2] under sections 207 and 210			Total		
	Number	Dwelling units	Mortgage amount	Number	Dwelling units	Mortgage amount	Number	Dwelling units	Mortgage amount
Alabama				4	331	$1,200,000	4	331	$1,200,000
Arizona				2	65	194,000	2	65	194,000
Arkansas				1	199	320,000	1	199	320,000
California				11	921	3,446,700	11	921	3,446,700
Colorado				4	219	939,500	4	219	939,500
Connecticut				4	296	1,215,000	4	296	1,215,000
Delaware				2	179	740,000	2	179	740,000
District of Columbia	5	1,180	$4,854,000	8	1,936	6,926,000	13	3,116	11,780,000
Florida				6	324	1,117,500	6	324	1,117,500
Georgia				4	340	1,271,000	4	340	1,271,000
Idaho									
Illinois				9	1,465	6,510,400	9	1,465	6,510,400
Indiana				11	589	2,343,750	11	589	2,343,750
Iowa				1	136	550,000	1	136	550,000
Kansas				3	47	157,841	3	47	157,841
Kentucky				1	265	1,000,000	1	265	1,000,000
Louisiana				2	59	244,500	2	59	244,500
Maine	2	144	435,000				2	144	435,000
Maryland	5	727	3,104,200	16	2,267	8,159,500	21	2,994	11,263,700
Massachusetts				1	187	190,000	1	187	190,000
Michigan				8	711	2,671,000	8	711	2,671,000
Minnesota				3	122	437,000	3	122	437,000
Mississippi				1	12	34,000	1	12	34,000
Missouri				10	242	972,000	10	242	972,000
Montana									
Nebraska									
Nevada									
New Hampshire									
New Jersey	13	1,447	5,367,000	17	1,897	7,008,000	30	3,344	12,375,000
New Mexico									
New York	1	42	170,000	41	7,411	30,796,000	42	7,453	30,966,000
North Carolina				15	1,205	4,280,500	15	1,205	4,280,500
North Dakota									
Ohio	1	56	200,000	4	526	2,320,000	5	582	2,520,000
Oklahoma				4	67	220,900	4	67	220,900
Oregon	1	48	155,000	2	134	518,000	3	182	673,000
Pennsylvania				19	1,871	7,322,000	19	1,871	7,322,000
Rhode Island				1	36	114,000	1	36	114,000
South Carolina				4	290	1,000,000	4	290	1,000,000
South Dakota				1	46	117,500	1	46	117,500
Tennessee				5	428	1,702,000	5	428	1,702,000
Texas				17	787	3,067,400	17	787	3,067,400
Utah									
Vermont									
Virginia	3	647	2,475,000	27	3,828	13,631,000	30	4,475	16,106,000
Washington				1	305	1,080,000	1	305	1,080,000
West Virginia				1	174	650,000	1	174	650,000
Wisconsin				3	150	634,000	3	150	634,000
Wyoming									
Alaska									
Hawaii									
Total	31	4,291	16,760,200	274	30,067	115,100,991	305	34,358	131,861,191

[1] On May 26, 1942, section 608 was added to Title VI in order to provide for the insurance of mortgages secured by new multifamily rental housing projects located in war housing areas designated by the President.

[2] Includes release clause projects.

written represented 1.5 percent of the total written under Titles I, II, and VI in 1942.

During the first six months of Section 608 operations, mortgages were insured by the FHA on war rental housing projects located in Maine, New York, New Jersey, Maryland, District of Columbia, Virginia, Ohio, and Oregon. New Jersey led all other States as a site for multifamily housing projects insured under Section 608, accounting for about 2 of every 5 projects, slightly more than one-third of the total number of dwelling units and nearly one-third of the dollar volume of Section 608 mortgages in force.[15]

Insuring Operations under Title II, Section 207

Almost three-quarters of the multifamily rental housing projects insured during 1942 were intended primarily to meet the emergency housing needs of workers in the war industry areas of the nation. After Section 608 was established in May 1942, all new large-scale war rental housing projects were processed under Title VI of the National Housing Act. As a result, insurance of mortgages under Section 207, during 1942 was less than half the 1941 volume.

During 1942, applications for mortgage insurance under Section 207 involved mortgages of $10,700,600. Insurance was written on 11 projects for mortgages totaling $5,701,000, as compared with 27 projects and mortgages of $12,997,841 insured in 1941. The volume written in 1942 represented 0.5 percent of the total amount of insurance written under Titles I, II, and VI.

Through 1942, rental housing projects securing mortgages insured under Sections 207 and 210 were in force in all but eleven States of the Nation. About 3 of every 5 of these projects were situated in the eastern seaboard States of New York, New Jersey, Pennsylvania, Maryland, District of Columbia, Virginia, and North Carolina, and Texas in the Southwest. The 160 projects in these seven States and the District of Columbia contain 21,202 dwelling units, or nearly three-fourths of the total number of units provided by rental housing projects with FHA insurance in force. The $81,190,400 of mortgages secured by these projects represents 70.5 percent of the total dollar volume of insured mortgages in force on Title II rental housing projects at the end of 1942.[16]

Since the beginning of mortgage insurance operations in 1935, mortgages totaling $145,651,516 had been insured on 355 multifamily rental projects providing 38,323 dwelling units. On December 31, 1942, 268 projects involving mortgages of $112,760,991 in face amount of mortgage principal were in operation under FHA insurance, and 6 projects with insured mortgages totaling $2,340,000 were under construction. During this period,

15See table 17
16See tables 17 and 18

FHA insurance had been terminated on 81 mortgages for $30,550,525, of which 16 represented projects acquired by the Administration and one a mortgage assignment.[17]

PROPERTY IMPROVEMENT INSURING OPERATIONS UNDER TITLE I

Title I of the National Housing Act provides for the insurance of Class 1 loans made for the repair, improvement, or alteration of existing dwellings; Class 2 loans for new non-residential construction; and Class 3 loans for the construction of new small homes. In view of wartime needs, Title I was amended in 1942. A maximum maturity of 7 years was authorized for Class 1 loans up to $5,000 financing "the alteration, repair, improvement, or conversion of an existing structure" located in an area designated by the President as having an actual or impending acute shortage of housing for war workers provided the loan was for the purpose of providing additional accommodations for war workers. Lending institutions, in 1942, were encouraged to make these loans under the advantageous terms provided by the amended legislation.

17See table 19

TABLE 18.—*Yearly Trend of Rental Housing Mortgages Insured by the FHA: War rental housing under section 608 of Title VI and rental and release clause projects under sections 207 and 210 of Title II, 1935–1942*

Year	Rental housing projects		Release clause projects		Total	
	Number	Amount	Number	Amount	Number	Amount
Section 608:[1]						
1942	31	$16,760,200	....	....	31	$16,760,200
Sections 207 and 210:						
1935	2	2,355,000	....	....	2	2,355,000
1936	4	2,101,000	....	....	4	2,101,000
1937	15	10,549,000	....	....	15	10,549,000
1938	91	44,460,050	26	$3,129,100	117	47,589,150
1939	106	49,784,700	25	1,555,925	131	51,340,625
1940	48	[2]13,036,000	....	[3]—18,100	48	13,017,900
1941	[4]27	[4]13,005,000	....	[5]—7,159	27	12,997,841
1942	11	[6]5,701,000	....	....	11	5,701,000
Total	304	140,991,750	51	4,659,766	355	145,651,516
Cumulative:						
Section 608	31	16,760,200	....	....	31	16,760,200
Section 207	246	136,339,650	3	1,529,000	249	137,868,650
Section 210	58	4,652,100	48	3,130,766	106	7,782,866
Total	335	157,751,950	51	4,659,766	386	162,411,716

1 On May 26, 1942, section 608 was added to Title VI in order to provide for the insurance of mortgages secured by new multifamily rental housing projects located in war housing areas designated by the President.
2 Includes an increase of $555,000 effected by amendments in the mortgage amount of 9 projects insured prior to 1940.
3 Represents a net decrease effected by adjustment in 2 projects insured prior to 1940.
4 Includes adjustments of +3 in the number of mortgages and +$860,000 in the mortgage amount of projects insured prior to 1941.
5 Represents a net decrease effected by adjustment of 1 project insured prior to 1941.
6 Includes an adjustment of —$1,000 effected by amendment in the mortgage amount of 4 projects insured prior to 1942.

To aid the fuel conservation program, the making of loans to stimulate the conversion of household heating equipment from oil burning to other fuels and for the insulation of existing dwellings was urged by the Administration. When loans were desired for making essential repairs to existing dwellings as a means of preserving them against deterioration, the facilities of Title I insurance were made available to borrowers. At the same time, the making of loans for comfort, luxury, or non-essential improvements was discouraged by the Administration, since it was believed that loans of this type should be deferred until after the war.

Under these policies, while the volume and number of loans made under Title I declined from 1941 levels, the loans insured were either for the production of additional accommodations in existing structures for war workers, for purposes directly related to the war, or for the preservation of the nation's housing investment. The decline may be attributed further to such factors as (1) Regulation W of the Federal Reserve Board of Governors, originally issued August 21, 1941, which restricted the extension of consumer credit, (2) War Production Board limitation of the amount of material and equipment available for property improvement purposes, (3) the wide scale plan of large regular salary deductions for bond purchases, (4) the patriotic appeal to people to delay any unnecessary property improvements until after the war, (5) reduction in expenditures because of

TABLE 19.—*Status of Rental Housing Mortgage Insurance Operations: Disposition of applications received, cumulative 1935–1942*

Status of operations	War rental housing under section 608[1]		Rental housing projects[2] under sections 207 & 210		Total	
	Number	Amount	Number	Amount	Number	Amount
Net insurance outstanding	31	$16,760,200	274	$108,798,559	305	$125,558,759
Estimated amount amortized	....	....	....	6,302,432	....	6,302,432
Face amount in force [3]	31	16,760,200	274	115,100,991	305	131,861,191
Insurance terminated	....	....	81	30,550,525	81	30,550,525
Face amount written	31	16,760,200	355	145,651,516	386	162,411,716
Commitments outstanding	15	2,352,500	1	139,000	16	2,491,500
Net commitments issued	46	19,112,700	356	145,790,516	402	164,903,216
Commitments expired	1	125,300	221	76,348,000	222	76,473,300
Gross commitments issued	47	19,238,000	577	222,138,516	624	241,376,516
Rejections	9	1,982,400	797	634,081,184	806	636,063,584
Total applications processed	56	21,220,400	1,374	856,219,700	1,430	877,440,100
Cases in process in:						
Washington	....	....	....	....	....	....
Insuring offices	26	8,906,100	3	689,000	29	9,595,100
Total	26	8,906,100	3	689,000	29	9,595,100
Total applications	82	30,126,500	1,377	856,908,700	1,459	887,035,200

[1]On May 26, 1942 section 608 was added to Title VI in order to provide for the insurance of mortgages secured by new multifamily rental housing projects located in areas designated by the President.
[2]Includes release clause projects. Section 210 was enacted February 3, 1938 and repealed June 3, 1939.
[3]On December 31, 1942, all projects under section 207 were in operation except 6 for $2,340,000 which were under construction.

increased taxes and living costs, and (6) cash payment for repairs out of savings or increased income.[18]

Loans of all types insured under Title I declined 37.1 percent in number and 45.0 percent in amount from those of 1941. The total volume, $155,551,034, of all loans insured under Title I was 13.7 percent of the total volume of insurance written under Titles I, II, and VI in 1942.

The average amount of Class 1 and 2 property improvement loans in 1942 was $329, a decline from the 1941 average of $385. On the other hand, the average face amount of Class 3, new small home loans insured during 1942 increased to $2,837 from $2,668 in 1941.[19]

Type of Improvement Financed

In line with the overall decline in Title I activity, the number and dollar amount of each of the major types of property improvement loans decreased during 1942. The number of loans for installations or repairs to plumbing and heating systems, and additions and alterations decreased by over 50 percent. Exterior painting and roofing were the principal types of improvement financed, 19.6 and 18.3 percent, respectively, of the total number of loans insured during the year. For the first time in five years, the installation or repair of heating equipment failed to represent the leading type of improvement financ-

[18]See table 20
[19]See table 20

TABLE 20.—*Trend of Property Improvement Loans Insured by the FHA: Volume of class 1 and class 2 loans and of class 3 new small home loans under Title I, 1934–1942*

Year and month	Property improvement loans insured, class 1 and class 2		New small home construction loans insured, class 3[1]		Total Title I	
	Number	Amount	Number	Amount	Number	Amount
1934	72,658	$30,450,583	....	....	72,658	$30,450,583
1935	635,747	223,620,146	....	....	635,747	223,620,146
1936	617,697	246,149,913	....	....	617,697	246,149,913
1937	124,758	60,382,598	....	....	124,758	60,382,598
1938	376,480	160,180,943	5,845	$12,566,365	382,325	172,747,308
1939	502,308	207,719,565	10,783	25,347,784	513,091	233,067,349
1940	653,841	250,948,127	9,107	25,593,238	662,948	276,541,365
1941	680,104	262,084,691	7,733	20,631,542	687,837	282,716,233
1942:						
January	45,567	15,810,823	671	1,884,634	46,238	17,695,457
February	35,487	12,328,086	515	1,455,444	36,002	13,783,530
March	29,717	9,955,911	523	1,501,557	30,240	11,457,468
April	35,182	13,061,616	693	1,966,572	35,875	15,028,188
May	42,738	15,100,882	659	1,867,047	43,397	16,967,929
June	39,519	12,658,699	629	1,780,575	40,148	14,439,274
July	35,524	10,856,490	321	919,061	35,845	11,775,551
August	31,870	10,080,509	427	1,245,672	32,297	11,326,181
September	32,681	10,496,525	47	104,424	32,728	10,600,949
October	37,018	11,495,451	293	801,743	37,311	12,297,194
November	32,902	9,887,916	253	725,594	33,155	10,613,510
December	29,329	9,008,522	190	557,281	29,519	9,565,803
Total	427,534	140,741,430	5,221	14,809,604	432,755	155,551,034
Cumulative	4,091,127	1,582,277,996	38,689	98,948,533	4,129,816	1,681,226,529

[1] Legislation providing for class 3 loans enacted February 3, 1938.

TABLE 21.—*State Distribution of Property Improvement Loans Insured and Insurance Claims Paid: Number and face amount of class 1, 2, and 3 notes insured and insurance claims paid by FHA, cumulative 1934–1942*

Location of property	All notes insured: Number	All notes insured: Amount	Claims paid: Number	Claims paid: Amount	Percentage distribution of amount: Notes insured	Percentage distribution of amount: Claims paid	Amount of claims paid as a % of notes insured	Average: Note insured	Average: Claim paid
Alabama	47,848	$15,498,222	2,001	$440,151	0.9	1.0	2.84	$324	$220
Arizona	23,607	10,722,938	950	294,252	.6	.7	2.74	454	310
Arkansas	30,402	10,539,173	2,238	483,873	.6	1.1	4.59	347	216
California	452,694	199,609,978	17,746	5,698,934	11.3	12.7	2.86	441	321
Colorado	26,818	11,214,359	803	191,714	.7	.4	1.71	418	239
Connecticut	65,776	27,410,508	1,963	583,793	1.6	1.3	2.13	417	297
Delaware	8,579	4,209,683	301	114,212	.3	.3	2.71	491	379
District of Columbia	21,330	9,907,679	591	167,430	.6	.4	1.69	464	283
Florida	75,771	33,073,663	4,740	1,407,326	2.0	3.1	4.26	436	297
Georgia	58,085	20,406,656	3,161	725,845	1.2	1.6	3.56	351	230
Idaho	23,528	8,711,242	967	244,137	.5	.5	2.80	370	252
Illinois	260,582	98,239,458	6,832	1,728,292	5.8	3.8	1.76	377	253
Indiana	131,456	41,895,039	4,547	932,169	2.5	2.1	2.23	319	205
Iowa	54,204	18,316,962	1,538	380,682	1.1	.8	2.08	338	248
Kansas	35,100	10,952,327	1,162	254,446	.7	.6	2.32	312	219
Kentucky	42,979	14,812,229	1,792	450,112	.9	1.0	3.04	345	251
Louisiana	37,360	12,715,540	1,896	333,748	.8	.7	2.62	340	176
Maine	14,152	5,719,359	447	132,590	.3	.3	2.32	404	297
Maryland	66,297	28,436,463	1,939	517,629	1.7	1.2	1.82	429	267
Massachusetts	139,229	54,633,350	5,364	1,511,045	3.3	3.4	2.77	392	282
Michigan	290,579	103,850,411	10,697	2,182,366	6.2	4.9	2.10	357	204
Minnesota	87,417	31,218,423	1,946	541,589	1.9	1.2	1.73	357	278
Mississippi	29,465	11,930,639	1,792	438,676	.8	1.0	3.68	405	245
Missouri	113,212	34,944,811	4,927	1,051,007	2.1	2.3	3.01	309	213
Montana	12,642	6,093,794	348	129,921	.4	.3	2.13	482	373
Nebraska	24,486	8,337,211	848	200,652	.5	.4	2.41	340	237
Nevada	6,402	3,309,811	147	57,802	.2	.1	1.75	517	393
New Hampshire	12,939	5,203,467	629	176,444	.4	.4	3.39	402	281
New Jersey	216,785	99,845,257	13,692	3,560,453	5.9	7.9	3.57	461	260
New Mexico	7,850	3,780,183	363	109,705	.2	.2	2.90	482	302
New York	529,093	280,699,128	26,546	9,040,664	16.7	20.1	3.22	531	341
North Carolina	40,057	14,965,353	1,924	431,003	.9	1.0	2.88	374	224
North Dakota	7,798	3,401,233	224	58,103	.2	.1	1.71	436	259
Ohio	204,703	70,949,007	5,190	1,325,829	4.2	3.0	1.87	347	255
Oklahoma	50,649	17,192,335	2,252	468,207	1.0	1.0	2.72	339	208
Oregon	52,624	19,880,459	1,959	496,427	1.2	1.1	2.50	378	253
Pennsylvania	247,483	100,194,068	10,019	2,560,632	6.0	5.7	2.56	405	256
Rhode Island	27,018	11,643,025	983	295,634	.7	.7	2.54	431	301
South Carolina	22,461	9,130,267	1,463	302,545	.5	.7	3.31	406	207
South Dakota	7,612	3,048,669	212	62,631	.2	.1	2.05	401	295
Tennessee	65,429	$21,246,939	2,370	$530,415	1.3	1.2	2.50	$325	$224
Texas	155,138	61,703,246	6,931	1,554,056	3.7	3.5	2.52	398	224
Utah	26,454	8,930,150	713	163,623	.5	.4	1.83	338	229
Vermont	6,247	2,685,846	355	117,478	.2	.3	4.37	430	331
Virginia	50,713	29,421,751	1,670	502,586	1.8	1.1	1.71	580	301
Washington	113,164	41,807,262	4,816	1,117,017	2.5	2.5	2.67	369	232
West Virginia	18,248	7,619,532	667	243,359	.5	.5	3.19	418	365
Wisconsin	71,844	27,742,906	1,813	519,887	1.7	1.2	1.87	386	287
Wyoming	5,664	2,849,845	152	55,274	.2	.1	1.94	503	364
Alaska	353	357,165	23	6,429	(1)	(1)	1.80	1,012	280
Hawaii	856	487,548	6	2,879	(1)	(1)	.59	570	480
Puerto Rico	21	19,296	2	891	(1)	(1)	4.62	919	446
Canal Zone	3	4,067	....	....	(1)	....	....	1,356	....
Total	4,129,816[2]	1,681,226,529[2]	166,689[3]	44,908,719[3]	100.0	100.0	2.67	407	269

[1] Less than 0.05 percent.
[2] Includes adjustments of + 8,610 notes and − $291,403 resulting from cancellations, refinancing, and corrections of property improvement notes insured.
[3] Includes adjustments of + 32 notes and +$12,155 in claims paid during 1942 on defaulted notes insured under the original Act and expired and repealed amendments.

ed by loans insured under Title I. Loans for heating equipment or repairs ranked third, 17.1 percent of the total number.[20]

Activity of Lenders and Insurance Claims Paid

By the end of 1942, 3,284 lending institutions were financing Title I loans, an increase of 56 over the 3,228 institutions participating in the Title I program at the end of 1941. On a cumulative basis, over 90 percent of Title I business has been concentrated in three types of lending institutions —the national banks which financed 38.2 percent of the dollar amount of Title I notes insured, finance companies which accounted for 30.5 percent, State banks and trust companies which financed 23.9 percent. Other types of institutions financed 7.4 percent of these loans. The average note insured ranged from $349 for finance companies to $647 for savings and loan associations, the average for all institutions being $407.

By December 31, 1942, claims amounting to $44,908,719 had been paid on 166,689 defaulted Title I notes. This amount represents 2.67 percent of the dollar volume of loans insured through the end of 1942. The ratio

[20]See table 22—Chart 4

TABLE 22.—*Type of Property and of Improvement Financed: Title I property improvement loans insured by the FHA, 1942*

Major type of improvement [1]	Type of property improved: Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Other	Total [3]	Percent of total
	Number	*Number*	*Number*	*Number*	*Number*	*Number*	*Number*
New residential construction	4,952	50	16	60	87	5,165	1.2
New non-res. construction	24	8	507	3,082	12,729	16,350	3.8
Additions & alterations	35,551	5,585	1,758	1,776	1,204	45,874	10.6
Exterior painting	72,096	8,952	389	2,239	864	84,540	19.6
Interior finish	29,734	4,873	712	387	486	36,192	8.4
Roofing	67,057	6,397	591	4,017	919	78,981	18.3
Plumbing	21,595	3,361	410	989	376	26,731	6.2
Heating	61,310	9,027	1,578	1,248	968	74,131	17.1
Miscellaneous	50.834	5.667	3,660	2,745	1,311	64,217	14.8
Total	343,153	43,920	9,621	16,543	18,944	432,181	100.0
Percent of total	79.4%	10.2%	2.2%	3.8%	4.4%	100.0%	....
	Amount	*Amount*	*Amount*	*Amount*	*Amount*	*Amount*	*Average amount*
New residential construction	$14,672,665	$32,784	$11,342	$25,304	$38,459	$14,780,554	$2,862
New non-res. construction	7,703	839	595,072	1,339,769	4,601,698	6,545,081	400
Additions & alterations	13,754,514	4,833,425	2,150,940	924,397	695,617	22,358,893	487
Exterior painting	28,443,696	5,008,263	317,375	980,529	441,843	35,191,706	416
Interior finish	8,138,164	2,863,933	687,587	171,271	254,737	12,115,692	335
Roofing	13,937,473	1,667,124	267,315	995,636	232,763	17,100,311	217
Plumbing	5,979,195	1,919,661	285,154	341,336	177,896	8,703,242	326
Heating	16,787,246	3,812,376	1,096,710	443,173	447,409	22,586,914	305
Miscellaneous	10,988,577	2,193,773	1,283,234	1,124,260	561,979	16,151,823	252
Total [4]	112,709,233	22,332,178	6,694,729	6,345,675	7,452,401	155,534,216	360
Average amount	328	508	696	384	393	360	....

[1] Type of improvement to which major portion of the loan proceeds was devoted.
[3]Excludes adjustments of +574 loans and +$16,818 for canceled, corrected, and refinanced notes reported under provisions of the original act of 1934 and the expired and repealed amendments.
Includes finance charges and any fees permitted by the regulations of the Commissioner.

TYPE OF PROPERTY AND TYPE OF IMPROVEMENT FINANCED BY LOANS INSURED UNDER TITLE I, 1942

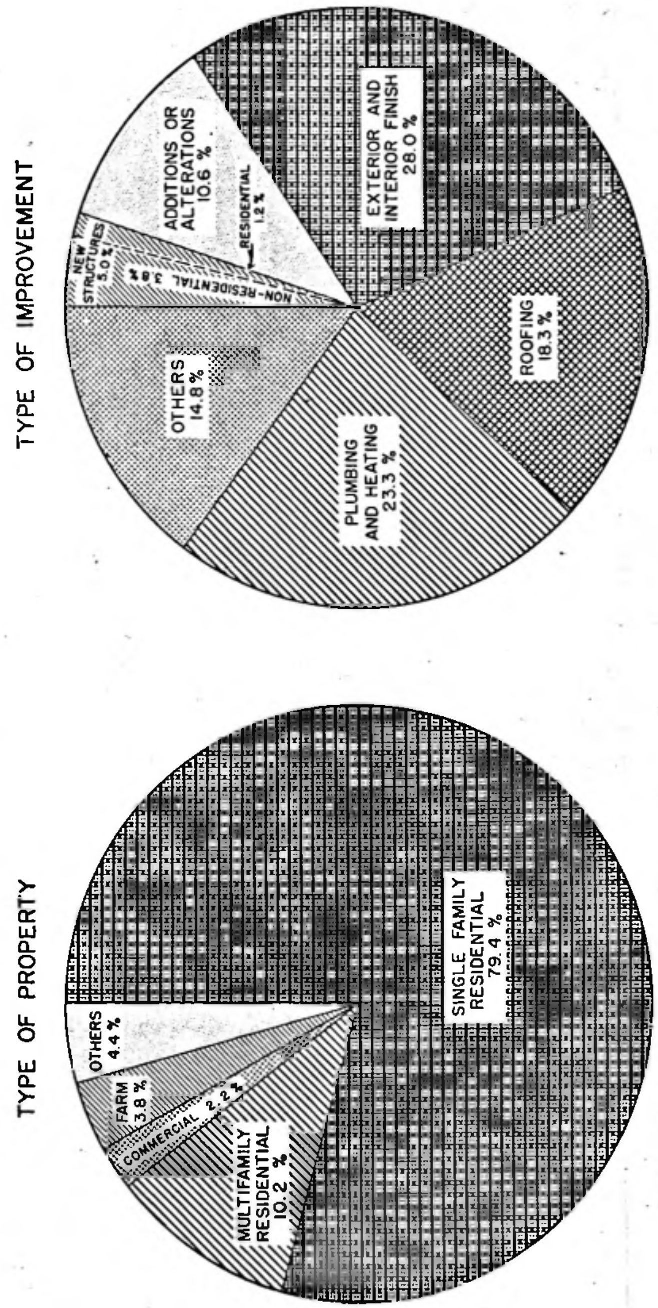

CHART 4

Table 23.—*Type of Institution Originating Property Improvement Loans and Receiving Claim Payments: Number and face amount of Title I notes insured and insurance claims paid by the FHA, cumulative 1934–1942*

Type of institution	Notes insured		Claims paid		Percentage distribution of amount		Claims paid as a percent of notes insured	Average	
	Number	Amount	Number	Amount	Notes insured	Claims paid		Note insured	Claim paid
National banks	1,501,832	$641,884,231	56,353	$15,961,615	38.2	35.5	2.49	$427	$283
State banks	917,596	400,994,308	31,452	8,802,299	23.9	19.6	2.20	437	280
Finance companies	1,467,312	512,280,180	64,855	17,063,019	30.5	38.0	3.33	349	263
Industrial banks	179,599	71,303,769	12,814	2,669,350	4.2	5.9	3.74	397	208
Savings and loan assns.	24,376	15,764,962	431	162,506	.9	.4	1.03	647	377
Savings banks	25,631	10,379,047	627	177,066	.6	.4	1.71	405	282
All others[1]	13,470	28,620,032	157	72,864	1.7	.2	.25	2,125	464
Total	4,129,816	1,681,226,529	166,689	44,908,719	100.0	100.0	2.67	407	269

[1] Includes insurance companies, mortgage companies, production credit associations, Federal agencies, and credit unions.

of claims paid to notes insured was the highest for industrial banks and the finance companies, 3.74 and 3.33 percent, respectively. The average claim paid under Title I amounted to $269 and ranged from $208 for industrial banks to $377 for savings and loan associations.[21]

[21] See table 23

Part III

ACCOUNTS AND FINANCE

During the year 1942 the Federal Housing Administration continued to meet all operating expenses by allocation from its own insurance funds. The current fiscal year is the third in which administrative expenses were met entirely from receipts.

Operating expenses of the Administration by calendar years from its inception, June 27, 1934, to December 31, 1942 were as follows:

1934	$1,739,770	1939	$12,946,816
1935	10,298,807	1940	13,251,989
1936	11,400,584	1941	13,706,648
1937	9,269,225	1942	11,863,709
1938	11,346,286	Total	95,823,834

Authority for the use of insurance fund moneys to meet operating expenses of the FHA is contained in the National Housing Act. However, estimates of expenditures for administrative expenses and for the payment of Title I claims are presented annually through the Bureau of the Budget to Congress, and limitations are established by appropriation acts as to amounts which may be expended for these purposes.

Funds for operating expenses are allocated as needed from the insurance funds within the limitations stated in the appropriation act and the Commissioner is authorized to charge each fund with its proper proportion of the expenses as determined in accordance with sound accounting practices.

Administrative expenses (including expenditures for furniture, equipment and supplies inventory) for the fiscal year which ended June 30, 1942 amounted to $13,481,481. Of these expenditures, $1,108,551 was chargeable to Title I; $8,556,672 to Section 203 of Title II; $532,549 to Sections 207-210 of Title II; and $3,283,709 to Title VI.

The amount appropriated in the Independent Offices Appropriation Act for administrative expenses in the current fiscal year, July 1, 1942 to June 30, 1943, was $14,621,499, of which this Administration has set aside $2,049,809 for savings and contingencies, leaving a net amount available for expenditure of $12,571,690. Transfers to the appropriation for administrative expenses will be made during the fiscal year from the insurance funds as needed, and after the close of the fiscal year all expenditures will be analyzed and adjustments made to charge each insurance fund with its proportionate share of the expenses.

Total income from fees, premiums and interest on investments received by the various insurance funds through December 31, 1942 amounted to $112,201,570. Of the total amount, Title I contributed $13,446,517; Title II, Section 203, $90,432,161; Title II, Sections 207 and 210, $3,383,894; and Title VI, Sections 603 and 608, $4,938,998. Examination and special fees amounted to $26,172,778, and initial and renewal premiums totaled $77,529,795. Analysis of this income by year and source is given in Statement 1.[1]

On December 31, 1942, total rescources under all funds amounted to $248,085,663, and total liabilities were $164,940,899. The excess of re-

[1]See statement 1

STATEMENT 1.—*Income from fees, insurance premiums and interest on investments under Titles I, II, and VI by calendar years, 1934–1942*

	Examination and special fees	Initial premiums	Renewal premiums	Prepayment premiums	Income on investments	Total
Title I:						
1939	$34,750	$1,268,064	...	...	...	$1,302,814
1940	146,363	4,251,135	$20,844	...	...	4,418,342
1941	128,270	4,959,945	99,881	...	...	5,188,096
1942	55,891	2,310,497	170,877	...	...	2,537,265
Total	365,274	12,789,641	291,602	...	...	[1]13,446,517
Title II, Sec. 203:						
1934	...	...	...	...	$113,423	113,423
1935	763,654	424,843	54,082	$523	284,962	1,528,064
1936	1,662,068	1,541,664	544,865	27,938	333,896	4,110,431
1937	1,777,320	2,112,038	1,952,844	148,211	497,373	6,487,786
1938	3,150,015	2,058,703	3,382,523	240,691	562,451	9,394,383
1939	3,617,173	2,622,316	5,123,529	416,116	596,640	12,375,774
1940	4,360,609	3,601,555	6,919,909	614,281	659,795	16,156,149
1941	4,887,262	4,310,312	9,455,651	981,488	751,423	20,386,136
1942	2,125,095	3,415,243	12,522,503	806,617	1,010,557	19,880,015
Total	22,343,196	20,086,674	39,955,906	3,235,865	4,810,520	90,432,161
Title II, Sec. 207-210:						
1935	...	11,775	...	...	...	11,775
1936	...	9,800	11,775	...	...	21,575
1937	555	53,250	23,718	...	...	77,523
1938	319,506	219,254	69,850	...	19,456	628,066
1939	139,232	259,184	296,805	1,700	35,907	732,828
1940	23,446	64,030	502,807	31,914	44,288	666,485
1941	38,860	60,606	456,929	13,350	47,216	616,961
1942	15,227	27,255	517,455	28,527	40,217	628,681
Total	536,826	705,154	1,879,339	75,491	187,084	3,383,894
Title VI, Sec. 603-608:						
1941	511,432	97,277	...	130	77,418	686,257
1942	2,416,050	1,657,266	66,936	2,688	109,801	4,252,741
Total	2,927,482	1,754,543	66,936	2,818	187,219	4,938,998
Total income:						
1934	...	...	...	...	113,423	113,423
1935	763,654	436,618	54,082	523	284,962	1,539,839
1936	1,662,068	1,551,464	556,640	27,938	333,896	4,132,006
1937	1,777,875	2,165,288	1,976,562	148,211	497,373	6,565,309
1938	3,469,521	2,277,957	3,452,373	240,691	581,907	10,022,449
1939	3,791,155	4,149,564	5,420,334	417,816	632,547	14,411,416
1940	4,530,418	7,916,720	7,443,560	646,195	704,083	21,240,976
1941	5,565,824	9,428,140	10,012,461	994,968	876,057	26,877,450
1942	4,612,263	7,410,261	13,277,771	837,832	1,160,575	27,298,702
Total	26,172,778	35,336,012	42,193,783	3,314,174	5,184,823	112,201,570

[1] In addition cash recoveries in the amount of $1,539,112 have been collected on claims paid on insurance granted on and after July 1, 1939 and credited to the Title I Insurance Fund.

STATEMENT 2.—*Combined statement of resources and liabilities under all funds at December 1941, June 1942, and December 1942*

	Dec. 31, 1941	June 30, 1942	Dec. 31, 1942
RESOURCES			
Cash on deposit with Treasurer of United States	$16,452,528.02	$16,385,854.41	$17,185,096.64
Unallocated funds subject to call from Reconstruction Finance Corporation	134,359,693.75	133,359,693.75	132,359,693.75
Accrued income receivable:			
Rent and other income on real property	6,796.34	8,049.75	8,426.08
Interest on Treasury bonds	254,248.90	276,480.25	288,667.72
Interest on mortgage notes and contracts for deed	25,739.93	27,494.52	28,821.30
Accounts receivable	34,496.91	361,149.30	396,608.51
Inventory of stores	113,612.51	95,577.69	77,394.86
Prepaid expenses	45,240.19	26,044.24	9,934.54
United States Treasury bonds (amortized)	39,231,774.75	43,687,694.32	51,642,964.35
Stock in rental and war housing corporations:			
Purchased (16,418 shares)[1]	15,035.00	16,285.00	17,285.00
Donated (2,483 shares)[1]	....	....	....
Mortgage notes and contracts for deed on sold properties	11,480,577.32	16,062,463.56	17,457,097.46
Mortgage note acquired under terms of insurance	2,989,981.25	2,942,668.75	2,885,356.25
Loans receivable—defaulted property improvement notes purchased under terms of insurance	18,476,526.24	20,484,819.32	20,674,128.54
Furniture and equipment	1,168,612.40	1,176,950.98	1,184,209.36
Real property at cost (debentures plus cash adjustments)	9,747,930.18	6,129,994.51	3,869,978.75
Total resources	234,402,793.69	241,041,220.35	248,085,663.11
LIABILITIES			
Cash adjustments on debentures authorized	1,557.61	946.47	765.59
Accrued interest on debentures	332,869.48	349,954.08	370,272.19
Unliquidated obligations:			
Administrative expenses	533,602.35	434,114.60	456,015.64
Real property expenses	131,437.96	92,644.97	67,904.50
Unpaid subscriptions for stock in housing corporations	300.00	700.00	600.00
Earnest money on pending sales	67,652.04	35,469.04	39,938.85
Title I claims in audit	720,243.20	....	....
Trust liabilities:			
Certificates of claim and refunds to mortgagors payable	244,169.89	308,907.91	362,531.59
Mortgagors' escrow deposits	171,510.43	224,706.64	249,221.12
Special deposits—miscellaneous receipts in process of deposit	12,040.37	12,492.41	8,520.08
Special deposits—employees' payroll deductions for war bonds	....	....	151,580.54
Trust fund receipts	1,669,262.66	2,674,706.67	3,507,022.11
Debentures payable:			
Outstanding	21,506,905.28	21,476,305.28	22,125,886.23
Authorized	264,750.00	167,150.00	152,850.00
Claims in Audit	1,485,871.76	1,500,439.67	1,220,811.90
Reserve for foreclosure costs	59,799.63	59,799.63	59,799.63
Reserve for undisbursed proceeds of fire damage	2,632.00	....	....
Reserve for payment of certificates of claim and refunds to mortgagors	....	....	4,508.10
Reserve funds available upon call from Reconstruction Finance Corporation	134,359,693.75	133,359,693.75	132,359,693.75
Unexpended appropriations — Administrative Expenses	2,420,521.17	1,023,162.85	3,398,490.49
Unexpended appropriations — Renovation and Modernization insurance	653,947.00	387,893.59	404,487.44
Total liabilities	164,638,766.58	162,109,087.56	164,940,899.75
EXCESS OF RESOURCES OVER LIABILITIES			
Administrative expense fund	1,282,224.91	1,272,528.67	1,261,604.22
Renovation and modernization insurance fund	18,640,247.72	20,670,951.70	20,869,659.64
Title I insurance fund	4,572,466.60	3,969,312.70	2,913,297.15
Mutual mortgage insurance fund	38,616,821.80	45,468,869.81	50,398,953.71
Housing insurance fund	1,356,563.75	2,258,365.92	2,378,522.72
War housing insurance fund	5,295,702.33	5,292,103.99	5,322,725.92
Total excess of resources over liabilities	69,764,027.11	78,932,132.79	83,144,763.36
Contingent liability for certificates of claim on properties on hand	347,234.25	224,894.15	161,493.35

[1]At Dec. 31, 1941 the funds held 1,520 donated and 14,168 purchased shares; and at June 30, 1942, 1,420 donated and 15,418 purchased shares.

sources over liabilities amounting to $83,144,763, comprised $58,100,202 of the three mortgage insurance funds, $23,782,956 of Title I assets, and a balance of $1,261,604 in the administrative expense fund. The combined resources and liabilities of all FHA funds as of December 31, 1941, June 30, 1942, and December 31, 1942 are presented in Statement 2.[2]

TITLE I: PROPERTY IMPROVEMENT INSURANCE

Through December 31, 1942, 4,129,816 property improvement loans had been insured under Title I for an aggregate face amount of $1,681,266,529; and 166,689 defaulted loans had been acquired by the Administration under the terms of insurance in the amount of $44,908,719, or approximately 2.7 percent of the total loans insured. Against these claims, $11,624,409 had been recovered in cash; real property and equipment had been repossessed in the amount of $4,744,547 and $7,865,635 had been suspended as uncollectible, leaving $20,674,128 loans in process of collection. In addition $452,780 interest had been collected on loans and court costs recovered in the amount of $41,696. Of the equipment and real property repossessed, $159,040 cash had been received from sales, $277,803 represented unrecovered balances on sales, $3,975,870 had been transferred to Government activities, $850 had been destroyed as worthless by the Treasury and $8,109 was available for transfer or sale. Losses on real properties, acquired and sold amounted to $42,966. Notes, insurance claims paid and recoveries by calendar year are summarized in Statement 3.[3]

Upon payment of the insured losses the notes and other claims against the borrowers become the property of FHA and are turned over to the

[2]See statement 2
[3]See statement 3

STATEMENT 3.—*Summary of Title I notes insured, claims for insurance paid, and recoveries on defaulted notes purchased under the original and amended acts by calendar years, 1934–1942*

Year	Notes insured	Claims for insurance paid	Recoveries on defaulted notes purchased			
			Total	Cash receipts		Equipment and real property repossessed
				On notes	On sales of repossessed equipment	
1934	$30,450,583	....	....	....	....	....
1935	223,620,146	$447,448	$9,916	$9,916	....	....
1936	246,149,913	5,884,885	946,912	272,694	$20,513	$653,705
1937	60,382,598	6,890,897	2,602,355	913,758	28,537	1,660,060
1938	172,747,308	6,016,307	2,673,660	1,489,044	63,373	1,121,243
1939	233,067,349	4,728,345	2,286,693	1,919,524	22,429	344,740
1940	276,541,365	6,543,568	2,031,687	1,888,681	13,859	129,147
1941	282,716,233	7,265,059	2,587,939	2,335,107	11,853	240,979
1942	153,551,034	7,132,210	2,908,175	2,795,685	[1]—1,524	114,014
Total	1,681,226,529	44,908,719	16,047,337	11,624,409	159,040	[2]4,263,888

[1] Minus figure caused by adjustments relating to prior year's receipts.
[2] Equipment and real property repossessed does not include unrecovered balances of $277,803 on equipment sales, and worthless equipment destroyed by Treasury in the amount of $850, but does include real property at the unpaid balance of the loan on date of acquisition less the loss on sales of $42,966.

Liquidation Section of Title I Operating Division for collection, salvage or other disposition. The repossession and disposition of equipment is handled for the Administration by the Procurement Divison of the Treasury; real properties acquired under Title I are managed and sold by the Property Management Section of the Mutual Mortgage Insurance Division in the same manner as the small homes acquired under Title II.

Under authority contained in the amendment of June 28, 1941, all moneys derived since that date from the sale, collection, disposition or compromise of any evidence of debt, contract, claim, property or security assigned to or held by the Commissioner under Title I with respect to insurance granted on and after July 1, 1939 have been deposited with the Title I fees and premiums to the credit of the Title I Insurance Revolving Fund. This account is available for defraying the expenses of the FHA under Title I, for paying expenses in connection with the acquisition, protection, maintenance and disposition of real or personal property acquired under

STATEMENT 4.—*Insurance reserves under Title I authorized, established, released, and remaining unallocated at December 31, 1942, as provided under Secs. 2 and 6, National Housing Act*

Item	Gross reserves established	Reserves released	Charges against liability limitation as at Dec. 31, 1942			Summation
			Outstanding contingent liability	Claims paid	Total	
Basic liability limitation established by Congress	....	....	....	....	....	$165,000,000
Insurance reserves:						
Sec. 2:						
20 percent, original act	$66,331,508	$50,669,902	$99,986	$15,561,620	$15,661,606	
10 percent, amended Apr.3,1936	17,257,563	10,443,449	208,732	6,605,382	6,814,114	
10 percent, amended Feb.3,1938	27,302,595	1,616,176	16,577,996	9,108,423	25,686,419	
10 percent, amended June3,1939	71,191,827	....	57,613,112	13,578,715	71,191,827	
Sec 6:						
20 percent, amended April 22, 1937	297,366	....	248,361	49,005	297,366	
10 percent, amended April 17, 1936	11,913	1,453	4,886	5,574	10,460	
Total	182,392,772	62,730,980	74,753,073	44,908,719	119,661,792	
Collections from insurance premiums and other sources (deduct)	....	....	....	....	14,985,629	
Net charges against liability limitation	....	....	....	....	104,676,163	104,676,163
Total unallocated amount available for use as reserves	....	....	....	....	....	60,323,837

this Title, and for the payment of Title I claims. From June 28, 1941 to December 31, 1942 cash recoveries on claims paid under insurance granted on and after July 1, 1939 in the amount of $1,539,112 had been deposited to the Title I Insurance Revolving Fund, and receivables amounted to $23,016.

Section 2 (a) of the National Housing Act as amended March 28, 1941 provides that the liability which may be outstanding at any time under Title I, less the amount collected from insurance premiums and other sources and deposited in the Treasury of the United States, shall not exceed an aggregate of $165,000,000. Estimates of the outstanding balances of insurance in force are made regularly and a verification thereof is secured annually through the call report from all qualified lending institutions.

Calculation of the Administration's estimated liability under each Title I reserve is made monthly and by this means it has been determined that the insurance liability has been well within the legal limitation at all times. Statement 4 shows for Title I the insurance reserves established, released, and remaining available for further insuring operations after December 31, 1942. On that date the net charge against the liability limitation was $104,676,-163. After releasing the excess reserves there remained a total unallocated amount available for use as reserves of $60,323,837. This sum, augmented by further releases from liability as earlier loans mature and supplemented by receipts of insurance premiums, fees and recoveries, will be more than adequate to meet the expected volume of insurance under the present authorization.[4]

Under authority granted in the amendment to the National Housing Act of June 3, 1939, a revolving fund known as the Title I Insurance Fund was established on July 1, 1939. This fund has been credited with all Title I approval fees, insurance premiums, and, since the amendment of June 28, 1941, with all cash recoveries on claims paid under the terms of insurance granted on and after July 1, 1939. Through December 31, 1942 a total of $15,008,645 had been credited to the fund from these sources.

The resources and liabilities of the Title I Insurance Fund at December 1941, June 1942, and December 1942, and an analysis of changes in the fund through December 1941, during the calendar year 1942, and cumulative through December 31, 1942 are set forth in Statements 5 and 6. The excess of income and accretions over transfers and expenditures for the period June 3, 1939 to December 31, 1942 amounted to $2,913,297.[5]

TITLE II: MUTUAL MORTGAGE INSURANCE FUND

The insurance of small home and farm mortgages under Section 203 and of rental housing projects under Section 207 prior to the amendment of February 3, 1938 is carried in the Mutual Mortgage Insurance Fund. Insurance contracts are executed in the field and forwarded to Washington

[4]See statement 4
[5]See statements 5 and 6

where they are reviewed to determine their compliance with regulations and are assigned to appropriate group accounts. All moneys received from fees, insurance premiums, interest on investments and income on acquired properties are deposited with the Treasurer of the United States to the credit of the Mutual Mortgage Insurance Fund. Such income is identified with its individual mortgage and allocated to the group account to which the mortgage has been assigned.

Fees, premiums and income received on rental housing projects insured under section 207 prior to the amendment of February 3, 1938 are deposited in the Mutual Mortgage Insurance Fund and those received on Section 207 and 210 insurance granted under regulation after February 3, 1938 are deposited to the Housing Insurance Fund.

Total resources of the Mutual Mortgage Insurance Fund on December 31, 1942 amounted to $60,641,992 and liabilities amounted to $10,243,038. The total income and accretions for the period of June 27, 1934 to December 31, 1942 equaled $101,675,879 and transfers and expenditures amounted to $51,276,925. Of this amount $47,337,670 represented allocations for administrative expenses from the fiscal year 1938 through December 31, 1942. The excess of income and accretions over transfers and expenditures amounted to $50,398,953.

STATEMENT 5.—*Resources and liabilities of the Title I insurance fund at December 1941, June 1942, and December 1942*

	Dec. 31, 1941	June 30, 1942	Dec. 31, 1942
Resources:			
Cash	$4,581,460.94	$3,962,827.51	$2,901,187.07
Accounts receivable	76.89	170.09	117.44
Mortgage notes on sold properties	....	11,937.24	23,015.86
Total resources	4,581,537.83	3,974,934.84	2,924,320.37
Liabilities:			
Unliquidated obligations on acquired properties	9,071.23	4,923.19	8,959.22
Mortgagors' escrow deposits	....	188.95	521.51
Earnest money on pending sales	....	510.00	1,542.49
Total liabilities	9,071.23	5,622.14	11,023.22
Excess of resources over liabilities	4,572,466.60	3,969,312.70	2,913,297.15

STATEMENT 6.—*Analysis of changes in the Title I insurance fund through December 1941, June 1942, and December 1942*

	June 3, 1939 to Dec. 31, 1941	Jan. 1, 1942 to Dec. 31, 1942	June 3, 1939 to Dec. 31, 1942
Income and accretions:			
Premiums	$10,599,869.10	$2,481,373.68	$13,081,242.78
Approval fees	309,383.45	55,890.85	365,274.30
Recoveries on claims paid under insurance granted on and after July 1, 1939	333,491.49	1,228,636.04	1,562,127.53
Total income and accretions	11,242,744.04	3,765,900.57	15,008,644.61
Transfers and expenditures:			
Transfer to appropriation for administrative expenses	2,952,560.00	1,162,153.15	4,114,713.15
Transfer to appropriation for payment of claims	3,651,393.00	4,215,000.00	7,866,393.00
Expenses on repossessed properties	66,324.44	47,916.87	114,241.31
Total transfers and expenditures	6,670,277.44	5,425,070.02	12,095,347.46
Excess of income and accretions over transfers and expenditures	4,572,466.60	[1]—1,659,169.45	2,913,297.15

[1] Minus figure indicates excess of transfers and expenditures over income and accretions during calendar year.

Statements 7 and 8 show the resources and liabilities of the Mutual Mortgage Insurance Fund at December 31, 1941, June 30, 1942, and December 31, 1942, and analyze the changes in the fund from its establishment, June 27, 1934 to December 31, 1941, for the calendar year 1942, and cumulative through December 31, 1942.[6]

DEBENTURES

When an insured home mortgage is foreclosed or the property otherwise acquired after default and title transferred to the Federal Housing Administration under the terms of insurance, the insured institution is entitled to receive Mutual Mortgage Insurance Fund debentures in an amount equal to the value of the mortgage as defined in the Act. The mortgage also

[6] See statements 7 and 8

STATEMENT 7.—*Resources and liabilities of the Mutual Mortgage Insurance Fund at December 1941, June 1942, and December 1942*

	Dec. 31, 1941	June 30, 1942	Dec. 31, 1942
Resources:			
Cash on deposit with Treasurer of United States	$4,517,625.03	$6,071,011.75	$4,149,708.22
Accrued income receivable:			
Rent and other income on real property	6,771.34	8,024.75	8,401.08
Interest on Treasury bonds	214,161.57	236,592.37	247,217.39
Interest on mortgage notes	4,638.64	5,768.63	6,039.23
United States Treasury bonds (amortized)	33,886,295.12	38,342,682.07	44,798,425.88
Prepaid expenses	2,171.41	4,069.97	1,501.67
Stock in rental housing corporations (donated prior to Feb. 3, 1938) 340 shares[1]	....	....	....
Mortgage notes and contracts for deed on sold properties	9,193,867.30	10,079,897.17	10,367,771.26
Real property at cost (debentures plus cash adjustments)	1,889,606.90	1,451,502.42	1,062,927.35
Total resources	49,715,137.31	56,199,549.13	60,641,992.08
Liabilities:			
Cash adjustments on debentures authorized	1,557.61	946.47	765.59
Accrued interest on debentures	156,587.41	169,989.74	177,785.99
Unliquidated obligations:			
On real properties	77,394.70	50,415.53	48,757.82
On certificates of claim and refunds to mortgagors	242,727.51	279,635.38	306,124.44
Mortgagors' escrow deposits	148,669.20	171,338.21	180,183.47
Earnest money on pending sales	57,552.04	33,159.04	28,872.93
Debentures payable:			
Outstanding	8,663,205.28	8,632,605.28	8,126,886.23
Authorized	264,750.00	167,150.00	152,850.00
Claims in audit	1,485,871.76	1,225,439.67	1,220,811.90
Total liabilities	11,098,315.51	10,730,679.32	10,243,038.37
Excess of resources over liabilities	38,616,821.80	45,468,869.81	50,398,953.71
Contingent liability for certificates of claim on properties on hand	156,146.28	120,649.88	89,523.96

[1] As at Dec. 31, 1941 the fund held 440 shares and as at June 30, 1942, 340 shares.

receives a certificate of claim covering all amounts due under the mortgage which are not covered by the debentures, including necessary expenses incurred in foreclosing the mortgage and conveying the property.

Debentures are dated as of the date foreclosure proceedings were instituted or the property otherwise acquired after default and bear interest from that date. They mature three years after the first day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued. On mortgages insured prior to February 3, 1938 the mortgagee may elect to accept debentures bearing 3 percent without tax exemeption or 2¾ percent with certain tax exemption provisions. On mortgages insured under regulations in effect after February 3, 1938, 2¾ percent debentures only may be issued. Two and three-quarters percent debentures issued in exchange for property insured prior to March 1, 1941 contain certain tax exemption provisions with respect to taxes imposed by the United States as well as to State and local taxes, but in accordance with the terms of the Public Debt Act of 1941 those issued in exchange for properties insured on and after March 1, 1941 contain no tax exemption provision with respect to taxes imposed by the United States.

The issuance and redemption of debentures and the payment of interest thereon are handled for this Administration by the Treasury Department under an agreement between the Commissioner of the Federal Housing Administration and the Secretary of the Treasury. Under this procedure

STATEMENT 8.—*Analysis of changes in the Mutual Mortgage Insurance Fund through December 1941 and December 1942*

	June 27, 1934 to Dec. 31, 1941	Jan. 1, 1942 to Dec. 31, 1942	June 27, 1934 to Dec. 31, 1942
Income and accretions:			
Appropriation allocated from Reconstruction Finance Corporation	$10,000,000.00	....	$10,000,000.00
Fees and mortgage insurance premiums (net) (see statement 1)	67,053,250.27	$18,899,702.55	85,952,952.82
Interest on U. S. Treasury bonds after deduction of premium amortization	3,799,962.08	1,010,557.38	4,810,519.46
Interest earned—General Reinsurance Account	221,840.74	238,707.69	460,548.43
Income on mortgage notes (net) (unallocated)	4,638.64	446,932.35	451,570.99
Dividends on rental housing stock	151.00	....	151.00
Miscellaneous	130.65	5.89	136.54
Total income and accretions	81,079,973.38	20,595,905.86	101,675,879.24
Transfers and expenditures:			
Transfers to Housing Insurance Fund	1,000,000.00	....	1,000,000.00
Transfers to appropriation, administrative expenses	39,352,880.47	7,984,789.57	47,337,670.04
Net charges to fund on account of sold properties	1,749,767.08	429,421.81	2,179,188.89
Net charges of unsold acquired properties	183,168.67	[1]-73,887.59	109,281.08
Interest on debentures in excess of amount applicable to properties	177,334.53	473,449.67	650,784.20
Miscellaneous	.83	.49	1.32
Total transfers and expenditures	42,463,151.58	8,813,773.95	51,276,925.53
Excess of income and accretions over transfers and expenditures	38,616,821.80	11,782,131.91	50,398,953.71

[1]Minus figure caused by reduction in number of properties on hand during year from 396 at December 31, 1941 to 206 at December 31, 1942.

debentures are registered and treated in the same manner as other obligations of the United States. Three percent debentures contain no provision for their call but this Administration has arranged with the Secretary of the Treasury to redeem such debentures where the holders desire and the Commissioner approves. All 2¾ percent debentures contain a provision for their redemption upon three months notice, at par plus accrued interest on any interest date.

Excess cash in the insurance funds which is not needed for current operations is either invested in Treasury bonds or used to redeem debentures, whichever is considered to be in the best interest of the fund. By arrangement with the Secretary of the Treasury the following calls for Mutual Mortgage Insurance Fund debentures have been made:

Call	Date	Amount	Call	Date	Amount
First	July 1, 1939	$681,300	Sixth	Jan. 1, 1942	$1,570,700
Second	Jan. 1, 1940	780,800	Seventh	July 1, 1942	1,497,650
Third	July 1, 1940	1,206,050	Eighth	Jan. 1, 1943	841,850
Fourth	Jan. 1, 1941	1,386,250			9,596,000
Fifth	July 1, 1941	1,631,400			

PROPERTY ACQUIRED AND SOLD

During the calendar year 1942, 502 small homes were acquired by the Commissioner under the terms of insurance, compared with 1,044 in 1941 and 1,123 in 1940. Through December 31, 1942 a total of 3,857 small home properties had been acquired for which debentures and cash adjustments had been issued in the amount of $18,712,051 (including debentures authorized but not yet issued and claims for debentures in audit). By December 31, 1942, 3,651 of these properties had been sold at an estimated charge to the Mutual Mortgage Insurance Fund of $2,179,188 or an average of $597 per case. On December 31, 1942, 206 small home properties were held by the Administration. One Section 207 rental housing project insured under the Mutual Mortgage Insurance Fund had been acquired and sold at no loss to the fund.

An analysis of Section 203 properties acquired and sold by calendar years will be found in Statement 9.[7]

CERTIFICATES OF CLAIM

Individual accounts are maintained for each foreclosed property acquired showing all income and expenses chargeable thereto. In those cases where the property is sold for cash and there are excess proceeds to pay a portion or all of the certificate of claim and refund to mortgagor, settlement is made after all expenses have been paid and the audit of all transactions is

[7]See statement 9

completed. However, where a mortgage note or contract for deed is accepted on the sale of the property, settlement of the certificate of claim and refund to mortgagor cannot be made until cash in full settlement of the mortgage note is received.

The results of the sale of properties acquired under the Mutual Mortgage Insurance Fund through December 31, 1942 are shown in Statement 10, and Statement 11 analyzes the cost of properties on hand and sold.[8]

TITLE II: HOUSING INSURANCE FUND

Mortgages on rental and group housing projects insured under Sections 207 and 210 after February 3, 1938, are liabilities of the Housing Insurance Fund. Fees, insurance premiums, interest on investments, and income from projects acquired under the terms of insurance are credited to the fund, and expenses in connection with acquired projects and general expenses of operating the Federal Housing Administration under Sections 207 and 210 are charged against the fund.

The total resources of the Housing Insurance Fund as of December 31, 1942 amounted to $16,779,450 and liabilities were equal to $14,400,928. Income and accretions of the Fund from February 3, 1938 to December 31, 1942, amounted to $4,052,301 and transfers and expenditures including allocations to administrative expenses, were $1,673,778. The excess of income and accretions over transfers and expenditures was $2,378,522.

The resources and liabilities of the Housing Insurance Fund as of December 31, 1941, June 30, 1942, and December 31, 1942, are shown in Statement 12, and the analysis of changes in the fund from its establishment in 1938 to December 31, 1941, for the calendar year 1942, and cumulative through December 31, 1942, is given in Statement 13.[9]

[8] See statements 10 and 11
[9] See statements 12 and 13

STATEMENT 9.—*Turn-over of properties acquired under Sec. 203 of Title II contracts of insurance by years, cumulative through December 1942*[1]

Properties acquired		Properties sold by years						Properties on hand Dec. 31, 1942
Year	Number	1936-37	1938	1939	1940	1941	1942	
1936	13	11	2	....	....	....	....	0
1937	98	13	67	7	5	6	....	0
1938	324	....	139	99	[2]50	28	6	2
1939	753	....	....	278	[3]331	110	28	6
1940	1,123	....	....	....	[4]611	448	[5]46	18
1941	1,044	....	....	....	....	754	[6]257	33
1942	502	....	....	....	....	....	355	147
Total	3,857	24	208	384	997	1,346	692	206

[1] For the 3,651 properties sold, the average time between acquisition by the Federal Housing Administration and the date of sale was 6.02 months.
[2] After deduction of 2 repossessed properties.
[3] After deduction of 4 repossessed properties.
[4] After deduction of 2 repossessed properties.
[5] After deduction of 2 repossessed properties.
[6] After deduction of 1 repossessed property.

DEBENTURES

Debentures and certificates of claim under the Housing Insurance Fund are issued and handled in the same manner as those under the Mutual Mortgage Insurance Fund. All debentures under the Housing Insurance Fund bear interest at the rate of 2¾ percent from the date forclosure proceedings were instituted. Those issued in exchange for projects insured prior to March 1, 1941, contain certain tax exemption provisions with respect to taxes imposed by the United States as well as to State and local taxes, but those issued on projects insured on and after March 1, 1941, contain no tax exemption provision with respect to taxes imposed by the United States.

PROPERTIES ACQUIRED AND SOLD

During the year 1942 two rental housing projects were acquired and 5 were sold. Through December 31, 1942 a total of 15 rental housing projects

STATEMENT 10.—*Statement of sale of acquired properties, Mutual Mortgage Insurance Fund through December 1942*

Expenses and charges to Mutual Mortgage Insurance Fund	Total properties sold—MMI fund (3652)	Section 207 property sold (1)	Section 203 properties sold (3651)
Gross proceeds of sale[1]	$17,797,121	$1,000,000	$16,797,121
Selling expense:			
Sales allowances and selling expenses	11,711	....	11,711
Commissions on sales	783,350	....	783,350
Total	795,061	....	795,061
Net proceeds of sale	17,002,060	1,000,000	16,002,060
Cost of properties sold (Statement 11)	18,848,079	991,092	17,856,987
Net loss or gain	1,846,019	[2]—8,908	1,854,927
Certificates of claim (estimated)[3]	252,879	8,908	243,971
Increment on certificates of claim (estimated)	4,764	....	4,764
Refunds to mortgagors (estimated)	75,526	....	75,526
Loss to Mutual Mortgage Insurance Fund (estimated)	2,179,188	....	2,179,188
Average loss to Mutual Mortgage Insurance Fund (estimated)	597	....	597

[1] Analyses of terms of sale:

Terms of sale	Number	Cash	Mortgage Notes	Sales price
Properties sold for all cash	547	$3,676,544	....	$3,676,544
Properties sold for cash and notes [a]	3,089	1,685,167	$12,370,933	14,056,100
Properties sold for notes only [a]	18	....	64,477	64,477
Total	[b]3,654	5,361,711	12,435,410	17,797,121

[a] Average percentage of cash down payments ($1,685,167) to sales price where mortgage note is taken ($14,120,577): 11.93%
[b] Mortgage note accepted on sale of portion of 1 property and cash on sale of portion of another property carried as on hand.
[2] Minus figure indicates gain.
[3] Of the $252,879 certificates of claim paid, $127,506 were paid or to be paid in full, $12,013 were paid in part, and $113,360 were to be paid in part. The dollar amount of certificates of claim represented 1,052 cases: of these 389 were paid in full, 62 were paid in part, and 601 were to be paid in part.

and one mortgage note insured under the Housing Insurance Fund had been acquired under the terms of insurance for which debentures in the amount of $13,999,330 had been issued. A total of 8 projects had been sold at an estimated loss to the Housing Insurance Fund of $3,202. In addition one rental housing project insured under the Mutual Mortgage Insurance Fund had been acquired and sold at no loss to that fund. A statement of the sales of defaulted rental housing projects through December 31, 1942 is given in Statement 14, supported by Statement 15 showing the cost of projects sold and on hand.[10]

TITLE VI: WAR HOUSING INSURANCE FUND

The amendment to the National Housing Act of May 26, 1942, which extended the provisions of Title VI to provide insurance on war housing units, changed the name of the Defense Housing Insurance Fund to War Housing Insurance Fund.

All fees, premiums and interest on investments received in connection with small homes for insurance under Section 603 and rental housing

[10]See Statements 14 and 15

STATEMENT 11.—*Cost analysis of properties on hand and sold, Mutual Mortgage Insurance Fund, as at December 31, 1942*

Item	Properties on hand (206) Dec. 31, 1942	Properties sold			
		Total MMI Fund	Sec. 207 property (1)	Sec. 203 properties (3,651)	
				Amount	Percent of total cost
Acquisition costs:					
Debentures and cash adjustments	$1,062,927	$17,649,123	$968,816	$16,680,307	93.41
Interest on debentures prior to acquisition	22,550	387,761	18,908	368,853	2.07
Taxes, water rent, and other expenses accrued at date of acquisition (net)	4,678	42,314	5,012	37,302	.21
Total cost at date of acquisition	1,090,155	18,079,198	992,736	17,086,462	95.69
Expenses after acquisition:					
Interest on debentures	26,790	583,502	....	583,502	3.27
Additions and improvements	2,116	21,372	....	21,372	.12
Taxes, water rent, hazard insurance, and other expense	32,174	261,380	....	261,380	1.46
Repairs and maintenance	42,168	616,755	....	616,755	3.45
Selling expense on properties on hand	1,145	....	....	....	....
Total	104,393	1,483,009	....	1,483,009	8.30
Less:					
Rental and other income (net)	22,339	222,138	1,644	220,494	1.23
Mortgage note interest income	....	491,990	....	491,990	2.76
Total	22,339	714,128	1,644	712,484	3.99
Net operating cost or income after acquisition	82,054	768,881	[1]—1,644	770,525	4.31
Total cost of properties	1,172,209	18,848,079	991,092	17,856,987	100.00

[1] Minus figure indicates income.

STATEMENT 12.—*Resources and liabilities of the Housing Insurance Fund at December 1941, June 1942, and December 1942*

	Dec. 31, 1941	June 30, 1942	Dec. 31, 1942
Resources:			
Cash on deposit with Treasurer of United States	$514,825.73	$1,320,603.56	$1,715,033.48
Accrued income receivable:			
Rent and other income on real property	25.00	25.00	25.00
Interest on Treasury bonds	7,804.59	7,804.57	9,367.05
Interest on mortgage notes and contracts for deed	21,101.29	21,725.89	22,782.07
Prepaid expenses	43,068.78	21,974.27	8,432.87
U. S. Treasury bonds (amortized)	945,479.63	945,012.25	2,444,538.47
Stock in rental housing corporations:			
Purchased (15,218 shares)[1]	15,035.00	16,285.00	16,085.00
Donated (2,143 shares)[2]	....	....	....
Mortgage notes and contracts for deed on sold properties	2,229,028.27	5,857,428.56	6,920,558.80
Mortgage note acquired under terms of insurance	2,989,981.25	2,942,668.75	2,885,356.25
Real property at cost (debentures plus cash adjustments)	7,752,283.55	4,605,560.30	2,757,271.84
Total resources	14,518,633.09	15,739,088.15	16,779,450.83
Liabilities:			
Accrued interest on debentures	176,282.07	179,964.34	192,486.20
Unliquidated obligations:			
Unpaid subscriptions for stock in rental housing corporations	300.00	700.00	500.00
Real property expense	44,972.03	37,306.25	10,187.46
Certificates of claim and refunds to mortgagors	1,442.38	29,272.53	56,407.15
Mortgagors' escrow deposits	22,841.23	53,179.48	68,516.14
Earnest money on pending sales	10,100.00	1,800.00	9,523.43
Debentures payable:			
Outstanding	12,843,700.00	12,843,700.00	13,999,000.00
Claims in audit	....	275,000.00	....
Reserve for foreclosure cost	59,799.63	59,799.63	59,799.63
Reserve for undisbursed proceeds of fire damage	2,632.00	....	....
Reserve for payment of certificates of claim and refund to mortgagors	....	....	4,508.10
Total liabilities	13,162,069.34	13,480,722.23	14,400,928.11
Excess of resources over liabilities	1,356,563.75	2,258,365.92	2,378,522.72
Contingent liability for certificates of claim on properties on hand	191,087.97	104,244.27	71,969.39

[1] As at December 31, 1941 there were 14,168 shares of purchased stock and at June 30, 1942, 15,418 shares.
[2] As at December 31, 1941 and at June 30, 1942 the fund held 1,080 shares of donated stock.

STATEMENT 13.—*Analysis of changes in the Housing Insurance Fund through December 1941 and December 1942*

	Feb. 3, 1938 to Dec. 31, 1941	Jan. 1, 1942 to Dec. 31, 1942	Feb. 3, 1938 to Dec. 31, 1942
Income and accretions:			
Appropriation allocated from M.M.I. Fund	$1,000,000.00	....	$1,000,000.00
Fees and mortgage insurance premiums (net)	2,307,278.45	$558,220.37	2,865,498.82
Interest income on U. S. Treasury bonds after deduction of premuim amortization	146,517.29	40,085.38	186,602.67
Dividends on rental housing stock	68.60	131.51	200.11
Total income and accretions	3,453,864.34	598,437.26	4,052,301.60
Transfers and expenditures:			
Transfers to appropriation for administrative expenses	1,600,000.00	48,631.23	1,648,631.23
Net charges to fund on sold properties	6,965.62	[1]—3,763.55	3,202.07
Net expenses to date on properties still on hand	490,173.04	[1]—490,160.14	12.90
Debenture interest	161,93	21,770.75	21,932.68
Total transfers and expenditures	2,097,300.59	[1]—423,521.71	1,673,778.88
Excess of income and accretions over transfers and expenditures	1,356,563.75	1,021,958.97	2,378,522.72

[1] Minus figures indicate income.

STATEMENT 14.—*Statement of sale of acquired projects, Housing Insurance Fund through December 1942*

Expenses and charges to Housing Insurance Fund	Total projects sold 8
Gross proceeds of sales[1]	$8,775,923
Commissions on sales	4,538
Net proceeds of sales	8,771,385
Cost of properties sold (Statement 15)	8,718,180
Net gain (estimated)	—53,205
Certificates of claim payable (estimated)	50,173
Increment on certificates of claim (estimated)	151
Refund due mortgagors (estimated)	6,083
Loss to Housing Insurance Fund (estimated)	3,202

[1] Analysis of terms of sales.

Terms of sale	Number	Cash	Mortgage notes	Contract for deed	Sales price
Projects sold for all cash	0				
Projects sold for cash and mortgage notes	6	$137,654	$6,450,040		$6,587,694
Projects sold for cash and contracts for deed	1	499		$1,172,348	1,172,847
Projects sold for contract for deed only	1			1,015,382	1,015,382
Total	8	138,153	6,450,040	2,187,730	8,775,923

STATEMENT 15.—*Cost analysis of properties on hand and sold, Housing Insurance Fund, as at December 31, 1942*

Item	Projects on hand (7)[1] Dec. 31, 1942	Properties sold (8)	
		Amount	Percent to total cost
Acquisition costs:			
Debentures and cash adjustments	$2,757,271.84	$8,311,876.92	95.34
Interest on debentures prior to acquisition	36,599.16	99,560.75	1.14
Taxes and insurance prior to acquisition	6,926.89	16,271.87	.19
Total cost at date of acquisition	2,800,797.89	8,427,709.54	96.67
Expenditures after acquisition:			
Interest on debentures	96,091.46	500,472.42	5.74
Additions and improvements	21,138.00	146,114.62	1.68
Equipment	12,011.85	26,931.72	.31
Taxes and insurance	95,425.65	288,740.30	3.31
Operating costs	53,047.46	272,857.93	3.13
Maintenance and repairs	45,375.53	264,771.71	3.04
Administrative expenses	28,581.69	69,101.51	.79
Rental expense	8,384.32	90,668.37	1.04
Miscellaneous	1,896.73	1,969.12	.02
Total	361,952.69	1,661,627.70	19.06
Less:			
Rental and other income	332,330.70	1,163,405.82	13.35
Mortgage note income		207,751.92	2.38
Total	332,330.70	1,371,157.74	15.73
Net operating cost after acquisition	29,621.99	290,496.96	3.33
Total cost of properties	2,830,419.88	8,718,179.50	100.00

[1] In addition to the seven projects on hand, the Administration holds one mortgage note which was acquired under the terms of insurance. Debentures and cash adjustments in the amount of $2,930,181.62 were issued in exchange for the mortgage note, which had an unpaid principal balance of $2,989,981.25 at date of acquisition. Through Dec. 31, 1942 interest on debentures in the amount of $164,661.69 and miscellaneous expenses of $9.60 had been paid and interest income of $242,314.53 and repayments to principal of $104,625.00 had been collected. The net investment of the fund in the case at Dec. 31, 1942 was $2,747,913.38 and the unpaid principal balance of the note was $2,885,356.25.

projects for war workers under Section 608 are deposited to the credit of the War Housing Insurance Fund. Operating expenses for administering both sections of Title VI are charged against this fund. Through December 31, 1942 collections credited to the fund totaled $4,938,998. No properties had been acquired under the terms of insurance.

Total resources of the War Housing Insurance Fund on December 31, 1942 amounted to $10,322,825 which compares with total liabilities of $5,000,100. Income and accretions of the fund for the period of March 28, 1941 to December 31, 1942 amounted to $9,938,997 and transfers to administrative expense appropriations totaled $4,616,272. The excess of income and accretions over transfers and expenditures was $5,322,725.

STATEMENT 16.—*Resources and liabilities of the War Housing Insurance Fund as at December 1941, June 1942, and December 1942*

	Dec. 31, 1941	June 30, 1942	Dec. 31, 1942
Resources:			
Cash on deposit with Treasurer of United States	$863,419.59	$860,020.68	$889,542.64
Accrued interest receivable on Treasury bonds	32,282.74	32,083.31	32,093.23
U. S. Treasury bonds	4,400,000.00	4,400,000.00	4,400,000.00
Stock in war housing corporations (1200 shares)			1,200.00
Unallocated funds receivable from Reconstruction Finance Corporation	5,000,000.00	5,000,000.00	5,000,000.00
Total resources	10,295,702.33	10,292,103.99	10,322,825.92
Liabilities:			
Unpaid subscriptions for stock in war housing corporations			100.00
Reserves (unallocated funds from Reconstruction Finance Corporation)	5,000,000.00	5,000,000.00	5,000,000.00
Total liabilities	5,000,000.00	5,000,000.00	5,000,100.00
Excess of resources over liabilities	5,295,702.33	5,292,103.99	5,322,725.92

STATEMENT 17.—*Analysis of changes in the War Housing Insurance Fund through December 1941 and December 1942*

	Mar. 28, 1941 to Dec. 31, 1941	Jan. 1, 1942 to Dec. 31, 1942	Mar. 28, 1941 to Dec. 31, 1942
Income and accretions:			
Appropriation allocated from Reconstruction Finance Corporation	$5,000,000.00		$5,000,000.00
Fees and mortgage insurance premiums (net)	608,838.91	$4,142,939.79	4,751,778.70
Interest on U.S. Treasury bonds	77,418.42	109,800.54	187,218.96
Total income and accretions	5,686,257.33	4,252,740.33	9,938,997.65
Transfers and expenditures:			
Transfers to appropriation, administrative expenses	390,555.00	4,225,716.74	4,616,271.74
Total transfers	390,555.00	4,225,716.74	4,616,271.74
Excess of income and accretions over transfers and expenditures	5,295,702.33	27,023.59	5,322,725.92

Statement 16 sets forth the resources and liabilities of War Housing Insurance Fund as of December 31, 1941, June 30, 1942, and December 31, 1942, and Statement 17 analyzes the changes in the fund from its establishment on March 28, 1941 to December 31, 1942.[11]

[11]See statements 16 and 17

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