SECOND ANNUAL REPORT

OF THE

FEDERAL HOUSING ADMINISTRATION

FOR THE YEAR ENDING DECEMBER 31, 1935

SECOND ANNUAL REPORT

OF THE

FEDERAL HOUSING ADMINISTRATION

LETTER

FROM

THE ADMINISTRATOR OF THE FEDERAL HOUSING ADMINISTRATION

TRANSMITTING

THE SECOND ANNUAL REPORT OF THE ADMINISTRATION FOR THE YEAR ENDING DECEMBER 31, 1935

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1936

FEDERAL HOUSING ADMINISTRATION

As of January 1, 1936

Stewart McDonald
Administrator

Arthur Walsh
Assistant Administrator

W. D. Flanders
Deputy Administrator, Titles II and III

L. R. Gignilliat
Deputy Administrator, Title I and Director of Field Division

J. Howard Ardrey
Assistant to the Administrator

Robert M. Catharine
Assistant to the Administrator

B. J. Flynn
Assistant to the Administrator

George W. Neville
Special Assistant to the Administrator

Abner H. Ferguson
General Counsel

Robert B. Smith
Assistant to the Administrator

Miles L. Colean
Director Technical Division and Large Scale Housing Division

Ernest M. Fisher
Director Economics and Statistics Division

Frederick M. Babcock
Chief, Underwriting Section

Theodore B. Nickson
Comptroller

CONTENTS

LETTER OF TRANSMITTAL

Federal Housing Administration,
Washington, D. C., February 12, 1936.

Sir: In accordance with the provisions of section 5 of the National Housing Act creating the Federal Housing Administration, I have the honor of submitting to the Congress the second annual report on the operations of the Administration under titles I, II, and III of the act for the calendar year 1935.

The **modernization credit-insurance plan** of the Federal Housing Administration, during the early months of 1935, was already an effective means of expediting recovery in the building and allied industries, one of the purposes of the National Housing Act. It became an increasingly powerful stimulus to industry during the year. During the last 6 months modernization and repair notes insured under the plan averaged over $27,000,000 per month, four times the average amount during the latter months of 1934 when the plan was in effect.

As of December 31, 708,405 notes, amounting to $254,070,729 in value, and made for the purpose of financing property repairs and improvements, had been insured. These loans were made available through the cooperation of over 6,000 financial institutions under the modernization credit plan, with nearly 70 percent of the amount advanced by the commercial banks of the country.

Over and above these results an immense volume of modernization and repair work has gone ahead on a cash basis or has been financed in other ways. This has resulted from the activities of some 7,000 local better housing committees cooperating with the Federal Housing Administration and covering most of the cities and towns in the United States. In the main this has been carried on by voluntary workers and too much credit cannot be given to the public spirited citizens who have thus contributed their time, energy, and money in the interest of recovery.

The recovery evident during the past year in many lines of industry related to housing indicates that the modernization credit plan of the Federal Housing Administration has acted as a substantial force.

The **mutual mortgage insurance plan** provides for the insurance of mortgages on one- to four-family dwellings in an amount not to exceed $16,000, nor for more than 80 percent of the appraised value, and for a period not to exceed 20 years. The plan could not become fully operative until the end of the first quarter of the year because of the need for new State legislation. It was necessary to send representatives to 45 States in which the legislatures were in session to explain the purposes of mutual-mortgage insurance. In each case the legislature passed one or more appropriate measures, although in Georgia the action was vetoed by the Governor. Thus, by July 13, 44 States permitted local financial and fiduciary institutions to invest their funds in Federal Housing Administration insured mortgages.

During the year, 67,029 mortgages involving an amount of $258,979,239 were selected for appraisal by the Administration. As of December 31, 42,147 mortgages had been accepted for insurance, 6,957 were in process of appraisal, and the remainder had been withdrawn or rejected. Of the mortgage loans for new construction 41 percent had been made by national banks, 29 percent by State banks, 18 percent by building and loan associations, 7 percent by insurance companies, and the remainder by savings banks and mortgage companies.

The interest of institutions with funds to invest in mortgages is indicated by the fact that 8,046 institutions, including national and State banks and trust companies, savings banks, life insurance companies, building and loan associations and mortgage companies, with more than 10,000 outlets in the United States, applied and have been approved as mortgagees.

The introduction of the mutual mortgage insurance system has brought about marked changes in the entire home mortgage field and has been influential in bringing about these developments:

The firm establishment of the long-term monthly amortized mortgage in the home mortgage lending practice of the Nation.

The free flow of mortgage money from centers of supply into communities where funds are normally scarce.

The reduction in mortgage financing charges for large sections of the country, due to the uniform interest rate established by the Administration.

Improvement in construction practices, influenced by standardized appraisal methods, based on minimum property standards.

Increased safety to both the home buyer and the mortgage lender throughout the life of the mortgage as a result of insurance protection and the safeguards attending it.

For the 7 months from June to December 1935, residential construction as measured by value of building permits reported to the Bureau of Labor Statistics has shown an average monthly increase of 207 percent over the same months of 1934, and exceeded that for any similar period since 1931. In the month of December the permits were greater than in any other December since 1930.

During these last 7 months of 1935, new construction home mortgages accepted for insurance by the Federal Housing Administration equaled approximately 31 percent of the building permits for one- and two-family dwellings, as estimated from the data reported by the Bureau of Labor Statistics, covering cities of 10,000 population and over. This ratio rose to 37 percent in the month of December 1935.

In most districts of the country, mortgage money frozen almost solid a year ago, is now generally available to home owners on the most attractive terms in the history of the Nation.

At the close of 1935 the total business transacted by the Federal Housing Administration amounted to $540,080,202, made up as follows:

Modernization and repair notes insured, title I	$254, 070, 729
Home mortgages accepted for insurance	170, 594, 864
Mortgages accepted on large-scale housing projects	27, 030, 234
Home mortgages in process of appraisal	27, 149, 088
Home mortgages appraised, examined, and rejected	61, 235, 287
Total business transacted	540, 080, 202

The extent of current operations is indicated by the fact that $343,013,890 of this total, or 64 percent, represents business transacted in the last 6 months of the year.

It is fitting at this time to pay tribute to the well-planned direction given in the initial stages of the program by James A. Moffett, the first Federal Housing Administrator, who, upon his resignation September 1, 1935, left a solid foundation for the accomplishments recounted in the detailed report of operations submitted herewith.

Respectfully,

STEWART McDONALD,
Administrator.

The VICE PRESIDENT OF THE UNITED STATES.
The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SECOND ANNUAL REPORT OF THE FEDERAL HOUSING ADMINISTRATION

OBJECTIVES AND ACCOMPLISHMENTS

GENERAL STATEMENT

The Federal Housing Administration is responsible under the terms of the National Housing Act for insuring privately made loans of the following types: (*a*) Short-term character loans made for the repair and modernization of homes and other building; (*b*) long-term mortgages on homes; and (*c*) mortgages on large-scale housing projects.

The following data summarize these insurance operations:

TABLE 1.—*Volume of business under titles I and II during 1934 and 1935, by quarters*

Period	Title I, modernization and repair notes insured	Title II, home mortgages accepted for insurance	Title II, loans for large-scale housing projects accepted for insurance	Total titles I and II, modernization and repair notes insured; mortgages on homes and large-scale projects accepted for insurance
August and September 1934	$3,526,020	(1)	(1)	$3,526,020
October, November, and December 1934	26,924,563	(1)	(1)	26,924,563
January, February, and March 1935	19,666,280	$7,752,356	$9,738,404	37,157,040
April, May, and June 1935	41,870,214	31,300,038	2,453,470	75,623,722
July, August, and September 1935	75,727,778	58,829,777	9,180,000	143,737,555
October, November, and December 1935	86,355,874	72,712,693	5,658,360	164,726,927
Total credit insurance to Dec. 31, 1935	$254,070,729	$170,594,864	$27,030,234	$451,695,827
Home mortgages under consideration, Dec. 31, 1935		27,140,088		27,140,088
Home mortgages rejected		61,235,287		61,235,287
Total business transacted, titles I and II	$254,070,729	$258,970,239	$27,030,234	$540,080,202
Total number of loans accepted for insurance	708,405	42,147	15	750,567

[1] Not in operation due to necessary legislative changes.

In carrying on these credit-insurance activities during the past year and a half, the Federal Housing Administration, in order "to encourage improvement in housing standards and conditions", has vigorously promoted the following objectives:

1. To expedite recovery in the building and allied industries.
2. To aid and encourage private capital investments in the home-mortgage field.
3. To secure a more uniform flow and wider distribution of home-mortgage funds.
4. To secure a lower and more uniform interest rate on home-mortgage securities.

46826—36——2

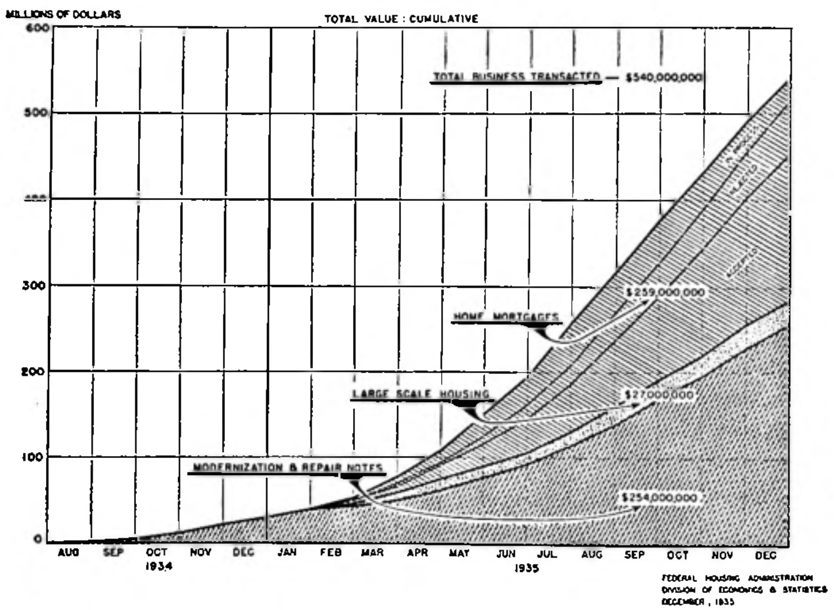
5. To improve mortgage-lending practice.
6. To raise building standards.
7. To protect the owners of small homes.
8. To encourage the creation of private limited-dividend companies to finance housing developments for persons of low income.
9. To develop essential statistical and economic data on real estate and housing.

The results of the efforts of the Administration in attempting to accomplish these objectives cannot be isolated from those of other agencies and forces operating in the same direction. However, the purpose of this report is to indicate the progress that has been made toward the objectives and to place particular emphasis upon the activities of the Federal Housing Administration.

CHART I

TOTAL VOLUME OF FEDERAL HOUSING ADMINISTRATION BUSINESS

MORTGAGES SELECTED FOR APPRAISAL, LARGE SCALE HOUSING MORTGAGES ACCEPTED FOR INSURANCE, AND MODERNIZATION & REPAIR NOTES INSURED.



1. To Expedite the Recovery of the Building and Allied Industries.

The Administration has utilized the methods made available in titles I and II of the National Housing Act to promote the flow of private capital funds into the repair and modernization of existing homes and the construction of new ones. Indisputable indications of revival of these industries are found in the following data:

a. Building permits issued and contracts awarded both for repairs or modernization and for new residential building have increased markedly during this year. According to the building permit figures, additions, alterations and repairs increased 37 percent, and new residential building 206 percent, during the last 7 months of 1935 as compared with the corresponding period of 1934.[1]

b. The volume of modernization loans insured has increased steadily during 1935, reflecting the emergency contribution toward recovery in the building trades as intended under title I of the National Housing Act.

c. Employment in the building trades, according to the best estimates available in November and December, was from 10 to 15 percent above that for the same months last year. Employment in the production of representative items of construction materials in November and December was 15 percent higher than a year earlier.

d. Shipments of building materials on railroads have increased greatly in recent months as compared with last year. Carloadings of representative construction materials originated on 24 important railroads during September were 24.9 percent higher than last year; and shipments of such materials by manufacturers in October and November were higher by 20 percent and 15.2 percent, respectively. Improvement has been general in nearly all lines of building materials and equipment.

e. The volume of new building financed by insured mortgages has shown a similar increase, a trend which, if continued, will mark a real contribution toward a permanent revival in the home-construction industry.

In cooperating with local better housing campaigns and in rallying the publicity of the durable goods industries into more effective channels, through the press, radio, and motion picture, the efforts of the Federal Housing Administration have been most successful in arousing in the public consciousness a realization of the importance of "housing" in the economic and social life of the Nation.

2. To Aid and Encourage Private Capital Investments in the Home-Mortgage Field.

The National Housing Act, as amended, was designed to make available to financial institutions the insured home mortgage. That instrument makes a sounder investment for the lender and at the same time substantially extends the practicable range of borrowers and of home-mortgage loans. Such a broadening of the field of investment, particularly for certain classes of banks and insurance companies, has been recognized for sometime as an outstanding need.

Specific efforts of the administration in this field have been directed toward the following purposes:

(i) The adoption of State legislation enabling financial and fiduciary institutions to avail themselves of the advantages offered by the act. During the year acts have been passed in 44 States enabling financial and fiduciary institutions to invest funds in insured mortgages as legal investments.

(ii) Giving assistance to financial institutions in releasing funds previously frozen in home-mortgage assets.

a. Refinanced mortgages under the insurance and amortization provisions of the National Housing Act as of December 31, 1935, numbered 29,787, amounting to $110,346,608.

---

[1] Detailed statistics are given in the appendix, p. 52.

b. Eligible home mortgages held by financial institutions were determined and aid given when requested in converting the eligible portions of such portfolios into amortized insured mortgages.

c. Real-estate mortgage bond prices have risen during the year 1935 by 33.6 percent, indicating a loosening of credit with consequent possible release of frozen real-estate assets.

(iii) Inducing private lending agencies to make mortgage loans.

a. Banks and other agencies submitting mortgages for insurance under the mutual mortgage insurance plan as of December 31, 1935, number 4,270.

b. The volume of mortgage loans on urban real estate held in portfolios of banks increased between March and June 1935 by 1.6 percent, the first increase in such loans since 1931.

c. The volume of money lent on urban mortgage securities by life-insurance companies during the year 1935 increased by 294.2 percent over the amount lent during the year 1934.

3. To Secure a More Uniform Flow and a Wider Distribution of Home-Mortgage Funds.

With the uniform mortgage instrument established under the National Housing Act as a basis accomplishment of this objective was greatly furthered by amending legislation, and by active cooperation of other Government agencies.

a. Insured mortgages are now discountable at Federal home-loan banks.

b. Insured mortgages are in part usable as collateral for advances at Federal Reserve banks under provisions of the 1935 Banking Act.

c. Insured mortgages for new construction may be sold to the R. F. C. Mortgage Corporation, established under a regulation of the Reconstruction Finance Corporation with a $10,000,000 revolving fund.

d. Under the Banking Act of 1935 Federal Reserve member banks are permitted to purchase and hold mortgages on properties other than in a restricted local area. Thus the amount of outside funds previously supplied only by insurance companies for many areas in the United States has been increased markedly. Already, mortgage lenders have reported wholesale purchases from other institutions of blocks of insured mortgages on properties located in such widely scattered areas as Tennessee, Oklahoma, Ohio, Kansas, Kentucky, and Washington, D. C.

4. To Secure a Lower and More Uniform Interest Rate on Home-Mortgage Securities.

In introducing a Nation-wide maximum interest rate on insured mortgages, the Administration has sought to reduce differences in rates explicable only on the basis of local custom and restricted mortgage markets. Home-mortgage funds may now be secured at an interest rate consistent with rates in the general money market and with the special considerations involved.

The results attained are indicated by:

a. The acceptance of a maximum interest rate of 5 percent plus one-half of 1 percent service charge by lending institutions on insured mortgages in areas where previously the average was much

higher. In several States, for example, where interest rates averaged about 8 percent or even higher, the Administration has insured loans amounting to many millions of dollars at an interest rate of 5 percent plus one-half of 1 percent service charge.

b. The announcement by a number of life-insurance companies of home-mortgage financing plans involving the reduction in interest rates to 5 percent since the inauguration of the Federal Housing Administration plan. Previously the general rates were 6 percent.

c. Interest differentials to reduce the rates charged on mortgages considered to be safer than the average, introduced by various life-insurance companies and other mortgage lenders.

5. To Improve Mortgage Lending Practice.

In an effort to improve mortgage-lending practice throughout the country, the Administration has emphasized: (*a*) Standards of appraisal procedure; (*b*) improved methods of analyzing mortgage risk; and (*c*) encouragement of the use of long-term completely amortized mortgages.

a. Striking progress has been made in the analysis of problems involved in the appraisal of homes, in selecting those procedures which are most accurate, and in securing their general acceptance on the part of lending organizations.

b. For the first time a comprehensive method of studying the risk involved in a particular mortgage transaction has been developed by the Administration after studying methods used in analyzing mortgage risk. These methods have been set forth in a manual for underwriters, and some 650 staff underwriters and 1,800 fee consultants have been trained in using them. Insurance companies and other lending institutions have generally accepted this method as a major contribution to the technique of mortgage lending.

c. By encouraging the use of long-term, amortized mortgages the Administration seeks to prevent much of the distress which has previously arisen in connection with home mortgages. All institutions cooperating in the program of the Federal Housing Administration, as well as many which are not actually embraced in its program, have adopted this kind of mortgage as standard.

6. To Raise Building Standards.

By means of establishing standards and an inspection service, the Administration has done much to promote adherence to good practice. This function will become of increasing importance whenever the current housing deficit develops into an acute housing shortage. The grossest abuses occur at times when necessitous home seekers are forced to accept substandard homes, in the absence of anything better. The Administration acts in the following ways:

a. When a real-estate developer applies for advance commitments to insure mortgages, his new subdivision is required to conform to certain standards. Compliance is assured through review of the plans and inspection on the site. Often only part of the houses in an approved subdivision are financed with insured mortgages, but all of the persons who acquire houses in such a subdivision benefit from the improvement in standards that has been effected through consultation with the Federal Housing Administration.

b. Plans for new houses to be financed with insured mortgages are approved in advance by the Federal Housing Administration. This often results in the correction of mistakes and in changes in the specifications that increase durability and reduce yearly costs of maintenance and operation.

c. Inspections made by the Federal Housing Administration staff experts during construction in order to insure compliance with the mortgage insurance commitments help to assure high standards of workmanship and materials for home builders and buyers of homes under the insured mortgage plan.

7. To Protect the Owners of Small Homes.

The purchase of a home represents a serious major step for most families. That step must be safeguarded as far as possible in those transactions in which the Federal Housing Administration has a part. Hence, the single mortgage system is being administered so as to assure the fullest possible protection to persons buying, building, or refinancing the home which they occupy, or hold as landlord.

a. The single mortgage system has the following definite advantages to the borrower:

1. He starts with no second mortgage.
2. Even though he may borrow up to as much as 80 percent of the value, the monthly payments are relatively small owing to the allowance of up to 20 years for amortization.
3. The mortgage does not have to be renewed and this means no renewal fees.
4. The borrower is assured of a sound plan of amortization.
5. Taxes and insurance are included as part of the monthly payments so that there is less danger of failing to make provision for these items.

b. The valuation and inspection made by trained staff members of the Administration tends to discourage purchases at inflated prices on a narrow margin, to insure that the dwelling is in good physical condition, and that it is not situated in a neighborhood particularly vulnerable to rapid deterioration.

c. The procedure followed tends to prevent borrowers from attempting to buy beyond their means. In the past many persons have lost their savings because they lacked knowledge of the expenses involved in home ownership; if they had been better informed they could have succeeded in owning more modest homes.

d. In general the Federal Housing Administration plan should help to stabilize the whole real-estate market; to give warning of the periods of inflated prices when many families are apt to purchase homes with small equities; and to help maintain an orderly home real estate market during periods of depression.

8. To Encourage Creation of Private Limited Dividend Companies to Finance Housing Developments for "Persons of Low Income".

Through its power to insure mortgages on large-scale housing projects the Administration aims to accomplish two main purposes. First, it encourages private capital to enter the field of housing on a large scale. Second, it establishes standards of planning and construction of large groups of dwellings far in advance of customary practice. Particular emphasis is given to the matter of community and neighborhood planning. Generally speaking, each project is large enough to constitute a new neighborhood of its own, or at least to affect very favorably an existing neighborhood.

A large response to the program developed by the Administration to accomplish these objectives is indicated by the fact that up to December 31, 1935, proposals had been made for insurance of the underlying mortgages on 183 projects, whose estimated cost totaled $352,670,402.

The Administration thus far has agreed to insure mortgages on 15 of these projects in a total amount of $27,030,234. A rigid examination is made of each project on which an application is submitted, in an attempt to assure economic soundness and the need for the proposed new housing. The applications on 134 projects have been rejected because, after thorough analysis, they were considered to be economically unsound. The remainder of the applications are now under consideration.

9. To Develop Essential Statistical and Economic Data on Real Estate and Housing.

The collection, presentation, and analysis of facts and figures similar to those gathered for agriculture and industry, but nonexistent in the housing field, had to be provided for in accordance with the act. A research staff, in cooperation with Government and private agencies in the field, is engaged in making such statistical and economic surveys as will be useful in guiding the development of housing and in the creation of a sound mortgage money market in the United States. The lack of data in this field has required particular emphasis upon the development of techniques for acquiring and analyzing the essential data. The following problems have received special attention:

a. Housing survey techniques and analyses have been developed.

b. Cost of construction and rent indexes are being refined, and the usefulness of such series as building permits extended.

c. Methods of securing and analyzing such recorded series as home mortgages, home transfers effected, home sites created and offered for use, and number and volume of home mortgages foreclosed are being developed.

d. Fact gathering, never before attempted, on stability of residential property values as influenced by neighborhood changes, and the growth of urban communities is rapidly going forward.

e. The extent and nature of risk in home mortgages is being studied by analyzing the financial experience of lending institutions in connection with home mortgages.

MODERNIZATION CREDIT INSURANCE

The modernization credit insurance plan was authorized by the Congress primarily as a recovery measure. It has fulfilled its original purpose of directly and indirectly unlocking private capital to finance repairs and improvements to small properties. It has thus conserved and enhanced property values, and at the same time created employment for hundreds of thousands of men in the building trades and the capital-goods industries, where the effects of the depression have been most severe. Although the plan involved the use of a form of credit unfamiliar to banks, it came quickly into use throughout the Nation, and its effectiveness and soundness have been demonstrated.

All of this was recognized when in the amendment to the National Housing Act, approved May 28, 1935, the Congress (*a*) extended the time limit for insurance of loans from December 31, 1935, through March 31, 1936, (*b*) increased the loan limit for certain specified types of property from $2,000 to $50,000, and (*c*) specifically authorized the insurance of loans for the purchase and installation of eligible equipment and machinery on real property. The amendments extended the benefits of the modernization plan and, therefore, received the widespread support of lending institutions, industry, and individuals.

The continued increase in the use of modernization credit is indicated in table 2 and chart II. The 708,405 individual loans have been granted by 6,082 lending institutions. The properties improved are situated in all of the 48 States, the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Canal Zone.[2] They are to be found in 2,993 of the 3,100 counties in the United States, in practically every incorporated place of more than 2,500 inhabitants, and in thousands of smaller communities. Repairs and improvements of almost every known type have been financed for homes, farms, business properties, churches, schools, and other structures.

TABLE 2.—*Modernization and repair notes insured, through December 1935*

Month	Volume of notes insured			
	Monthly		Cumulative	
	Number	Amount	Number	Amount
1934				
August	514	$251,595	514	$251,595
September	7,301	3,274,425	7,875	3,526,020
October	20,886	8,834,565	28,761	12,360,585
November	23,961	9,852,992	52,722	22,213,577
December	19,936	8,237,006	72,658	30,450,583
1935				
January	15,310	6,582,034	87,968	37,032,617
February	12,206	5,269,524	100,174	42,302,141
March	18,644	7,814,721	118,818	50,116,862
April	28,254	11,300,416	147,072	61,417,278
May	36,374	14,415,746	183,446	75,833,024
June	41,285	16,154,053	224,731	91,987,077
July	63,418	21,084,565	288,149	113,071,642
August	71,297	24,240,034	359,446	137,311,676
September	87,970	30,403,179	447,416	167,714,855
October	81,251	27,163,130	528,667	194,877,985
November	93,712	31,051,674	622,379	225,929,659
December	86,026	28,141,070	708,405	254,070,729

Types of loans and borrowers.—The average insured loan in the $2,000 and under class is $345. The average has decreased through the year, with the December 1935 loans averaging $297. Of the total number of notes insured, 74 percent or 524,447 amounting to $104,241,994 were for $400 and less, and 41 percent or 289,505 amounting to $39,730,754 were for $200 and less, as shown in table 3 and chart III. The borrowers represent practically all types of occupations, including skilled mechanics, laborers, clerks, professional men, owners of small businesses, and landlords, as well as business concerns and educational, charitable, religious, and other institutions. In every case, however, the borrower's income must be reasonably assured, and adequate to retire the loan in not more than 60 monthly installments. The average loan duration is 30 months.

[2] The distribution of insured modernization notes by States is given in the appendix, p. 49.

CHART II

MODERNIZATION & REPAIR NOTES INSURED, 1934 – 1935

MONTHLY VALUE : NON-CUMULATIVE

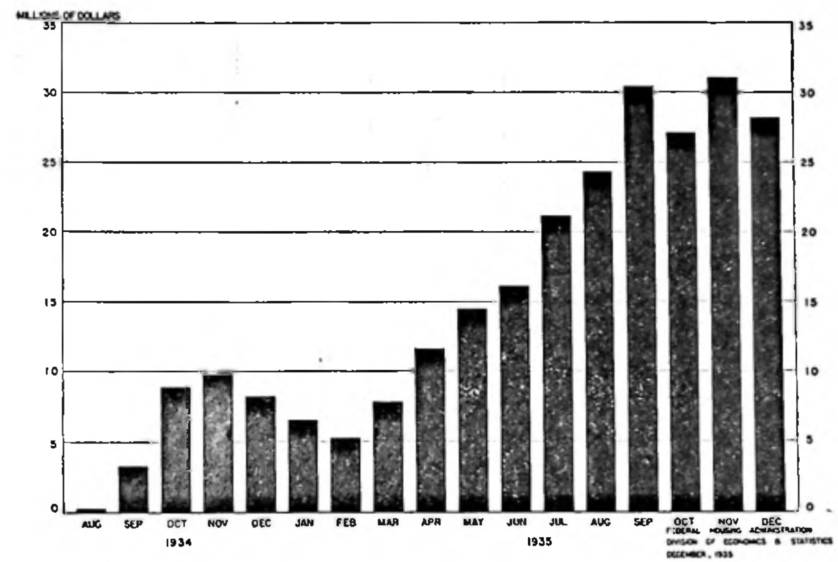
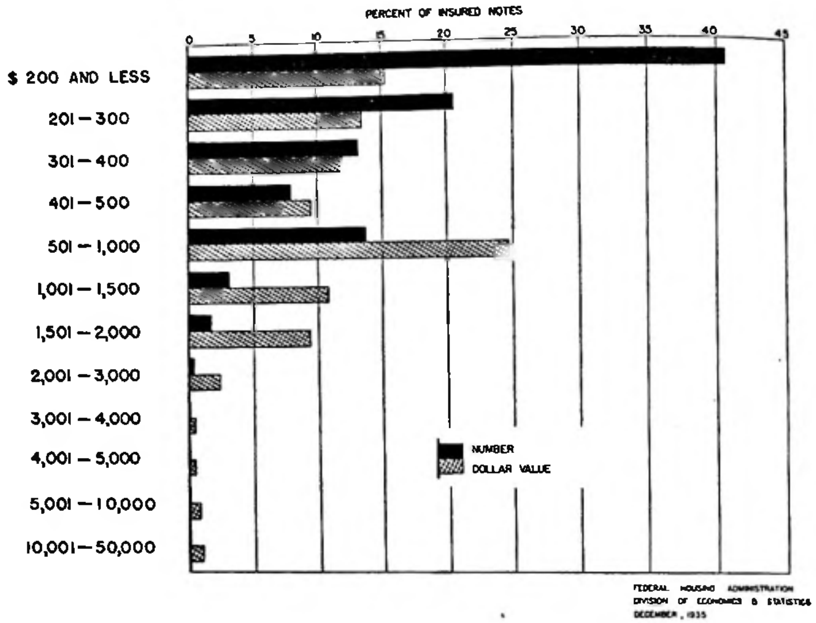


TABLE 3.—*Modernization notes classified by amount of loan, through December 1935*

Amount of loan	Volume and percent of notes insured			
	Number	Percent	Amount	Percent
$200 and less	289,505	40.87	$39,730,754	15.64
$201–$300	144,352	20.38	34,662,151	13.64
$301–$400	90,590	12.79	29,849,089	11.76
$401–$500	53,830	7.60	23,688,803	9.32
$501–$1,000	92,300	13.03	62,651,126	24.66
$1,001–$1,500	22,131	3.12	26,959,020	10.61
$1,501–$2,000	11,984	1.69	22,074,606	8.69
$2,001–$3,000	2,465	.35	5,863,457	2.31
$3,001–$4,000	417	.06	1,459,141	.57
$4,001–$5,000	298	.04	1,382,296	.54
$5,001–$10,000	371	.05	2,564,326	1.01
$10,001–$50,000	164	.02	3,185,960	1.25
Total	708,405	100.00	254,070,729	100.00

Chart III

MODERNIZATION NOTES CLASSIFIED BY AMOUNT OF LOAN



Types of property improved.—Of the total loans insured, 67 percent of the number and 60 percent of the amount were for the improvement of single family residences. Multiple residences were the next most important class, followed by retail stores, farm property, commercial buildings, and industrial and manufacturing plants, with other types of properties constituting the remainder. (See table 4 and chart IV.)

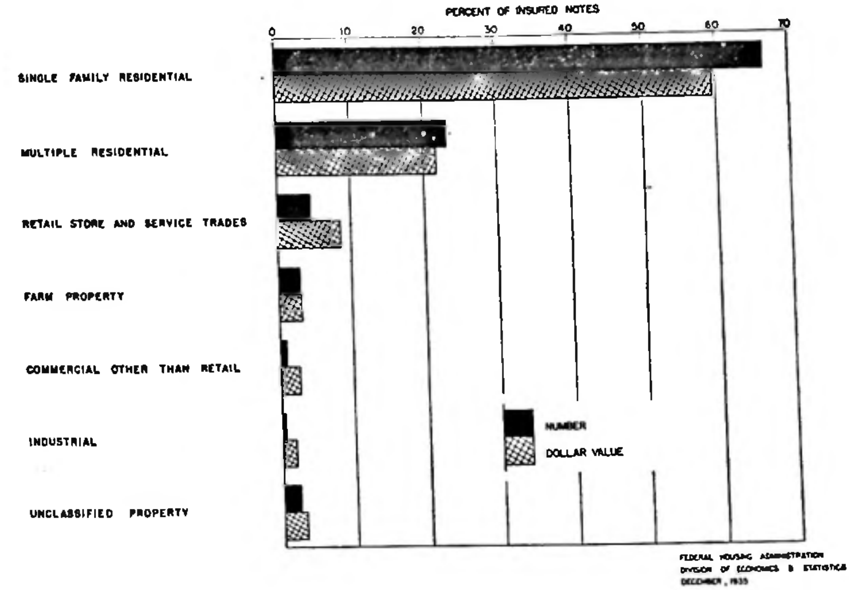
Table 4.—*Modernization and repair of real property, 1934–35, major types of property improved*

Type of property improved [1]	Modernization and repair notes insured			
	Number	Percent	Amount	Percent
Single-family residential	474,982	67.0	$151,692,000	59.6
Multiple residential	156,123	22.0	53,997,000	21.3
Retail store and service trades	31,683	4.5	21,076,000	8.3
Farm property	24,635	3.5	9,222,000	3.6
Commercial other than retail	5,816	.8	6,308,000	2.5
Industrial	2,710	.4	4,957,000	2.0
All other property [2]	12,456	1.8	6,810,000	2.7
Total	708,405	100.0	254,071,000	100.0

[1] Including property eligible for insured notes up to $50,000.
[2] Including private garages, professional offices in dwellings, hospitals, orphanages, schools or colleges, churches, and all other types of property.

Chart IV

PROPERTIES IMPROVED BY MODERNIZATION NOTES



Purposes and results of improvements.—More than 700,000 property owners or lessors are deriving benefit from the improvements financed. In thousands of cases new roofs and outside paint are now safely preserving structures against the deterioration that otherwise would have gone forward rapidly. Some owners have provided additional rooms, rearranged their kitchens and work space, put in new bathrooms, and freshened and brightened up the interiors of their homes. Others have installed mechanical refrigeration and improved automatic heating equipment. Thousands of landlords have made housing units more attractive to tenants. By this means they have filled up quarters previously vacant, and so increased their incomes.

The story of individual loans reveals the tremendous importance of the transactions to the individual borrowers. A high-school student with a mother and younger children to support, who had been building up a small dairy farm, found the purchase of a refrigerating plant entirely beyond his means. With the help of a local firm whose employees agreed to take milk from him until the loan had been paid off this young man was able to finance through an insured loan the purchase of the needed equipment for his farm. His products are now classed as grade A.

Again, a $40,000 plant modernization job is being carried out by a beverage manufacturing company with the proceeds of a modernization credit loan. This already has made possible the employment of 21 men at salaries ranging from $32 to $45 a week and within the near future 10 additional men will be added to the permanent pay roll.

In another small city, the need of an X-ray machine for examination, particularly accidents, presented a serious problem. However, through the use of a modernization credit loan, a doctor was able to install complete X-ray equipment so that citizens may now receive treatment and examination without making a 35-mile trip to another city.

Types of work and of employment created.—The types of repairs are broadly classified in table 5 and chart V.

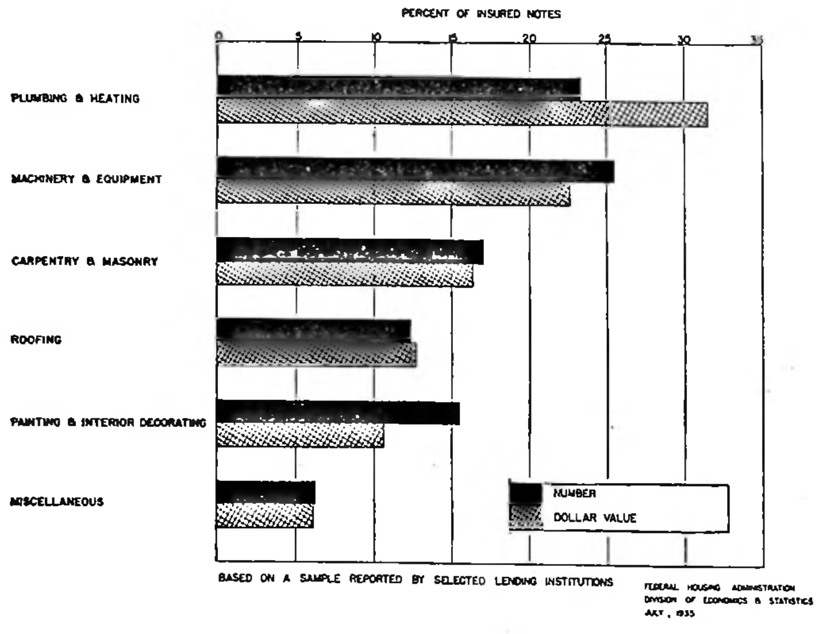
TABLE 5.—*Modernization and repair work financed by insured notes*

[Based on a sample of insured notes reported by selected lending institutions]

Type of modernization or repair	Percent of total		Type of modernization or repair	Percent of total	
	Number	Amount		Number	Amount
Plumbing and heating	23.3	31.4	Painting and interior decorating	15.5	10.7
Machinery and equipment	25.5	22.6	Miscellaneous	6.3	0.2
Carpentry and masonry	17.0	16.3			
Roofing	12.4	12.8	Total	100.0	100.0

CHART V

MODERNIZATION & REPAIR WORK FINANCED BY INSURED NOTES



The specific improvements include the installation of new heating plants, new bathrooms, additional rooms, complete interior refinishing, including new woodwork, wallpaper, painting, and new floors, repairs to gutters, downspouts and flashing, new porches, fences, driveways, garages, wells, windmills, mechanical refrigerators, electric wiring, landscaping, concrete cellar floors, and scores of other jobs. Practically every type of building-trade worker has benefited, as well as employees engaged in manufacturing and distributing every variety of material and equipment for buildings. As is well known, these products and the raw materials from which they are manufactured are produced in every State in the Union. Every railway is engaged in transporting them, and their local distribution requires the services of truck drivers and employees in retail establishments.

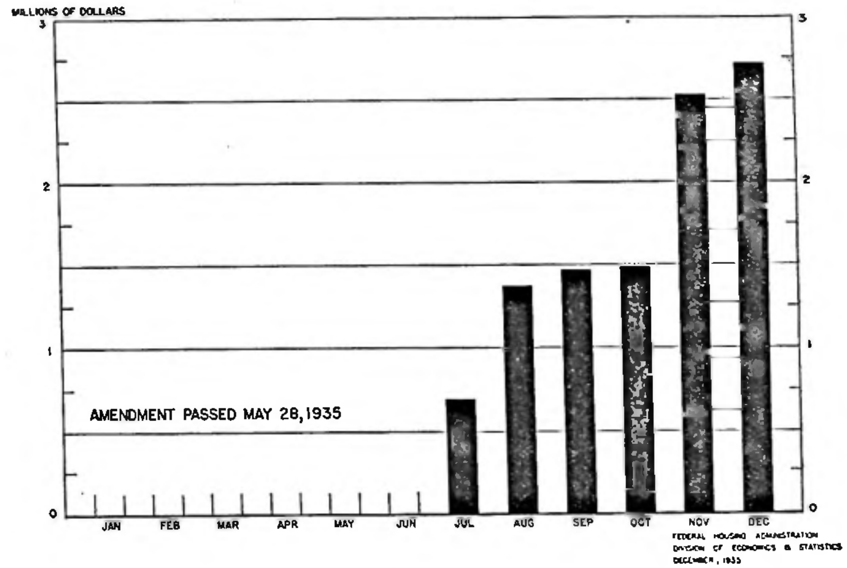
Loans from $2,000 to $50,000.

Of the 708,405 modernization and repair notes insured, 1,961 notes representing an amount of $10,244,804 were insured for the improvement of properties eligible for loans up to $50,000, as provided for in the amendment of May 28, 1935. Notes up to $50,000 are insurable for the improvement of the following types of property: Apartment houses, multiple-family houses (two or more separate dwelling units under the same roof), hotels, office, business, or other commercial buildings, hospitals, orphanages, schools or colleges, and manufacturing or industrial plants.

CHART VI

$2,000–$50,000 MODERNIZATION & REPAIR NOTES

MONTHLY VALUE : NON-CUMULATIVE



The $50,000 limit was allowed for notes to finance the conversion of property into any of the above types and, in addition, for the purchase and installation of new machinery and equipment which may be necessary for the successful operation of a business. Tables 6 and 7, and charts VI and VII, indicate the loans made on properties of the above types since passage of the amendment.

TABLE 6.—*$2,000 to $50,000 modernization and repair notes insured, through December 1935*

Month	Volume of notes insured			
	Monthly		Cumulative	
	Number	Amount	Number	Amount
July [1]	117	$681,825	117	$681,825
August	251	1,372,105	368	2,053,930
September	308	1,470,676	676	3,524,606
October	288	1,494,374	964	5,018,980
November	486	2,519,352	1,450	7,538,332
December	511	2,706,472	1,961	10,244,804

[1] From date of amendment, May 28, through July 31, 1935.

Of the total amount of $2,000 to $50,000 insured notes, 63.8 percent was for structural alterations or repairs, and the balance, or 36.2 percent, was for the purchase and installation of machinery and equipment.

TABLE 7.—*Properties improved by $2,000 to $50,000 modernization notes,[1] showing major improvements made, through December 1935*

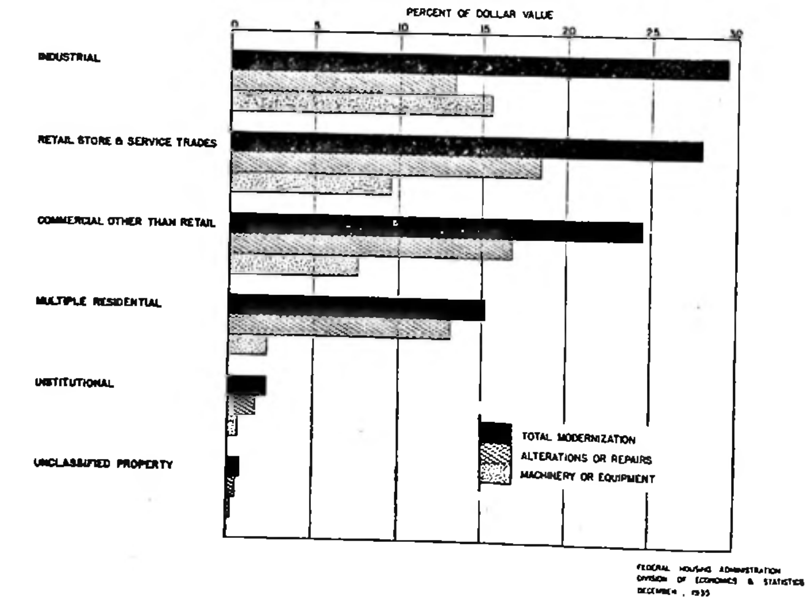
Type of property improved	Alterations or repairs		Machinery and equipment		Total modernization and repairs	
	Amount	Percent	Amount	Percent	Amount	Percent
Industrial	$1,360,338	13.3	$1,648,720	10.1	$3,009,058	29.4
Retail store and service trades	1,890,652	18.5	975,812	9.5	2,866,464	28.0
Commercial, other than retail [2]	1,725,174	16.8	786,028	7.7	2,511,202	24.5
Multiple residential	1,337,003	13.1	219,127	2.1	1,556,135	15.2
Institutional	161,077	1.6	67,285	.6	228,362	2.2
All other property	60,127	.5	13,456	.2	73,583	.7
Total	6,534,376	63.8	3,710,428	36.2	10,244,804	100.0

[1] From date of amendment May 28, 1935. [2] Including commercial farm property.

CHART VII

PROPERTIES IMPROVED BY $2,000-$50,000 MODERNIZATION NOTES

SHOWING MAJOR TYPES OF IMPROVEMENTS



The Modernization Credit Plan as a New Form of Financing.

At the time the National Housing Act was passed, less than 1 percent of the banks were either organized or prepared to make personal loans based on character and income of the type necessary to make the act function properly. Now 6,082 banks, representing over 85 percent of the total banking resources of the country, have made insured modernization loans. In order to achieve this result, staff representatives of the Federal Housing Administration have made frequent contact with these institutions in order that they might become acquainted with the details of procedure and with the exact steps involved in determining the personal credit risks of individuals applying for small character loans. In addition, the cooperation of Federal and State bank examining authorities has been of great value. The distribution of loans by types of institution is shown in table 8 and chart VIII.

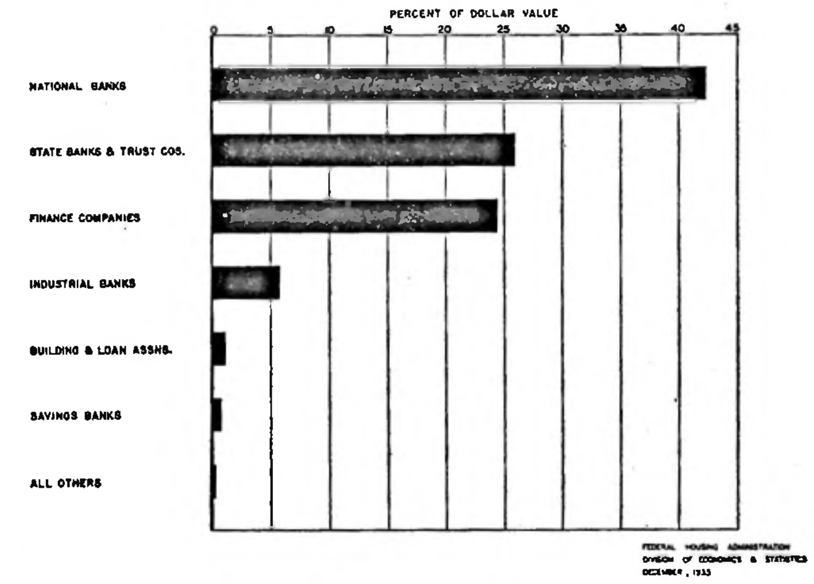
TABLE 8.—*Institutions financing insured modernization and repair notes, through December 1935*

Type of institution	Total insured notes financed			
	Number	Percent	Amount	Percent
National banks	287,305	40.5	$107,414,893	42.3
State banks and trust companies	169,797	23.9	65,837,661	25.9
Finance companies	199,820	28.2	62,115,035	24.4
Industrial banks	41,469	5.9	14,173,304	5.6
Building and loan associations	4,720	.7	2,517,704	1.0
Savings banks	4,707	.7	1,719,753	.7
All others [1]	587	.1	292,379	.1
Total	708,405	100.0	254,070,729	100.0

[1] Including 16 credit unions, 3 insurance companies, 1 production credit association, and 10 other lending institutions.

CHART VIII

INSTITUTIONS FINANCING MODERNIZATION & REPAIR NOTES



Payments for insured losses as of December 31, 1935, amounted to $447,447, covering 1,288 defaulted notes. The present ratio of 0.176 percent of losses paid will undoubtedly increase with the passage of time. The Federal Housing Administration in many cases is able to make substantial collections from the defaulting borrowers, thus tending to reduce its net losses. A unit is being formed within the Administration to handle the collection of claims.

In two cases lending institutions have availed themselves of the privilege granted under section 3 of the National Housing Act to pledge their modernization loans as collateral for loans from the Federal Housing Administration. In each case the amount was small, the need was occasioned by special conditions, and the advances are being retired.

Administration of Title I.

Procedure.—Regulations governing the modernization credit insurance plan have been kept as few and as simple as possible commensurate with good business practice.

The regulations were published on August 10, 1934, 6 weeks after the approval of the National Housing Act, and only 3 weeks after the allocation of office space.

The borrower fills out a loan application certifying that the proceeds of the loan, if granted, will be used to pay for property improvements or equipment, and shows his income and other pertinent information regarding his ability to meet the monthly installment payments required by the loan. The bank, building and loan association, finance company, or other lending institution reviews the application, and if it finds it in order and desires to make the loan, it does so at once. It then forwards a brief record of the transaction to the Federal Housing Administration in Washington and certifies that the loan meets the regulations. Whenever a borrower defaults and the lending institution submits a claim for loss, the necessary audits are made to make sure that all legal requirements have been met. The loans are based primarily on the individual borrower's character and ability to repay, and usually do not involve the time and expensive procedure that would be required if real-estate mortgage security were involved.

Educational activities.—In order to make modernization credit insurance promptly and generally effective as a recovery measure, it was essential that the millions of property owners throughout the country become well acquainted with its advantages. The widespread educational activities of the Federal Housing Administration designed to meet this need are described in other sections of this report. Splendid cooperation has been given by leaders representing the different types of financial institutions, by the chairmen and members of local better housing committees, and by individuals, companies, and trade associations in the building and building-materials field.

General results.—Several conclusions of significance may be drawn from the operation of the modernization credit insurance plan. First, several hundred thousand home owners have shown their desire and ability to raise their living standards and to conserve their investment in their homes during the past 17 months. Second, several hundred thousand landlords, small business concerns, and institutions have shown enterprise, initiative, and faith in the immediate economic outlook by improving their properties and installing up-to-date equipment and machinery in them. Third, a new channel of credit has been opened to small borrowers, and by their response they are benefiting not only themselves but have contributed in substantial measure to recovery in employment and business. Fourth, the stimulus of the modernization credit plan, tied in with the work of more than 7,000 local better housing committees and other forms of educational work, has directly encouraged millions of other property owners to go forward with upward of 1 billion dollars' worth of repairs and improvements paid for out of cash, or financed by insured loans or other forms of credit.

MUTUAL MORTGAGE INSURANCE

The mutual mortgage insurance system was designed to make generally available, to owners of homes, mortgage loans that embrace the following features:

1. Long term credit, not exceeding 20 years;
2. Complete amortization which provides for (*a*) steady reduction of principal, (*b*) no renewals, and consequently no renewal charges, and (*c*) ultimate debt-free home ownership;
3. A single first mortgage for a higher percentage of the value than has been customary, but not exceeding 80 percent of the appraised value;
4. Low interest rate.

One year ago this system, after several months of preparation, was still untried in actual practice. Borrowers, lenders, and the Administration's own staff were at best familiar with it only in theory. It could not take hold on a large scale until new State enabling legislation would permit a majority of the home mortgage lending institutions to participate. During the year 1935, however, with that obstacle overcome, mutual mortgage insurance was placed in active operation in every State,[3] and became a moving force in the recovery of home building to more than double the rate during 1933 and 1934.

Of the 42,147 individual mortgage loans, involving $170,594,864, that were accepted for insurance during the year, 85 percent were accepted during the 7 months from June through December. The total mortgage insurance business transacted by the 63 State and district underwriting offices was $258,979,239 and involved the handling of mortgages selected for appraisal from 4,270 lending institutions in all parts of the country.

Mortgages for new construction, numbering 12,360 and amounting to $60,248,256 or 35.3 percent of the total, were accepted for insurance; the remaining 29,787 accepted mortgages for $110,346,608 or 64.7 percent of the total, represent the financing of existing structures. More than 95 percent of all the loans are secured by one-family houses.

Misunderstandings as to the nature and purpose of mutual mortgage insurance were inevitable at the commencement of the program and accounted for a substantial portion of the 17,925 mortgages found

[3] See appendix (pp. 49 and 50) for distribution of mortgages by States.

to be ineligible and accordingly rejected. In addition, many mortgages that were presented were withdrawn prior to payment of appraisal fees because preliminary examination revealed them as clearly outside the scope of the plan.

The statement of objectives and accomplishments at the beginning of this report outlines the effect of operations under the mutual mortgage insurance plan on the recovery in home building and allied industries, in restoring the flow of capital funds to the home mortgage field, and in making funds available to borrowers on more liberal terms than ever before. These results can be appreciated best through analysis of the mortgage insurance business transacted.

TABLE 9.—*Mortgages accepted for insurance*

ALL MORTGAGES

	Monthly		Cumulative	
	Number	Amount	Number	Amount
1935				
January	102	$514, 280	102	$514, 280
February	435	2, 136, 480	537	2, 650, 760
March	1, 211	5, 101, 596	1, 748	7, 752. 356
April	1, 880	7, 926, 354	3, 628	15, 678, 710
May	2, 612	11, 109, 683	6, 240	26, 788, 393
June	3, 048	12, 264, 001	9, 288	39, 052, 394
July	4, 112	16, 872, 481	13, 400	55, 924, 875
August	5, 010	20, 671, 898	18, 410	76, 596, 773
September	5, 300	21, 285, 398	23. 710	97, 882, 171
October	6, 673	26, 163, 901	30, 383	124, 046, 072
November	6, 197	24, 515, 145	36, 580	148, 561, 217
December	5, 567	22, 033, 647	42, 147	170, 594, 864

NEW CONSTRUCTION

	Monthly Number	Monthly Amount	Cumulative Number	Cumulative Amount
1935				
January	1	$4, 500	1	$4, 500
February	155	965, 590	156	970. 090
March	400	1, 902, 559	556	2, 872. 649
April	671	3, 321, 749	1, 227	6, 194, 398
May	936	4, 820, 888	2, 163	11, 015, 286
June	1, 061	4, 023, 682	3, 224	15, 038, 968
July	1, 441	7, 021, 719	4, 665	22, 060, 687
August	1, 496	7, 513, 701	6, 161	30, 474, 388
September	1, 539	7, 370, 524	7, 700	37, 844, 912
October	1, 770	8, 334, 515	9, 470	46, 179. 427
November	1, 529	7, 372, 723	10, 999	53, 552, 150
December	1, 361	6, 696, 106	12, 360	60, 248, 256

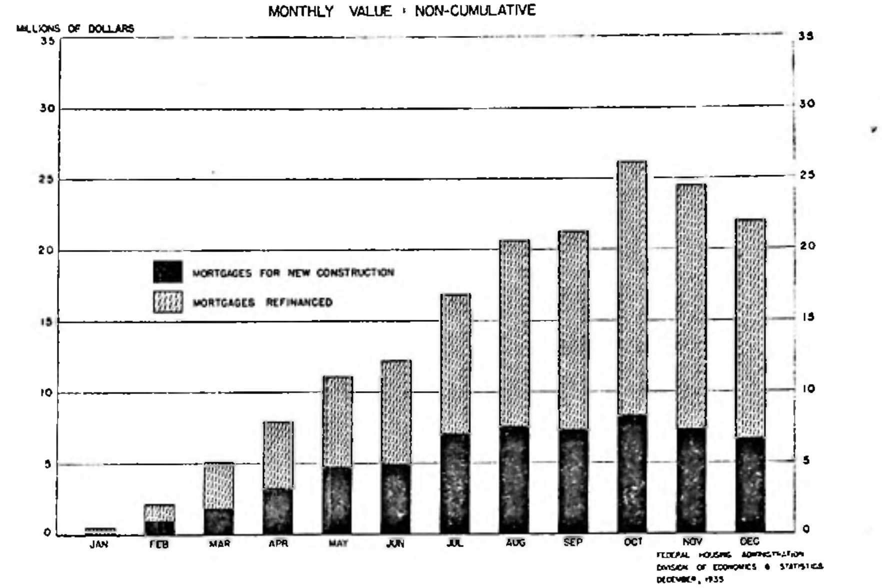
REFINANCED

	Monthly Number	Monthly Amount	Cumulative Number	Cumulative Amount
1935				
January	101	$509, 780	101	$509, 780
February	280	1, 170, 890	381	1, 680, 670
March	811	3, 199, 037	1, 192	4, 879, 707
April	1, 209	4, 604, 605	2, 401	9, 484, 312
May	1, 676	6, 288, 795	4, 077	15, 773, 107
June	1, 987	7, 340, 319	6, 064	23, 113, 426
July	2, 671	9, 850, 762	8, 735	32, 964, 188
August	3, 514	13, 158, 197	12, 249	46, 122, 385
September	3, 761	13, 914, 874	16, 010	60. 037, 259
October	4, 903	17, 829, 386	20, 913	77, 866, 645
November	4, 668	17, 142, 422	25, 581	95, 009, 067
December	4, 206	15, 337, 541	29, 787	110, 346, 608

CHART IX

MORTGAGES ACCEPTED FOR INSURANCE, 1935

MONTHLY VALUE · NON-CUMULATIVE



Relation of Insured Mortgages to New Home Building.

The significant relation of the mortgages accepted for new construction to the sustained advance in new home-building activity during the summer and autumn months (see appendix, p. 52) is shown in the following tabulation:

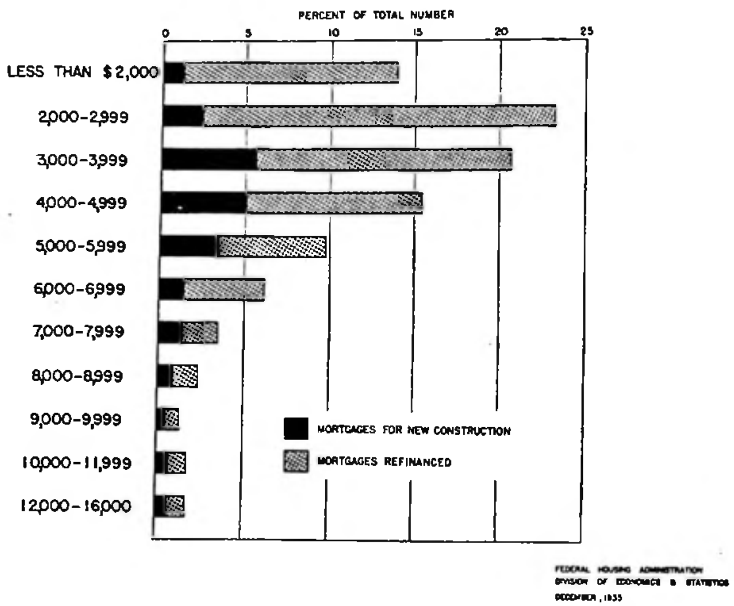
Month	Percentage ratio of mortgages accepted for new construction to value of building permits for 1- and 2-family dwellings [1]	Month	Percentage ratio of mortgages accepted for new construction to value of building permits for 1- and 2-family dwellings [1]
January	0. 04	July	29. 5
February	9. 1	August	28. 6
March	13. 0	September	31. 3
April	19. 3	October	32. 9
May	22. 2	November	35. 0
June	22. 0	December	37. 2

[1] For computing this column, the building-permit statistics reported by the Bureau of Labor Statistics as adjusted by the Federal Home Loan Bank Board to cover all cities with a population of 10,000 and over, are used. Although building statistics for smaller places are not available, the ratios show the gaining trend of mutual mortgage insurance in relation to new home-building activity.

The stimulus to new building given by the mutual mortgage insurance plan has not been confined to the direct effect of low interest rates and favorable terms as to amortization and down payments. In many cases, operative builders have reported that conditional commitments by the Federal Housing Administration to insure mortgages on new houses when completed have been of great help in obtaining construction loans. Further, in many new developments houses advertised for sale with high percentage insured mortgages have resulted in a substantial number of sales for cash or with mortgages of a small prcentage of the value. Numerous incidents indicate that Federal Housing Administration approval of a subdivision and representative houses in it for high percentage mortgages, helps to create confidence both on the part of prospective buyers and lending institutions.

CHART X

ACCEPTED MORTGAGES CLASSIFIED BY AMOUNT OF PRINCIPAL



Mortgages Classified by Amount of Principal.

The average value of all insured mortgages on one- to four-family houses is $4,048, as shown on table 10. Those for new construction average $4,874, but include a number of two- and four-family houses. Forty-two percent of all the mortgages accepted for new construction were for less than $4,000. The average value of new one-family houses on which mortgages have been accepted is approximately $6,000. Of the mortgages on existing property, which include both refinancing of mortgages and purchase money mortgages for existing homes, 42.9 percent were for less than $3,000, and 63.4 percent were for less than $4,000.

TABLE 10.—*Accepted mortgages, classified by amount of principal, through December 1935*

Amount of principal	Percentage distribution of mortgages accepted			Amount of principal	Percentage distribution of mortgages accepted		
	New construction	Refinanced	All mortgages		New construction	Refinanced	All mortgages
Less than $2,000	4.7	17.2	13.9	$9,000 to $9,999	2.1	1.0	1.3
$2,000 to $2,999	16.5	25.7	23.2	$10,000 to $11,999	2.8	1.4	1.8
$3,000 to $3,999	21.1	20.5	20.6	$12,000 to $16,000	2.7	1.5	1.8
$4,000 to $4,999	18.8	14.3	15.5				
$5,000 to $5,999	13.0	8.6	9.8	Total	100.0	100.0	100.0
$6,000 to $6,999	9.3	5.0	6.2	Percent of total value	35.3	64.7	100.0
$7,000 to $7,999	5.4	2.8	3.5	Average value	$4,874	$3,705	$4,048
$8,000 to $8,999	3.6	2.0	2.4				

Duration of Mortgages.

It is shown in table 11 that 70.8 percent of mortgages on new construction are for terms from 17 to 20 years, and that 92.4 percent of such mortgages are for terms of 13 or more years. Prior to the passage of the National Housing Act, it was unusual to find home mortgages written for a term of more than 12 years.

In view of the low monthly payments required to amortize a long-term mortgage, it appears that the single-mortgage system has brought new homes within reach of many families previously unable to acquire them. Thus the system is providing a definite impetus to new home building.

The term of insured mortgages for refinancing existing properties tends to be somewhat shorter with 49.1 percent having terms from 17 to 20 years, and 78.5 percent having terms from 13 to 20 years.

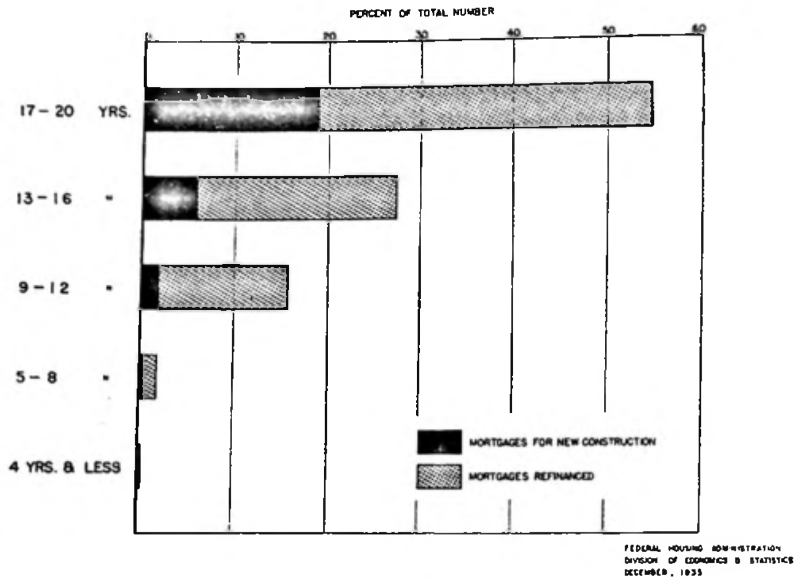
This tendency to somewhat shorter terms for mortgages on existing houses is in keeping with the fact that old houses on the whole have a shorter expectancy of useful life than new houses.

TABLE 11.—*Duration of mortgages accepted for insurance through December 1935*

Term of mortgage	Percentage distribution of accepted mortgages			Term of mortgage	Percentage distribution of accepted mortgages		
	New construction	Refinanced	All mortgages		New construction	Refinanced	All mortgages
17 to 20 years	70.8	49.1	54.9	4 years and less	0.1	0.1	0.1
13 to 16 years	21.6	20.4	27.3				
9 to 12 years	6.8	19.1	15.8	Totals	100.0	100.0	100.0
5 to 8 years	.7	2.3	1.9				

CHART XI

DURATION OF MORTGAGES ACCEPTED FOR INSURANCE



Ratio of Mortgage Principal to Appraised Value.

For 51.6 percent of the mortgages accepted on new construction, the ratio of principal to valuation was from 76 to 80 percent, and 66 percent or greater in 82.8 percent of the cases (see table 12 and chart XII). In view of the fact that prior to the passage of the National Housing Act, many classes of financial institutions were not permitted to make real-estate mortgage loans for more than 50 to 66 percent of the value, this record indicates a notable development. It shows definite progress away from the second mortgage.

High-percentage loans are more often possible in connection with new construction than with existing properties. In the case of new buildings there is a better opportunity to insist on adherence to good standards with regard to durability of construction, careful planning, and protection of the neighborhood against adverse influences.

TABLE 12.—*Ratio of mortgage principal to FHA property valuation, through December 1935*

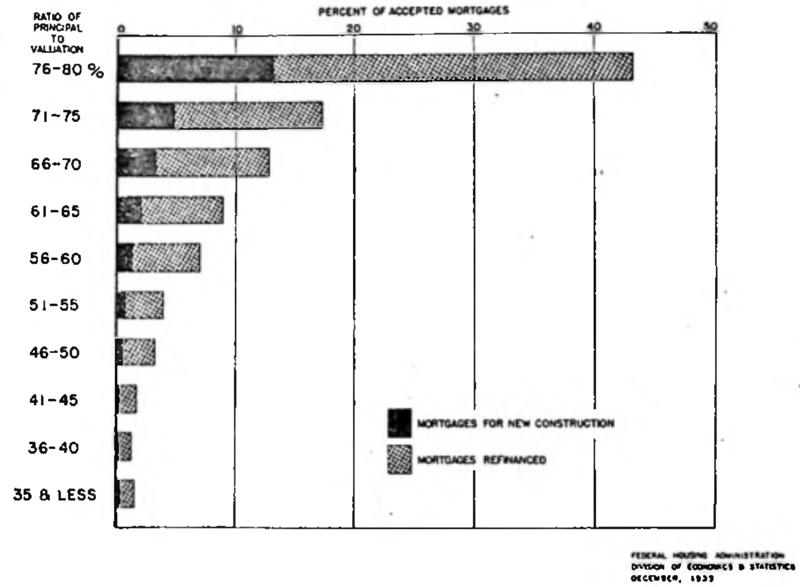
Ratio of principal to valuation	Percentage distribution of accepted mortgages			Ratio of principal to valuation	Percentage distribution of accepted mortgages		
	New construction	Refinanced	All mortgages		New construction	Refinanced	All mortgages
76 to 80 percent	51.6	40.3	43.2	46 to 50 percent	1.5	3.7	3.1
71 to 75 percent	18.7	16.9	17.3	41 to 45 percent	.8	2.1	1.8
66 to 70 percent	12.5	12.8	12.8	36 to 40 percent	.4	1.5	1.2
61 to 65 percent	7.2	9.3	8.7	35 percent and less [1]	.4	1.9	1.5
56 to 60 percent	4.7	7.1	6.5				
51 to 55 percent	2.2	4.4	3.9	Total	100.0	100.0	100.0

[1] The principal of those mortgages accepted for insurance is never less than 11 percent of the FHA valuation of property for refinanced mortgages, nor less than 20 percent for new construction mortgages.

In the case of refinanced properties 40.3 percent of the mortgages were for from 76 to 80 percent of the valuation, and 70 percent were for 66 percent or more of the valuation.

CHART XII

RATIO OF MORTGAGE PRINCIPAL TO FHA PROPERTY VALUATION



Type of Mortgagees.

National and State banks ranked first and second respectively, among the types of mortgages, with building and loan associations, insurance companies, mortgage companies, and mutual-savings banks following in the order mentioned.

The substantial participation of National and State banks in the mutual mortgage insurance plan undoubtedly has been a powerful factor in the progressive easing of the home-mortgage market during the year.

To the private institutions that make or might be in a position to make home-mortgage loans, the mutual mortgage insurance system provides—

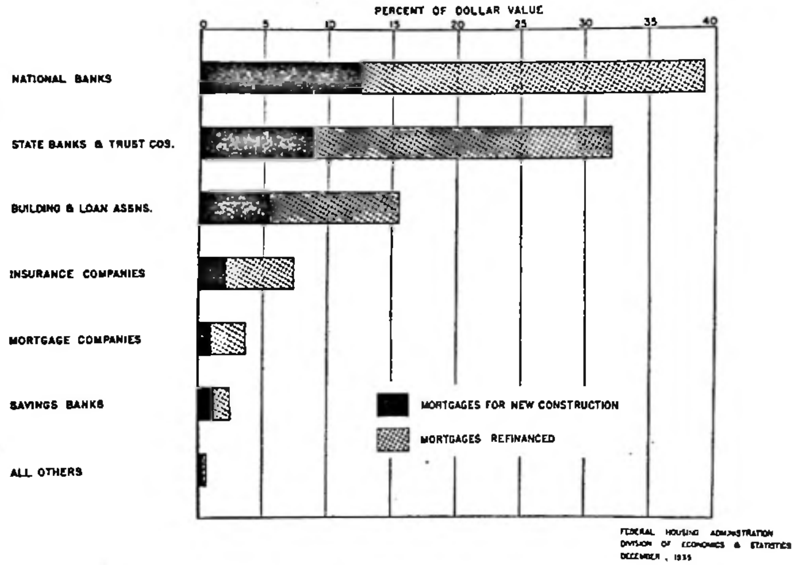
1. Protection against loss of principal from investments in home mortgages;
2. Home mortgages with a recognized investment status, and that, instead of being extremely nonliquid, become liquid, either for sale, or as collateral in obtaining loans in case of emergency.
3. Thorough scrutiny of proposed mortgage loans by the trained underwriting staff of the Federal Housing Administration, with its unique facilities for recording and comparing home-property values and standards throughout the country; this affords a sounder basis for valuation and for determining mortgage risks than has ever before been available.

TABLE 13.—*Institutions financing mortgages accepted for insurance, through December 1935*

Type of institution	Percentage distribution of amount of accepted mortgages		
	New construction	Refinanced	All mortgages
National banks	41.1	38.3	39.2
State banks and trust companies	28.6	33.6	32.1
Building and loan associations	17.7	14.6	15.5
Insurance companies	6.5	7.7	7.3
Mortgage companies	2.9	3.7	3.5
Savings banks	3.1	2.1	2.4
All others	.1	----------	----------
Total	100.0	100.0	100.0

CHART XIII

INSTITUTIONS FINANCING MORTGAGES ACCEPTED FOR INSURANCE



Changes in Mortgage Lending Practice.

More liberal terms to the borrower and greater security to the lender necessarily require improved mortgage lending practice. The underwriting organization of the Federal Housing Administration is therefore essential in the first real major offensive in the history of our people against an impracticable mortgage lending system unsuited to actual conditions and too often unsafe for the inexperienced borrower who merits security and protection in his dealings.

In every case careful supervision is exercised to make sure that the borrowers do not commit themselves to pay out an excessive share of their monthly income for all charges connected with the loan, taking into account the special circumstances connected with each case. More than 95 percent of all the loans are secured by one-family houses.

Underwriting Procedure.

The sound operation of the mutual mortgage insurance system requires that only sound mortgages be accepted for insurance. This is essential to preserve the solvency of the insurance fund. Further, those mortgages accepted must be placed in different groups according to the degree of risk involved, as required by the act.

Use of standard form of mortgage.—The Federal Housing Administration's underwriting procedure is simplified at the start because each mortgage submitted for insurance must be written on the standard form prescribed by the Administrator for the State in which the property is situated. This standard form secures uniformity with respect to various technical provisions, provides for complete amortization as required in the National Housing Act, protects the borrower against ambiguous or "trick" clauses and in these ways reduces the range of risks that must be considered. When a mortgage submitted for insurance obviously fails to meet essential requirements, it is withdrawn or modified. Ordinarily the proposed mortgage loan, with a prepaid appraisal fee, is accepted for appraisal.

Inspection and valuation.—Thereupon the proposed mortgage loan is subject to scrutiny in every essential respect. The house and lot are inspected thoroughly and the data submitted on the application for mortgage insurance are checked. Careful notes are made as to physical condition, probable remaining useful life, reproduction cost, the character of the surrounding properties and neighborhood, and transportation facilities. With such information as a guide, and on record for reviewing purposes, an appraisal or valuation of the property is made. This is required under the act, which provides that no insured mortgage loan may exceed 80 percent of the appraisal value of the property. The borrower's credit standing is then thoroughly reviewed in relation to the proposed loan.

Risk rating.—It has been common to assume that the risk involved in the mortgage depended almost wholly upon the percentage of value loaned. However, value estimates are made as of a particular moment, while mortgage obligations extend over periods of time, up to 20 years in the case of mortgages insured by the Administration. There are several other important factors beside the percentage loaned. In some neighborhoods houses are much more secure than in others, against the danger of deteriorating influences and blight. Again, an 80-percent single mortgage represents a less hazardous investment than a 60-percent first mortgage followed by a high rate junior mortgage for another 30 or 40 percent of the value. The same borrower must meet the requirements of both mortgages and the costs for debt services are less in connection with the 80-percent mortgage than the combined costs when two mortgages are involved. The probable remaining physical life and probable remaining useful life of the structure are important, and high-priced houses, being more in the luxury class, are, on the whole, subject to greater fluctuations in value than lower-priced houses.

For such reasons, the percentage of value loaned is considered in connection with many other factors in determining the degree of risk attached to a particular mortgage.

The underwriting system, through which risks are determined, requires the establishment of standards and their consistent application. Otherwise, the weight attached to various factors would vary widely with the judgment of individual staff members, the application of consistent policies would be impossible, and the mutual features of the system would be lost. The underwriting organization embraces the following features:

(1) *The underwriting manual.*—By means of this, basic fundamentals and principles are laid down for the guidance and control of the underwriting staff. It contains a thorough discussion of the use of the forms used in recording information and in estimating or computing the components that enter into the final risk rating. Failure to meet any single requirement listed as essential occasions the rejection of the mortgage even though rating in other respects may be satisfactory. For example, a loan is not accepted for insurance if the borrower appears to be assuming obligations beyond his reasonable capacity to pay, even though the property securing the loan may be considered fully adequate.

(2) *Careful selection and training of members of the underwriting staff.*—The men selected are all technically qualified through experience in mortgage lending and allied fields and have been chosen as the best qualified from among a much larger number of applicants.

Special training for staff members is given at Washington headquarters for candidates accepted for salaried positions on the underwriting staff; there is special training given by the local underwriting staff for fee consultants, and periodic conferences for staff personnel and fee consultants are held at convenient points under the direction of chief underwriters and sometimes with the assistance of staff members of the Washington Underwriting Section.

(3) *Illustrative examples of valuation and risk rating.*—These serve as practical guides and as standards for comparison.

(4) *Personal supervision.*—Staff members of the Washington Underwriting Section periodically consult with underwriting staffs in each of the insuring offices and make spot checks or reviews of valuations and risk ratings made by the local office.

(5) *Professional status for staff.*—The entire underwriting staff is organized on a thoroughly professional basis, designed to give the members complete freedom in exercising their best judgment in applying these standards.

Operation of Mutual Mortgage Insurance Fund.

As a direct result of risk rating of the individual mortgages, they are either accepted or rejected for insurance. If insured, they are classified into groups as required by law and the mortgage insurance premium receipts are distributed accordingly.

The mutual mortgage insurance fund comprises first, a general reinsurance fund and second, the group accounts for mortgages involving substantially similar risk characteristics and similar maturity dates.

The general reinsurance fund was started by an allocation of $10,000,000 contributed by the Federal Government as provided in the National Housing Act. Approximately $9,400,000 of this fund has been invested in United States Government securities as shown in the financial statement,[4] the remainder being held as a cash deposit, together with interest earned on the bonds, in the United States Treasury.

[4] See p. 45.

In case of foreclosures involving insured mortgages, the principal receipts from which to retire the corresponding debentures when they come due, should be derived from the ultimate sale of the foreclosed properties. In the great majority of cases the principal of the mortgage will have been reduced below the initial amount, i. e., below the original 60 to 80, or smaller percentage of the appraisal value. Hence, even with a drop in values comparable to that during the present depression, the margin of losses to be covered out of premiums, premium charges on lapses, and interest earnings should be relatively small.

When the Federal Housing Administration exchanges debentures for foreclosed homes, it will be under no immediate pressure to sell the foreclosed properties. It is at liberty to rent them and to hold them until they can be sold at fair prices. In fact, one of the greatest potential advantages of the insured mortgage system is the fact that it should help to prevent temporary collapses in home real estate values, by minimizing the number of "sacrifice" sales at times when demand is weak.

Mortgage Clinics and Other Educational Activities.

As a means of directly encouraging the use of the insured mortgage system as well as of dramatizing the procedure, 842 mortgage clinics have been held in cities and towns throughout the country, as described in a later section of this report. Leaflets, radio talks by officers of the Federal Housing Administration and of other Federal agencies, personal contact with officers of lending institutions, and the facilities of the local better housing committees have all been used in order to promote widespread understanding of the "single mortgage system."

State Legislation.

Legal barriers to the full operation of the mutual mortgage insurance plan at the time of its enactment by Congress were embraced in State laws limiting the percentage of the appraised value, and the term in years, for mortgage loans permissible as investments for banks, building and loan associations, insurance companies, trustees, guardians, executors, and others. Thus it was common in many States to limit mortgages that might be made by commercial banks to 50 or 60 percent of the appraised value, and to 3- or 5-year terms.

These laws thus prohibited lending institutions that constitute a substantial and necessary part of the home-financing system from making long-term, high-percentage amortized loans, the one type of loan sound and necessary from the point of view of a substantial proportion of home owners. What was not good for the borrower was not good for the lender. On the other hand, with a loose system of appraisals and with mortgages traditionally a nonliquid form of investment, there were plausible reasons for the restrictions, at least as applied to certain classes of lending institutions.

The mutual mortgage insurance system provided an escape from the dilemma, and State legislatures were quick to respond at their meetings last winter and spring.[5]

[5] See further discussion on pp. 35 and 36, and list of dates of approval of legislation in the various States, appendix, p. 51.

Amendments, and Changes in Regulations.

Although the main outlines of the system remain unchanged, one of the amendments approved May 28, 1935, granted additional protection to mortgagees by providing that the amount of the debenture issued by the Federal Housing Administration in case of foreclosure shall include interest on the unpaid principal from the date foreclosure proceedings are instituted to the date of delivery, at the interest rate specified for debentures, now 3 percent. This change in the act has led many financial institutions to participate in the insured mortgage program.

The Administrator also was authorized to require, at his discretion, the payment by the mortgagor of a premium charge when an insured mortgage is paid in full prior to its maturity date. The Administrator has fixed the payment at 1 percent of the original amount of the mortgage. This provision helps to strengthen the mutual mortgage insurance fund.

A number of changes in the regulations have been made during the year in order to simplify the operation of the system and thus make it more economical for all parties concerned. A single maximum interest rate of 5 percent with an annual service charge of one-half of 1 percent is now in effect throughout the country for all classes of home mortgages, whether for new or for existing construction, or for refinancing.

Significance of Mutual Mortgage Insurance Operations.

Shortcomings of previous home-mortgage systems.—There can be no dispute as to the need for improvement in the mortgage lending system of the country, nor of the timeliness of the mutual mortgage insurance plan as a response to that need. The shortcomings of the old system need no recital. It financed extensive overselling of houses at inflated values, to borrowers unable to pay for them; further, first-mortgage lenders who apparently operated conservatively, frequently acted as parties to home-financing transactions in which the second mortgages involved exorbitant charges. There were, of course, many institutions that made fully amortized mortgages, usually ranging from 7 to 12 years in duration, and for amounts up to 60 to 75 percent of the appraised value. However, in many areas such amortized mortgages usually involved substantially as high charges and as onerous terms in other respects as a combination of a first and a second mortgage. A large proportion of mortages were for relatively short terms and were not amortized; hence the coming of the depression led to wholesale embarrassment on the part of numerous lending institutions, for they were not in a position to renew the old mortgages for their full principal amount, and borrowers were not in a position to make lump-sum curtailments. Hence many of them found home mortgages a frozen asset.

The system again failed to function properly during the period of deflation when a temporary wave of overcaution resulted in making reasonable credit unobtainable for many prudent prospective home owners whose support would have meant much to the home real-estate market.

The load placed upon the Home Owners' Loan Corporation to take over approximately 3 billion dollars' worth of home mortgages, representing a million properties, testified to the magnitude of the break-down.

Demands arising from recovery in home building.—The year-by-year increase in population and in the number of families is bound to result in a large revival in home-building activity during the next few years.

The mutual mortgage insurance plan already has helped to loosen up credit in the home-financing field, and has made substantial headway toward improving mortgage-lending practice. It embraces a methodical, thorough, and businesslike review of the risks involved in each proposed mortgage. This furnishes the basis for the extension of liberal credit where it is found to be warranted, and the discouragement of credit where it appears to involve too great a hazard to the borrower and to the lender.

Benefits of underwriting procedure.—The use of the Administration's risk-rating system is resulting in distinct benefits to mortgagors, mortgagees, and operative builders. In the case of a person contemplating the purchase of a residential property, a favorable decision upon his application for an insured mortgage is evidence to him that the qualities of housing, of construction, and of neighborhood are good, and are likely to remain so for a substantial period of time. It also indicates that the Administration considers it reasonably certain that the borrower will be able to meet his mortgage obligation and that the entire mortgage project is economically sound. Furthermore, in some instances, the Administration valuation serves to protect the mortgagor who is contemplating purchase of a property against the payment of an unwarrantedly high purchase price.

The risk-rating process sometimes protects mortgagees against errors such as may arise from inadequate or inaccurate analysis of risk factors. It also may confirm their judgment in other cases which are found to be economically sound after the complete and detailed inspections and analysis required under the risk-rating system.

In the case of operative builders, benefits accrue either through the verification of their judgment in individual building projects or in disclosing to them defects in their projects which cause them to be unduly hazardous. Furthermore, approval by the Administration of an application from an operative builder for a conditional commitment may greatly facilitate financing of the building operation, and aid in securing a purchaser. Confidence reposed in the Administration's decision is inspired by the knowledge that the risk-rating system requires thorough analysis of every case considered for insurance.

The risk-rating system is a powerful agent in improving housing standards and promoting soundness in the residential mortgage field. Through this system support and encouragement are given to the creation of definite minimum housing and neighborhood standards, and sound financial practices and policies are approved. At the same time unsound financing practices and policies are disapproved, and support is withheld from mortgage projects which are not economically sound, or which are unfair to mortgagors or not worthy to be relied upon by mortgagees, operative builders, or others. The use of the risk-rating system will, therefore, substantially aid in producing stability in building, real estate, and residential mortgage-financing operations.

LARGE-SCALE HOUSING DIVISION

Under section 207 of the National Housing Act, the Administrator is authorized to insure mortgages covering low-cost housing projects. The aim is to encourage the investment of private funds in the large-scale production of housing of adequate standards of sanitation, safety, and amenity, and at rentals within reach of families with small incomes. The insured mortgage in effect constitutes a standing offer on the part of the Housing Administration to purchase the project for the amount of the outstanding mortgage indebtedness, if the enterprise fails to prove self-liquidating at any time within the term of the mortgage loan.

Any project in order to be eligible as security for an insured mortgage loan must be constructed and operated according to standards set forth in the act. The organization owning and operating the project also must be regulated, either by law or by the Administrator, as to rents charges, capital structure, rate of return, and methods of operation.

The first year's results in this field show mortgage insurance to be a thoroughly practical and economical method of producing low-rental housing on a large scale, entirely through the use of private capital. The projects are all for persons who otherwise could not obtain satisfactory quarters; they are self-liquidating in character and thus attractive to investors both from the point of view of security and ultimate rate of return.

Results of the Program to Date.

The first applications for insurance of mortgages on large-scale housing projects arrived shortly before the beginning of the year 1935. To date 183 have been received, involving total costs of approximately $442,000,000 and mortgages of approximately $353,000,000. These applications embrace projects from about 75 cities in 30 States. They range in amount from mortgages of around $100,000, up to $10,000,000, the limit allowed by the law, with the average from 2 to 3 million dollars.

Additional applications are being received, and indicate the possibility of facilitating construction running into several hundred million dollars per year.

Of the 183 applications received to date, preliminary examination has resulted in the withdrawal or rejection of 134. In most of these cases, the proposed housing was not properly located, was not needed, or was proposed by persons obviously unable to carry the undertaking through to completion. Some 49 applications, involving total costs of $149,000,000, and mortgages of $113,000,000, have been selected for detailed examination.

Of these, 15 have been approved and commitments to insure mortgages have been issued. The total cost involved in these 15 projects is $35,203,173, and the mortgages amount to $27,030,234. Those now under consideration involve a total cost of about $114,000,000 and mortgages of $86,000,000. Some five or six of these are approaching final action and may be approved shortly, reaching an aggregate amount of more than $32,000,000 for total cost and $26,000,000 for mortgages.

Of the projects approved to date, one was completed several months ago and fully occupied by 278 families, and a mortgage insurance contract has been concluded on a second project. The mortgagors of four other approved projects have made definite financing arrangements with the lenders. The other nine approved projects are awaiting arrangements with mortgagees.

Principles of Operation.

There are three main conditions to be fulfilled before a mortgage can be insured under section 207 of the National Housing Act: (1) That the project provide housing for persons of low income; (2) that it be such as to "encourage improvement in housing standards and conditions"; and (3) that it be economically sound. Where private limited-dividend corporations are concerned, the project also must be such as to promise a reasonable return to the private funds supplied in the form of equity capital.

The Federal Housing Administration seeks to obtain the widest possible usefulness for the facilities arising out of its power to insure mortgages on large-scale housing projects.

Final action on an application for insurance, whether of approval or disapproval, is taken only after the most careful examination. The Division does not reject any application so long as there appears to be a possibility of the successful organization of the project.

The following principles have been adopted in deciding whether or not an application for mortgage insurance falls within that requirement of the act, which provides that the purpose of the project is to furnish "housing for persons of low income":

(1) In a given community or neighborhood persons of low income will be taken to mean persons whose incomes at the time a project is submitted are insufficient to permit, without sacrifice of other essentials of living or security, their occupancy of housing of adequate standards of sanitation, safety, and amenity, which has been erected under conditions of financing, construction, and operation less favorable than those made possible by the National Housing Act.

(2) If through the use of the mortgage-insurance facilities of the National Housing Act, through the efficient planning, construction, and operation of a group of dwelling units, and through the control of rents, charges, capital structure, rate of return, and methods of operation of the mortgagor during the term of the insured mortgage, the cost of housing of the required standards can be so reduced as to fall within the means of such persons of low income, the Administrator will classify a proposal to erect such a group of dwellings as a low-cost housing project.

(3) No project will be deemed to fall within this classification if it provides housing accommodations which are obviously in the luxury class or which are obliged to compete for tenancy by the offering of extraordinary facilities and services; nor will any project be approved for mortgage insurance if the housing accommodations called for are so incompatible with the general character of the community or neighborhood as to impair the economic soundness of the undertaking.

(4) When through the provision of new housing or otherwise, any low-income group can find in a given community or neighborhood a reasonable choice of accommodations of the required standard within a rental range which it can afford to pay, no additional housing for such group will be considered low-cost housing.

(5) In cases where applications for mortgage insurance on low-cost housing projects are submitted by Federal or State instrumentalities or municipal corporate instrumentalities which receive public grants, subsidies, or other advantages not available to private limited-dividend corporations, the accommodations provided by such projects must be so designed and restricted as to occupancy that such projects may not be directly competitive with private operations.

Organization of the Large-Scale Housing Division.

The problems of administration of the large-scale housing program are fundamentally different from those of the program of insured mortgages on individual residences. For this reason, a Large-scale

Housing Division has been organized, embracing the following five sections: Legal, financial, real estate, architectural, and engineering. A Board of Review has been constituted to pass upon and to give approval of low-cost housing projects.

Procedure for approval of projects.—The detailed examination of applications for mortgage insurance on large-scale housing projects frequently follows informal conferences, during which projects obviously not coming within the scope of the plan usually are withdrawn. The formal examination starts with a site report, made by the Real Estate Section. This involves a very thorough examination of the entire economic background of the project, particularly with respect to rental levels in the community, vacancies in existing dwellings, and the desirability of the proposed site for residential purposes. Special attention is given to the extent to which the project is safeguarded, or can be protected, against encroachment of inharmonious land uses.

Preliminary investigations are made by the Financial Section as to the character, financial responsibility, and ability of the sponsors of the project to provide the funds required in addition to those obtained from the proposed mortgage loan.

A thorough study and analysis of the land lay-out and the plans for the structures is made by the Architectural Section. Prescribed standards for provision of open space, light, and air, as well as for actual design and construction of buildings, must be met.

Then after a more thorough analysis from the standpoint of real-estate operations and financial requirements, and an analysis of costs by the Engineering Section, a complete statement is obtained of the capital set-up of the project, on the one hand, and of its estimated income and expenses on the other.

The final report of the Division, with recommendations, is submitted to the Board of Review, which Board makes its recommendations to the Administrator. If the project is approved, the Administrator issues a tentative commitment to insure a mortgage up to a specified amount.

Procedure after approval.—The first step following approval is final settlement of the equity financing. The land to be used in the project must be free and clear of all debt, and in addition there must be such cash as is required to provide a sound ratio between the amount of the mortgage and the total cost of the project.

Final plans and specifications are submitted, with a statement showing the exact amount of money needed to construct the project, month by month, and to put it into full operation. The sponsors make their arrangements for the mortgage financing, with such help as the division is able to give them.

In the case of private limited-dividend corporations, there are four main legal documents involved: (1) The certificate of incorporation of the sponsors. This includes adequate provision for regulation and supervision by the Administrator as is required by the act; (2) the building-loan or deposit agreement, providing for the manner in which the proceeds of the mortgage are to be paid out as construction proceeds; (3) the mortgage itself (which may take the form of a trust indenture); and (4) the contract of insurance.

Once the documents are duly executed and approved by the legal counsel of the division, construction may commence. Throughout the period of construction the division has its own inspectors on the job to see that the plans and specifications are adhered to. When construction is completed and the project begins operation, a measure of control by the Federal Housing Administration continues until the mortgage is paid off, or until the contract of insurance is otherwise terminated.

Bond Financing.

Thus far the loans made on large-scale housing mortgages have been made in the form of direct loans by insurance companies. Only the larger of the insurance companies, however, can make the large loans involved.

Consequently, provisions have been made for the mortgage financing of these projects by means of bond issues.

NATIONAL MORTGAGE ASSOCIATIONS

To date, no national mortgage association has been incorporated under the provisions of title III of the National Housing Act.

TECHNICAL SECTION

The insurance of mortgages on homes and large-scale housing projects located in all sections of the country has raised many and varied technical problems. These pertain to the architectural, engineering, and land-planning factors which affect the physical security underlying the mortgage.

The technical section, in dealing with these problems, is concerned administratively with the establishment of standards and the review for approval or disapproval of properties, materials, and methods of construction. It also conducts necessary technical research pertaining to these fields.

Property Standards.

It has established minimum property standards relating to light, ventilation, sanitation, safety, durability, and privacy; all elements which when adequately provided for tend to increase the security of the mortgage and involve a minimum of risk and at the same time raise the standards of dwellings. Since the average family's income is under $1,500, these standards have been set so as not to form an economic barrier to construction, nor yet be so low as to perpetuate bad practices.

In instances, after careful analysis, standards have been modified by local rulings to meet varying conditions and well-established local practices. Individual properties that may achieve the aims for which property standards were established, although technically violating these requirements, are also reviewed by the technical section for acceptance or rejection.

Subdivision Development.

Minimum requirements and desirable standards for subdivisions as areas in which insured mortgages may be made have been established. The subdivision is recognized as an effective means for the control, development, and marketing of land for residential purposes. Review of subdivisions by the technical section is required before a mortgage may be insured on properties located in subdivisions less than 25 percent developed with housing.

Careful investigation is made of such matters as topography, soil conditions, accessibility to schools and employment centers, the type, cost and quality of construction of utilities and street improvements, the restrictions, conformity to city plan, zoning regulations, the amount of delinquent taxes and purchase contracts, the financial and business reputation of the developers, the adequacy of the street and plot plan, and the need for a development containing the type of housing contemplated. Conditions are found in practically every subdivision which should be corrected in order to give assurance that it will develop into a stable neighborhood.

Operative Builders.

The technical section has established a procedure, and regulations for operative builders, and the types of commitments which this administration will make to them. Since approximately 80 percent of all low-priced residences are built by operative builders they have a particularly important bearing and influence on the development of housing as well as upon the entire real estate market. The administration of the regulations for operative builders is in the hands of the local underwriting offices.

Methods of Construction.

In general, the method of construction which has been in use and has been accepted practice in a particular community or locality, has been approved by the Federal Housing Administration. The technical section investigates new materials, equipment, and methods of construction, and issues rulings as to their acceptability for mortgage-insurance purposes. As a result of these investigations a report on "Recent developments in dwelling construction" was prepared for the information of the Federal Housing Administration and other Government agencies. Requests for it have been received from hundreds of individuals, firms, trade associations, libraries, and colleges, and it has been reprinted in part and in whole by architectural magazines and trade papers.

Miscellaneous Functions.

The Technical Section aids the Underwriting Section in determining methods of property rating, and estimating replacement cost of existing buildings and cost of construction for new buildings. It also acts as consultant to the Large-scale Housing Division in matters pertaining to materials, equipment, methods of construction, landscaping, designing, and costs.

Research.

A research program has been initiated by the Technical Section in four principal fields:

Urban land utilization.—This covers a study of progress in urban land utilization, its development and control, plan and layout, the provision of required utilities, and educational, social and recreational facilities, and methods of operation and management.

Laws and regulations affecting housing.—Too frequently existing zoning, building, and sanitary laws have fallen into a position where they definitely block the introduction of simpler and more economical methods of construction and principles of city planning which will produce neighborhood security and amenity.

Developments in construction industry.—A continuous check is made on developments in the construction industry: New materials, new ways of using old materials, new types of equipment, new methods of construction, new technological developments, industrial organization, and large-scale production. All materials and methods used in dwellings, on which mortgages are insured, must be known to be suitable for long-term investment, and encouragement must be given to the development and introduction of improvements in the construction industry that serve to lower costs and raise housing standards.

Costs.—This part of the research program includes a study of construction, labor, and material costs as an aid in making valuations. It forms part of a study of ways and means to reduce residential building costs.

LEGAL DIVISION

The administration of the modernization credit plan and of the home mortgage insurance program under titles I and II of the act, has required many interpretations of provisions of the National Housing Act and of the regulations issued thereunder and also the revision, from time to time, of the regulations and of the numerous legal documents required, to adjust them to operating conditions. The standard forms of mortgages, credit instruments, and other legal documents must be adapted continually to the applicable local laws of the 48 States, the District of Columbia, and the Territories of the United States. Hence a large volume of legal work of exacting character is required.

The legal division has also prepared and put into effective operation rules and regulations providing for the construction and operation of low-cost housing projects insured under section 207 of the act. Under title III it has prepared regulations and all other formal documents required by the act in connection with the organization of national mortgage associations. In the case of low-cost housing projects insured under the act, there already has been required the constant examination, revision, and approval of a wide variety of transactions and legal and other documents initiated or prepared by the private sponsors of such projects and their counsel. Similar duties doubtless will be involved in connection with national mortgage associations.

Determination of the legal eligibility under the statute of all equipment financed by notes insured under title I and of all residential home properties financed by mortgages insured under title II and similar administrative problems are constantly arising. Further, the legal division passes upon all claims presented under the title I insurance and supervises the collection of all defaulted notes assigned to the Administrator in connection with such claims. It also examines for legal sufficiency and accuracy every insured mortgage transaction completed under title II as soon as the case files are received at Washington, and arranges the correction of any technical or other errors disclosed by such file.

The division, in an advisory capacity, has assisted in the preparation of enabling legislation in the several States designed to remove obstacles to the successful operation of the National Housing Act imposed by restrictions in the banking and investment laws of such States. The result is that, with the exception of Virginia, Kentucky, and Mississippi, the legislatures of which do not meet until 1936, and of Georgia, where an enabling statute passed almost unanimously, was vetoed by the Governor, the financial institutions of every State in the Union may now make loans to be insured under title I and title II of the National Housing Act.

In a considerable number of the States the enabling legislation embraced other features that materially assist mutual mortgage insurance. A number of the acts permit various classes of financial institutions to invest in stock and obligations of national mortgage associations, in debentures issued by the Federal Housing Administrator, and in bonds secured by insured mortgages upon low-cost housing projects. Also, a number allow the use of national mortgage-association obligations, and of notes or bonds secured by insured mortgages, as collateral for the deposit of public funds, or as deposit security where required as a prerequisite to doing business. Some States enacted amendments to moratorium laws exempting insured mortgages from the operation thereof, and changed foreclosure laws to expedite liquidation of defaulted insured mortgages and to reduce the previously exorbitant foreclosure costs; and some States lowered taxes which might affect the financing and construction of homes.

During the last session of the Congress, the legal division participated actively in the formulation and drafting of various amendments to the National Housing Act, which were enacted into law on May 28, 1935. As a result of recent study of all the provisions of titles I, II, and III of the statute, the division has prepared for consideration of the Congress at the present session further proposed amendments designed to clarify the act and render it more effective in operation.

EDUCATION OF PUBLIC

The National Housing Act provides ways and means to Nationwide improvement in housing standards and conditions, and consequently is of social significance through its bearing on the lives of the people. Accordingly, an appropriate plan of public education in regard to it was evolved in July 1934. It aimed to utilize every possible channel for reaching the people. During the calendar year 1935 this basic program, adapted from time to time to meet changing conditions, was carried forward.

Field offices.—In order to give prompt and efficient service to the financial institutions, to members of industry actively participating in the program, and to the general public, the Federal Housing Administration has established and maintains 63 State, district, and territorial offices, staffed by 2,490 employees.

Local better-housing committees.—One of the first steps in the program of education was to establish cooperation with local voluntary better-housing committees. Through the initiative of civic organizations, industry, and financial institutions, chairmen were selected, and members of the various interested groups were appointed to the committees.

Through these committees, information concerning the National Housing Act was disseminated throughout the country. As reported through December 31, 1935, there were 8,857 such committees functioning in the United States, Alaska, and Hawaii, to which local volunteer chairmen, serving without pay, had been appointed. The

communities reached by these local organizations embraced a combined total population of more than 88,000,000. Of the total number of committees organized, 7,370 were in active operation sponsoring the program.

The educational programs of these committees and of the Administration have developed an estimated amount of modernization and repair business, since August 1, 1934, several times as great as the amount financed directly by insured modernization loans.

House-to-house canvasses.—House-to-house canvasses were started in 4,681 of the organized communities. Reports from 3,691 of these show that canvassers made a total of over 11,900,000 calls, resulting in some 2,180,000 pledges to carry out individual modernization and repair jobs for an estimated dollar value exceeding $570,000,000.

Many of these canvasses were conducted by workers supplied to local committees through the Federal Emergency Relief Administration. The workers were trained regarding the functions of the National Housing Act, and in their work gained valuable selling experience as applied to the building industry and building trades. By virtue of this training many of these Federal Emergency Relief Administration workers were returned to gainful private employment in the building trades and allied lines.

Literature.—From the outset, literature explaining the program of the Federal Housing Administration was considered of paramount importance, and the demand for it was immediate. Through booklets, pamphlets, leaflets, posters, car cards, and illustrated letters the fundamentals of the National Housing Act and the Federal Housing Administration program have been presented to every type of audience.

National better housing day.—With the active participation of the local committees, June 15, 1935, was established as national better housing day. The program surrounding this activity created widespread interest in the various provisions of the National Housing Act affecting new home construction. This motivated the breaking of ground, with appropriate ceremonies, for the construction of 4,181 model homes in 48 States and Hawaii. The value of these homes, when completed, has been estimated at not less than $25,000,000.

Relations with financial institutions.—As all funds to borrowers are advanced by private financial institutions, it has been found expedient and necessary to maintain personal relationships with all types of financial institutions in order to convey to them full and complete information regarding the provisions of both title I and title II of the National Housing Act, and to obtain their active participation in the program as lenders of funds to finance property modernization and new home construction.

Insured mortgage clincs.—As a part of this plan of financial relations, and in order that financial institutions could see an actual demonstration of the potential volume of business in their respective communities, a number of "insured mortgage clinics" have been conducted. In each case, local cooperating groups publicly announced that on specified days members of the Federal Housing Administration staff would be at offices furnished by the local committee to answer questions and to help individuals solve their housing and mortgage problems.

Thus far, 878 individual insured mortgage clinics have been held, a few in large cities, but the majority in cities of small size. From the reports received, 27,179 individual interviews were granted at these clinics.

Women's organizations.—In order to reach the women of the country, active assistance has been obtained from 150 of the largest national women's organizations. Women's divisions have been organized in 1,252 local better housing committees, and the members of these committees represent approximately 50,000 chapters of national and local women's groups and organizations.

Farmers.—In order that farmers might be acquainted with the benefits accruing to them under the National Housing Act, special pamphlets were prepared and mailed to farmers throughout the country through special facilities offered by the Post Office Department. In addition, the cooperation of State Granges resulted in reaching every farmer member. The Extension Service of the Department of Agriculture lent valuable aid, and through its cooperation more than 6,000 4-H clubs, with their thousands of members in 37 States, have taken part.

Industry.—The industries that benefit, both directly and indirectly, from an accelerated building program have rendered unusual assistance. Several thousand individual companies have distributed copies of Federal Housing Administration literature to their prospective customers, their wholesalers, and their point-of-sale dealers.

Manufacturers in the building field and allied lines have inaugurated advertising programs featuring the opportunities for property modernization and repair and new construction, financed with insured loans. Some of these advertising campaigns are of national scope, involving use of newspapers, magazines, and radio.

An educational booklet, prepared for contractors, builders, and workmen in the construction field, points out their opportunities under the National Housing Act, and the advantages of becoming a source of information for and to their prospective customers.

Special meetings were held in more than 500 cities for the benefit of mechanics and subcontractors in the building trades. These meetings were addressed by executives from leading industrial firms and by bankers. Approximately 100,000 contractors, plumbers, carpenters, material dealers and others, attended these meetings and distributed the educational booklets to their mechanics and their sales forces.

Newspapers.—Immediately after the passage of the National Housing Act the attention of the Nation's newspapers became focused on the program of the Federal Housing Administration. Their requests for information were so great that the Administration set up a special group to lend assistance in their news and advertising development of this field.

The program received the active support of a large majority of the daily and weekly newspapers of the country. They have published thousands of special sections and feature pages devoted to better housing news, and to related advertising by financial institutions, builders, material dealers, equipment dealers, and other local interests. The service to newspapers covered special information, data regarding the provisions of the act, regulations, and eligibility of equipment, together with news releases, mats, and information and articles specifically requested.

Magazines.—A specialized information service was provided for magazines of general national circulation, trade journals, group papers, news magazines, and syndicated groups. The development of magazine interest in housing news is comparatively recent, but has grown rapidly since the passage of the National Housing Act. The efforts of this Administration to provide intelligent assistance to publications have aided them in extending their service to cover many phases of housing, from financing to construction and equipment. The journals serving commerce, industry, and business generally, as well as specialized branches, such as those covering property management, architecture, real estate, and construction, have also used the special feature service. Approximately 1,000 special articles have been written on specific request from all types of magazines during 1935.

Newspaper syndicates also reflect the growing reader interest in housing subjects. In addition to regular contacts with these press services, facilities for research and news gathering have been extended to the special writers who come to Washington to report specifically on the program and progress of the Administration to their varied audiences.

Exhibitions.—State and county fairs, home demonstrations, and industrial exhibits, and other shows of general public interest have been widely utilized to disseminate information regarding the modernization credit plan and the single insured mortgage system. Booths have been set up for this purpose at a total of more than 2,000 such exhibitions.

"Home shows", bid fair to be one of the features of the 1936 drive for better housing. Cooperating with national and local real-estate boards, associations of manufacturers, and other interests, this Administration will provide exhibition material and equipment which will be moved from city to city.

Radio and motion pictures.—The Nation's radio interests, as represented by the large national broadcasting companies with chains and networks of stations, and the independent stations located in cities throughout the country were quick to recognize that the public would want much information on the National Housing Act, and the aims and objectives of the Federal Housing Administration. They promptly offered cooperation and have made 203 net-work broadcasts averaging 15 minutes in length, and reaching a vast national audience. Fifteen-minute electrical transcriptions featuring specialized programs by the Federal Housing Administration are being used by 543 of the 604 independent radio stations throughout the country. A large volume of letters, received in direct response to broadcasts, have asked for further information regarding home modernization and new home construction and financing, in the manner provided by the National Housing Act.

Better housing news flashes for motion-picture theaters met with immediate response. These news flashes featuring home betterment, modernization, and new home construction have been presented to a total audience of not less than 35,800,000. Theater managers report great audience interest, as indicated by the demand for the Federal Housing Administration pamphlets distributed in the theater lobbies, whenever the news flashes are shown.

ECONOMIC AND STATISTICAL RESEARCH

It is provided in section 209 of the National Housing Act that the Federal Housing Administrator "shall cause to be made such statistical surveys and legal and economic studies as he shall deem useful to guide the development of housing and the creation of a sound mortgage market in the United States, and shall publish from time to time the results of such surveys and studies."

In keeping with this provision and to meet the need of having available certain types of basic data for consideration in making decisions, a division of economics and statistics is maintained. The responsibility of this division, therefore, includes not only research but constant service to the operating divisions.

A major part of the activities of this division has some bearing on the central problem of mortgage instability. Instability not only creates the need for mortgage insurance but is the ever menacing foe of progress in housing. As witness to that fact, there are the blighting of neighborhoods; the tearing down of new and serviceable buildings to make way for still newer ones; the heartbreaks of those families who buy at the top of a booming real-estate market only to find themselves later with their resources and equities gone; and the appalling fluctuations in home-building activity which make that industry one of the most unstable and inefficient.

During the past few years the repercussions of a major downswing in real-estate values and building activity reached the proportions of a national calamity.

Even in the best of times individual houses by the thousands fall into decay and become worthless because they were badly planned or badly located, and successive owners have felt that it would not pay to keep them in repair and to keep them modernized. Even neighborhoods of well built and well kept-up homes may gradually yield to blight and become a liability. Hence, the Federal Housing Administration must obtain such data and conduct such researches as will aid in safeguarding (*a*) its mortgage-insurance operations, (*b*) the interests of those home owners who are paying premiums into the mutual mortgage-insurance fund, (*c*) home owners, mortgage-lending institutions, the building industry, and the public interest generally.

Analysis of Insured Mortgages.

A careful analysis of all insured mortgages is being maintained, and as delinquencies and foreclosures occur there will thus be ample opportunity to ascertain the conditions in regard to the property, the amount loaned, financial status of the borrower, and other details that may have contributed to the difficulty.

Experience of Private Lending Institutions.

Foreclosures and delinquencies of private mortgage lending institutions also are being analyzed. Data have been obtained from the field, and private lending institutions have been encouraged to make studies of their own past operations. A technique for such studies has been completed and is available for those interested.

City Growth and Structure.

Studies of city growth and structure have been undertaken with the aid of dynamic maps, showing how expansion of business and residential areas have affected other uses in the various sections of growing cities.

Real Estate Survey Techniques.

In order to assure the collection of valuable basic material for the underwriting staff, and also for fundamental research, the division of economics and statistics has cooperated with the Central Statistical Board, the Federal Emergency Relief Administration, the Federal Home Loan Bank Board, the Housing Division of the Public Works Administration, and other agencies in developing a standard procedure for conducting comprehensive real property surveys. The technique has been evolved from the experience gained in the real property inventory and the financial survey of urban housing conducted by the Bureau of Foreign and Domestic Commerce, and a number of housing surveys conducted as local relief projects under the direction of the Federal Emergency Relief Administration. In addition, experimental schedules and instructions were prepared and tested in 11 communities in West Virginia and Pennsylvania.

The resulting "Technique for a real property survey", providing detailed instructions for each operation and for the presentation of findings through maps and tables, is being used this winter in some 50 cities.

Real Property Inventory Studies.

Through the courtesy of the Bureau of Foreign and Domestic Commerce, a retabulation of the original enumeration schedules of the real property inventory covering 64 cities has been made possible. From this material an analysis of the housing situation in terms of city-block units is possible. Among the significant factors summarized for each block were: Average rent, total number of residential structures, and percentages of residential structures under 15 years of age, of dwelling units owner occupied, of residences needing major repairs, of units without private baths, of commercial buildings, and of race other than white. Maps for each of the 64 cities, containing the above data and colored to represent the level of rent and property values, permit a quick survey of the character of housing by city blocks. Besides aiding the underwriting staff this provides data necessary for detailed studies of neighborhoods.

Housing in Peoria.

A volume entitled "Analysis of Housing in Peoria" presents an extended analysis of Peoria, Ill., statistics gathered from the Real Property Inventory, the Financial Survey of Urban Housing, and other sources. The study was undertaken in order to determine precisely the application of such material to the problems of the Administration, to select pertinent items, and to determine in what form the data could best be prepared for analysis.

Measurement of the Nation's Housing Market.

That officials in the district offices of the Federal Housing Administration, and private business firms as well, might know the location and characteristics of the markets for housing products and services, the division of economics and statistics has prepared a housing market index entitled "Housing market quotas for the United States." The index shows an estimate of the proportional share of the Nation's housing market which may be found in each county, State, and metropolitan district.

The need for such information, and its effectiveness as a guide for the promotional efforts of both private and Government agencies, is indicated by the fact that well over a thousand requests for this information have been granted to private and public research organizations, associations of Government officials, marketing agencies, magazine editors, and others.

Other Studies.

The division of economics and statics has collected for analysis basic information on past and present building costs.

Data gathered by the Comptroller of the Currency, Federal Reserve Board, and Federal Deposit Insurance Corporation in their call report as of December 31, 1934, in regard to mortgage loans were analyzed. The published results show the extent to which various types of banks are holders of mortgages of different classes in the several regions and States.

Services to Operating Divisions.

The division has assisted the large-scale housing division in developing methods for analyzing the proposed financial structure, amortization plans, and other features of low-cost housing projects submitted for mortgage insurance. It has also made surveys of the market demand for large-scale housing projects and defined the essential characteristics required of the neighborhood. A system of uniform cost accounts has been developed to furnish the basis for the continuous audit of these projects, required to safeguard the interests of the mutual mortgage-insurance fund. Assistance has been rendered to the underwriting division in the rating of typical neighborhoods in order to assure adherence to comparable standards in cities throughout the country.

In cooperation with the Comptroller, a number of actuarial studies have been made to determine the expected condition of the mutual mortgage insurance fund under various assumed conditions as to number of foreclosed properties, percentage of recovery, etc.

In addition, the division has been called upon constantly by other divisions for information in regard to the amount of new buildings, current building costs, trends in home financing, the operations of various Federal agencies, and similar data.

ORGANIZATION AND PERSONNEL

The organization of the Federal Housing Administration was modified during the year so as better to define the general lines of responsibility, and thus to simplify administrative procedure.

The system of field offices to handle mortgage insurance underwriting, and to serve as points of contact with the public, and with financial institutions, has been continued. There are now 63 such offices with at least one in each State, as well as in Alaska and Hawaii.

The total number of persons on the staff was 2,237 on December 31, 1934, and 3,823 on December 31, 1935, an increase of 1,586. Of this increase, 191 represents persons added to the central staff in Washington, which totaled 1,328 at the end of the year; and 1,395 were added

to the staff in the district offices, bringing the total field personnel to 2,490. On December 31, 1935, there were, in addition to the regular paid staff, 1,832 valuators and architectural inspectors on a fee basis who are subject to occasional calls to inspect properties submitted as security for mortgage loans. These fee valuators are employed when it is not feasible or economical to send a regular staff employee to inspect a property. The number of fee personnel is being reduced currently.

FEDERAL HOUSING ADMINISTRATION INSURING OFFICES

The relatively small increase in staff as compared with the large increase in volume of business during the year reflects a steady decrease in the unit cost of transacting business. Still further reduction in unit cost is anticipated as the volume of insurance operations expands.

FINANCES

Section 4 of the National Housing Act, as amended, provides:

> For the purposes of carrying out the provisions of this title and titles II and III, the Reconstruction Finance Corporation shall make available to the Administrator such funds as he may deem necessary, and the amount of notes, debentures, bonds, or other such obligations which the Corporation is authorized and empowered to have outstanding at any one time under existing law is hereby increased by an amount sufficient to provide such funds: *Provided*, That the President, in his discretion, is authorized to provide such funds or any portion thereof by allotment to the Administrator from any funds that are available, or may hereafter be made available, to the President for emergency purposes.

Under the above authority, the funds deemed necessary to carry out the provisions of the act were allocated to the Federal Housing

Administration. These funds were established on the books of the Treasury as follows:

	Total allocated to date	Expended or obligated	Balance on hand
OX-680 Renovation and modernization loans and insurance (FHA allotment from R. F. C.)	$12,000,000.00	$542,440.22	$11,457,559.78
OX-681 Salaries and expenses (FHA allotment from R. F. C.)	17,000,000.00	11,665,935.76	5,334,064.24
03-5679 Salaries and expenses (FHA allotment from N. I. R. A.)	1,000,000.00	999,896.60	103.40
0-05678.4 Funds expended by N. E. C. for FHA	245,036.22	245,036.22	0.00
Total	30,245,036.22	13,453,308.80	16,791,727.42
OS-353 Mutual mortgage insurance fund, special fund (FHA allotment from R. F. C.)	10,000,000.00	[1] 9,401,426.41	508,573.59

[1] Invested.

Since its inception the Administration has received the following moneys in connection with the operation of the act:

Mutual mortgage insurance fund (special deposit):		
Appraisal fees	$763,638.84	
Premiums:		
Mutual mortgage insurance	478,924.88	
Low-cost housing	11,775.00	
Prepayment of loans	522.90	
		$1,254,861.62
Mutual mortgage insurance fund (Treasury cash): Interest received on bonds		416,766.53
Special depositors:		
Collections:		
Loans to financial institutions	$15,050.00	
Insured losses, title I	9,915.93	
Home show (freight deposits)	2,560.00	
Miscellaneous	1,190.30	
		28,716.23
		1,700,344.38

In cooperation with the Budget Bureau detailed budgetary estimates for the fiscal years 1936 and 1937 were prepared, as provided by Executive Order 7126, dated August 5, 1935. The Comptroller General cooperated with the office in establishing the accounts and records in accordance with established governmental procedures.

The funds received in connection with mutual mortgage insurance premiums are being allocated to the mutual mortgage insurance fund, and grouped as provided by the act.

The fiscal position of the Federal Housing Administration on account of the operations of the act as of December 31, 1935, and the cost of operating the several offices of the Federal Housing Administration for the calendar year ended December 31, 1935, are shown in the following financial statements:

Balance sheet as of Dec. 31, 1935

ASSETS

Current assets (operating):			
Disbursing officer's cash:			
OX-680 Ren. and mod. L. and ins., FHA allot. R. F. C.	$457,426.58		
OX-681 Salaries and expenses, FHA allot. R. F. C.	1,586,670.19		
OX-681 Revenue and repayments	2,021.64		
		$2,046,118.41	

Balance sheet as of Dec. 31, 1935—Continued

ASSETS—continued

Current assets operating—Continued.			
Disbursing officer's cash—Continued.			
Treasury cash:			
OX-680 Ren. and mod. L. and ins., FHA allot. R. F. C.	$11,000,133.20		
OX-681 Salaries and expenses, FHA allot. R. F. C.	3,745,372.41		
03-5679 allocation from N. I. R. A	103.40		
		$14,745,609.01	
Reserve funds:			
Due from Reconstruction Finance Corporation:			
OX-680 Ren. and mod. L. and ins	188,000,000.00		
891-804 Special deposits	28,716.23		
		188,028,716.23	
Inventory of stores for issue		38,136.48	
			$204,858,590.13
Fixed assets:			
Notes receivable from insured institutions (sec. 3, National Housing Act)	$125,000.00		
Less collections	15,050.00		
		109,950.00	
Accts. rec., pur. of mod. loans in default (sec. 2, National Housing Act)	417,440.22		
Less collections	9,915.93		
		407,524.29	
Furniture and equipment		675,827.04	
			1,193,301.33
Total			206,051,881.46
Mutual mortgage insurance fund:			
Disbursing officer's cash: Special deposits (app. fees and premiums)		$1,254,861.62	
Treasury cash:			
OS-353 Mut. mtg. ins. fd., spec. fund	$598,573.59		
OT-355 Mut. mtg. ins. fd., trust fund int. earned	416,766.53		
		1,015,340.12	
Investments (OS-353):			
Treasury bonds 4¼ (3.03)% 1947-52 (par 2,940,000)	3,324,056.26		
Less amortized premium	33,270.36		
		3,291,085.90	
Treasury bonds 4 (3.03)% 1944-54 (par 2,850,000)	3,092,125.02		
Less amortized premium	27,165.75		
		3,064,959.27	
Treasury bonds 3¾ (3.03)% 1946-56 (par 2,788,100)	2,984,345.13		
Less amortized premium	19,221.68		
		2,965,123.45	
Accrued interest receivable on bonds:			
Treasury bonds, 4¼%	26,031.25		
Treasury bonds, 4%	4,750.00		
Treasury bonds, 3¾%	30,494.83		
		61,276.08	
			11,653,246.44
Total assets			217,705,127.90

LIABILITIES AND CAPITAL

Current liabilities:			
Unliquidated encumbrances: OX-681 Salaries and expenses FHA allot. R. F. C.		$434,731.41	
Special depositors		28,716.23	
			$463,447.64
Operating capital:			
Appropriation balances:			
Commitment R. F. C. ren. and mod. l. and ins. (OX-080)		188,000,000.00	
OX-080 Ren. and mod. l. and ins., FHA allot. R. F. C.		11,457,559.78	
OX-681 Salaries and expenses, FHA allot. R. F. C.		4,899,332.83	
03-5679 Allocation from N. I. R. A		103.40	
			204,356,996.01
Fixed capital:			
Expended appropriations:			
For operating expenses:			
OX-081 Sal. and exp., FHA allot. R. F. C.		10,989,375.60	
Expended 7-1-34 to 12-31-34	$799,602.94		
Expended 1-1-35 to 12-31-35 (see exhibits A and B)	10,189,653.53		
Repossession costs (reimbursable from proceeds of sales)	20.13		
		10,989,375.60	
03-5079 Allocation from N. I. R. A.		999,896.60	
Expended 7-1-34 to 12-31-34	$940,077.42		
Expended 1-1-35 to 12-31-35	59,819.18		
		999,896.60	
0-05078.4 Funds expended by N. E. C. for FHA		207,632.86	
Expended 1-1-35 to 12-31-35		207,032.86	
			0.00

Balance sheet as of Dec. 31, 1935—Continued

LIABILITIES AND CAPITAL—continued

Fixed capital—Continued.			
Expended appropriations—Continued.			
For acquisition of assets:			
OX-680 Ren. and mod. l. and ins., FHA allot. R. F. C.:			
Notes receivable from insured institutions	$125,000.00		
Appropriation reimbursed	15,050.00		
		$109,050.00	
Accts. rec.—Pur. of mod. loans in default	417,440.22		
Appropriation reimbursed	9,915.93		
		407,524.29	
OX-681 Salaries and expenses, FHA allot. R. F. C.:			
Furniture and equipment		638,423.68	
Inventory of stores for issue		38,136.48	
O-05678.4 Funds expended by N. E. C. for FHA:			
Furniture and equipment		37,403.36	
			$1,231,437.81
Total			206,051,881.46
Mutual mortgage insurance account:			
Premiums and appraisal fees		$1,254,861.62	
General reinsurance account		10,398,384.82	
			11,653,246.44
Total liabilities and capital			217,705,127.90

Operating expenses of administrative offices, Washington, D. C., Jan. 1, 1935, to Dec. 31, 1935

EXHIBIT A

	Total	Administrative	Publicity	Economics and statistics	Field division
Salaries	$2,455,011.23	$86,053.64	$94,058.71	$222,074.13	$186,315.30
Supplies and materials	186,114.02	3,917.31	7,799.69	9,268.97	37,581.50
Communications	52,996.85	2,013.81	773.07	934.77	4,050.36
Travel	198,498.22	9,672.93	9,627.53	11,483.67	27,864.81
Transportation	19,945.88	7.61		7.33	93.70
Printing and binding	708,902.33	49,915.63	11,146.86	6,620.76	63,702.64
Rents	184,789.45	7,999.65	6,158.35	12,831.72	6,421.96
Repairs and alterations	3,769.00				133.35
Miscellaneous operating expenses	4,403.14	305.26	45.67	37.45	308.32
Educational	117,840.12				41.08
Total	3,932,270.24	159,885.84	129,609.88	264,158.80	326,513.11

	Modernization credit	Mortgage insurance	Legal	Comptroller (including service units)
Salaries	$334,126.16	$463,985.83	$105,878.10	$961,619.27
Supplies and materials	44,999.20	20,841.45	6,081.59	55,624.31
Communications	11,228.00	3,501.50	869.37	29,625.07
Travel	84,428.78	42,488.02	3,218.97	9,713.51
Transportation	18,451.53	31.74	6.50	1,347.47
Printing and binding	423,392.89	103,356.61	8,065.06	42,701.88
Rents	22,834.84	33,446.12	4,074.22	90,422.50
Repairs and alterations	(133.35)			3,769.00
Miscellaneous operating expenses	500.49	611.12	500.10	2,034.73
Educational	117,709.04			
Total	1,057,087.58	668,262.39	129,293.91	1,190,858.73

Operating expenses of field offices, Jan. 1, 1935, to Dec. 31, 1935

EXHIBIT B

State	City	Total	Salaries	Supplies	Communications
Alabama	Birmingham	$107,835.23	$88,079.03	$1,570.54	$2,400.21
Alaska	Juneau	29,340.85	23,353.37	223.92	164.08
Arizona	Phoenix	48,392.51	35,923.41	1,021.31	1,466.66
Arkansas	Little Rock	100,150.72	80,039.49	1,557.66	1,561.90
California (R)	San Francisco	55,228.96	41,509.80	726.31	1,403.42
(D)	do	181,807.56	149,506.82	2,104.32	4,295.53
(D)	Los Angeles	278,322.51	241,721.46	5,359.79	3,269.21
	San Diego	687.82		16.32	157.40
Colorado (R)	Denver	15,400.79	12,357.99	46.05	438.34
(S)	do	48,058.57	37,094.33	670.95	693.60
Connecticut	Hartford	77,050.22	66,686.44	747.25	1,565.34
Delaware	Wilmington	42,061.70	35,231.93	288.02	693.18
Florida	Jacksonville	95,089.38	72,224.35	1,343.37	2,236.62
	Miami	36,657.25	29,940.19	489.59	676.04
Georgia (R)	Atlanta	42,187.09	33,147.39	346.69	1,443.79
(S)	do	118,053.13	90,542.49	1,185.58	1,886.48
Honolulu	Hawaii	23,113.16	19,407.70	219.23	223.21
Idaho	Boise	61,853.40	43,841.90	868.71	1,807.70
Illinois (R)	Chicago	54,703.04	42,414.12	644.26	2,843.21
(D)	do	178,015.01	147,450.91	2,466.21	4,499.63
	Springfield	120,816.92	86,536.72	1,380.47	2,548.67
Indiana	Indianapolis	134,915.31	95,811.06	3,929.88	3,366.60
Iowa	Des Moines	94,028.50	69,220.35	1,203.61	1,594.50
Kansas (D R)	Topeka	12,520.80	9,921.66	60.95	417.61
(S)	do	111,743.65	90,730.70	1,571.04	3,164.40
Kentucky	Louisville	77,525.57	65,102.58	639.76	872.33
Louisiana	New Orleans	89,488.49	70,995.43	906.32	3,127.34
Maine	Portland	55,731.20	45,067.71	676.49	1,614.64
Maryland	Baltimore	109,453.83	93,712.54	1,671.54	2,094.23
Massachusetts (R)	Boston	39,913.79	33,441.04	276.94	1,147.03
(S)	do	179,771.78	153,244.21	2,568.40	3,332.78
Michigan	Detroit	205,185.05	168,816.27	2,655.84	3,019.23
Minnesota	Minneapolis	105,904.81	83,865.20	1,076.94	1,092.19
Mississippi	Jackson	109,512.72	86,685.97	1,681.78	2,522.31
Missouri	Kansas City	93,028.11	74,098.84	810.40	4,526.29
(R)	St. Louis	21,803.44	18,792.51	86.83	149.69
(D)	do	92,340.01	77,650.73	962.60	1,767.15
Montana	Helena	46,844.87	35,915.24	734.93	997.83
Nebraska	Omaha	83,314.08	63,624.66	1,783.32	2,323.80
Nevada	Reno	38,762.10	31,455.15	986.00	720.67
New Hampshire	Concord	50,032.00	39,584.28	535.64	1,126.17
New Jersey (R)	Newark	26,410.19	20,008.79	1,290.16	1,671.95
(S)	do	208,121.07	169,920.50	2,032.93	4,109.70
New Mexico	Santa Fe	50,600.22	39,002.75	459.61	994.06
New York	Albany	86,068.41	67,604.33	1,060.38	1,843.27
(D)	Buffalo	127,071.24	96,692.76	2,047.42	4,703.20
	Rochester	313.59	62.00	79.12	90.13
(R)	New York City	22,696.48	13,836.75	86.68	228.72
(D)	do	211,006.83	185,541.07	2,306.94	5,237.17
North Carolina	Greensboro	121,572.75	88,975.47	2,245.79	2,897.32
North Dakota	Bismarck	44,791.58	32,982.84	863.62	968.74
Ohio	Cleveland	185,808.92	155,353.79	2,058.25	3,630.19
(R)	Columbus	10,179.29	8,403.82	96.59	263.84
(S)	do	12,178.28	4,848.65	244.23	552.80
	do	107,964.74	89,093.60	1,124.82	1,664.42
	Cincinnati	51,527.62	45,148.99	2,186.21	675.14
Oklahoma	Oklahoma City	69,576.66	53,365.40	903.81	1,468.56
	Tulsa	66,703.57	53,233.90	566.65	1,299.47
Oregon	Portland	56,291.76	44,374.74	719.59	1,032.30
Pennsylvania	Philadelphia	151,510.97	110,850.81	1,667.12	4,101.98
	Pittsburgh	101,613.58	84,975.40	1,193.09	3,012.25
Rhode Island	Providence	51,606.62	43,494.11	684.39	1,669.14
South Carolina	Charleston	69,061.56	54,218.08	515.80	972.82
South Dakota (R)	Sioux Falls	34,562.15	25,818.40	208.24	681.03
(S)	do	53,165.07	38,443.93	690.06	1,295.89
Tennessee	Memphis	121,480.40	99,726.32	1,534.13	3,269.21
	Nashville	2,646.02	981.50	19.25	311.44
Texas (R)	Dallas	25,566.70	20,900.72	176.05	448.58
(D)	do	82,768.96	64,241.22	792.41	1,265.85
(S)	Fort Worth	30,026.47	23,389.97	216.18	1,084.25
(D)	do	75,466.32	57,844.23	726.46	933.41
	Houston	73,518.61	59,910.44	633.09	986.60
	San Antonio	73,310.65	59,898.97	808.90	1,283.50
Utah	Salt Lake City	63,515.01	51,032.56	753.98	1,016.24
Vermont	Burlington	39,024.84	31,805.71	380.31	720.60
Virginia (R)	Richmond	13,614.95	12,040.83	256.87	221.72
(S)	do	121,326.44	97,304.10	1,590.50	2,747.63
Washington	Seattle	92,466.82	74,650.86	1,011.87	2,039.06
West Virginia	Parkersburg	82,178.97	62,772.36	1,186.38	1,637.64
Wisconsin	Milwaukee	113,496.35	91,300.70	1,497.44	2,223.67
Wyoming	Cheyenne	50,715.91	39,810.37	707.68	700.07
District of Columbia	Washington	69,873.34	64,493.86	911.78	1,132.02
Total		6,524,835.33	5,233,861.16	87,240.51	142,417.43

Operating expenses of field offices, Jan. 1, 1935, to Dec. 31, 1935—Continued

EXHIBIT B—Continued

State	City	Travel	Transportation	Printing	Rents	Repairs	Miscellaneous
Alabama	Birmingham	$11,241.82	$189.72	$317.00	$3,190.95	$0.60	$845.30
Alaska	Juneau	2,967.66	483.47	9.25	2,062.80		75.70
Arizona	Phoenix	5,794.16	500.15	74.53	3,311.09		211.20
Arkansas	Little Rock	12,437.43	431.88	179.73	2,847.20	2.00	1,003.43
California (R)	San Francisco	7,180.30	304.06	1,342.01	2,616.99		17.07
(D)	do	14,642.35	975.80	132.22	8,892.74		1,347.78
(D)	Los Angeles	12,980.62	1,882.30	913.71	8,376.70		3,818.72
	San Diego		21.42	21.06	444.13		26.50
Colorado (R)	Denver	1,152.67	92.52		1,310.76		2.46
(S)	do	6,397.56	212.10	2.00	2,751.21		227.73
Connecticut	Hartford	4,700.48	81.40	95.80	3,485.61		296.90
Delaware	Wilmington	3,252.63	88.89		2,342.00	2.75	162.30
Florida	Jacksonville	14,817.33	212.71	11.49	3,655.28		588.23
	Miami	4,638.28	160.45	4.40		450.80	297.50
Georgia (R)	Atlanta	4,898.96	92.99	74.58	2,143.19		39.50
(S)	do	18,272.28	255.84	226.11	4,650.56	6.00	1,027.49
Honolulu	Hawaii	2,819.66	420.55	11.31			11.50
Idaho	Boise	11,370.54	416.03	21.71	3,155.06		371.75
Illinois (R)	Chicago	4,802.79	119.13	238.10	3,664.54		66.89
(D)	do	13,080.50	343.39	379.96	8,695.05	1.00	1,098.36
	Springfield	22,452.27	247.46	28.60	7,120.40		502.33
Indiana	Indianapolis	25,859.78	342.71	84.86	4,335.03		1,184.79
Iowa	Des Moines	17,474.24	605.53	33.20	3,308.05	2.71	526.25
Kansas (DR)	Topeka	2,070.72	41.20	2.43	3.33		11.90
(S)	do	14,204.04	364.27	19.98	204.52		1,475.70
Kentucky	Louisville	7,914.42	154.96	32.50	2,225.52		583.50
Louisiana	New Orleans	10,022.18	294.43	397.99	3,242.28		502.52
Maine	Portland	5,305.29	168.68	37.18	2,217.50	1.85	41.95
Maryland	Baltimore	7,322.84	117.38	134.66	3,656.25		754.30
Massachusetts (R)	Boston	1,635.83	53.65	70.26	3,272.65		6.49
(S)	do	8,253.51	584.52	314.43	10,569.67		904.26
Michigan	Detroit	22,797.21	272.22	120.75	5,771.99	5.45	1,717.69
Minnesota	Minneapolis	14,636.44	200.77	16.67	4,133.05		793.55
Mississippi	Jackson	13,150.61	227.62	82.88	3,026.80	8.00	1,226.75
Missouri	Kansas City	6,846.16	397.51	22.31	5,429.00		897.51
(R)	St. Louis	1,940.71	76.99	.13	800.80		6.69
(D)	do	7,591.43	244.87	63.63	3,058.25	40.90	969.45
Montana	Helena	7,498.70	396.61	23.27	494.87	413.52	369.90
Nebraska	Omaha	10,467.33	315.13	201.40	3,888.80		710.24
Nevada	Reno	3,398.35	364.68	27.97	434.74	514.00	860.45
New Hampshire	Concord	6,324.26	153.20		1,905.20	1.00	312.25
New Jersey (R)	Newark	2,299.80	132.46	4.10	918.30		84.64
(S)	do	19,205.93	308.72	35.65	9,071.98	2.00	2,744.26
New Mexico	Santa Fe	12,887.30	334.46	5.62	2,714.57		201.85
New York	Albany	12,402.01	252.91	216.81	2,419.14		280.56
(D)	Buffalo	13,513.21	247.37	137.47	9,163.69		566.12
	Rochester	77.63	4.71				
(R)	New York City	1,487.05	57.83	20.05	6,979.40		
(D)	do	10,490.66	276.07	488.08	5,036.59	128.00	1,402.66
North Carolina	Greensboro	21,958.31	421.01	6.12	1,397.12	2,727.58	944.03
North Dakota	Bismarck	8,472.50	188.98	19.11	920.84		374.95
Ohio	Cleveland	16,511.95	247.25	31.56	6,639.03	2.00	1,334.30
(R)	Columbus	1,081.88	38.94	.90	287.72		5.54
(S)	do	5,093.80	68.81	5.51	1,219.46		144.96
	do	12,272.17	418.41	40.71	2,210.91	553.00	577.70
	Cincinnati	1,128.41	106.43	4.00	1,818.29		460.15
Oklahoma	Oklahoma City	10,007.84	363.85	40.31	3,118.89	5.00	303.00
	Tulsa	7,872.42	156.08	7.25	3,147.20	.75	419.25
Oregon	Portland	7,051.20	536.21	19.20	2,318.14		240.32
Pennsylvania	Philadelphia	10,458.60	109.81	204.07	5,109.71	.35	948.52
	Pittsburgh	10,977.36	136.03	42.70	20.50	104.00	962.26
Rhode Island	Providence	2,785.28	177.11	48.83	2,542.53		205.23
South Carolina	Charleston	10,832.92	136.96	23.65	2,140.13		211.60
South Dakota (R)	Sioux Falls	6,748.06	84.43	484.84	510.00		18.15
(S)	do	9,163.16	182.75	.02	3,150.31		223.05
Tennessee	Memphis	14,740.73	543.35	42.08	748.48		876.10
	Nashville	881.86	20.07		302.50		70.00
Texas (R)	Dallas	2,355.51	143.44	13.08	1,388.12	2.00	78.60
(D)	do	9,578.60	303.02	22.58	5,074.21	3.22	587.85
(S)	Fort Worth	3,016.61	149.17		2,062.87		107.42
(D)	do	10,664.76	279.54		4,594.89		423.03
	Houston	7,566.53	193.35	2.55	3,703.42		462.63
	San Antonio	7,853.47	274.86		2,040.15		450.80
Utah	Salt Lake City	6,152.05	489.34	93.71	2,159.80	140.30	708.05
Vermont	Burlington	3,639.56	82.95	31.69	2,220.67		137.35
Virginia (R)	Richmond	740.53	40.00		315.00		
(S)	do	13,148.57	200.93	34.43	5,160.00		960.28
Washington	Seattle	10,141.38	515.76	15.29	3,501.52	.35	590.73
West Virginia	Parkersburg	12,161.41	221.44	11.21	3,884.58		303.05
Wisconsin	Milwaukee	12,985.74	203.04	53.72	4,371.35		851.60
Wyoming	Cheyenne	8,160.85	329.31	21.03	550.17		337.43
District of Columbia	Washington	907.77	3.08	50.36	1,123.72		1,190.75
Total		723,257.83	22,160.02	8,128.88	255,508.75	5,218.22	47,033.53

APPENDIX

Volume of modernization notes insured through Dec. 31, 1935

State	Number	Amount	State	Number	Amount
Alabama	5,039	$1,857,195.18	New Jersey	47,554	$17,078,346.63
Arizona	6,605	2,448,615.22	New Mexico	1,542	765,579.50
Arkansas	5,599	1,939,170.11	New York	113,357	50,097,531.60
California	117,011	37,679,983.53	North Carolina	4,632	1,797,742.62
Colorado	4,121	1,540,516.66	North Dakota	867	410,735.99
Connecticut	10,311	4,030,921.38	Ohio	24,893	7,647,031.53
Delaware	1,417	595,573.26	Oklahoma	6,227	2,050,273.72
District of Columbia	4,057	2,022,017.42	Oregon	10,927	3,285,857.96
Florida	10,002	3,984,309.00	Pennsylvania	39,459	13,275,250.24
Georgia	8,476	3,135,141.39	Rhode Island	4,905	1,922,963.99
Idaho	4,588	1,339,030.44	South Carolina	2,966	1,114,193.91
Illinois	35,686	12,409,675.55	South Dakota	1,157	489,065.29
Indiana	17,342	5,191,930.55	Tennessee	7,652	2,708,422.30
Iowa	7,390	2,518,563.53	Texas	21,527	6,980,967.73
Kansas	4,309	1,312,186.91	Utah	3,501	1,306,462.59
Kentucky	6,450	2,213,001.32	Vermont	1,086	414,393.04
Louisiana	7,859	2,147,008.21	Virginia	7,293	3,256,325.92
Maine	2,308	839,462.11	Washington	22,465	7,222,741.11
Maryland	8,309	3,409,982.91	West Virginia	3,049	1,169,154.55
Massachusetts	27,081	9,873,338.54	Wisconsin	7,769	3,018,114.21
Michigan	35,561	10,105,108.67	Wyoming	1,021	491,922.32
Minnesota	10,532	3,771,283.26	Alaska	88	73,047.18
Mississippi	3,762	1,352,215.33	Hawaii	342	186,290.29
Missouri	19,036	6,478,702.48	Puerto Rico	18	18,130.00
Montana	1,611	810,266.46	Canal Zone	3	4,067.00
Nebraska	3,210	1,043,510.29			
Nevada	1,405	613,230.21	Total	708,405	254,070,728.98
New Hampshire	2,536	1,010,036.94			

Volume of mortgage insurance by States, through Dec. 31, 1935

State	Cases accepted for insurance			
	Total		New construction only	
	Number	Amount	Number	Amount
Alabama	739	$2,265,434	207	$762,044
Arizona	325	1,010,837	70	300,070
Arkansas	801	2,128,275	139	491,000
California	4,907	21,243,255	1,821	8,911,573
Colorado	281	911,115	64	266,680
Connecticut	342	1,779,820	168	801,935
Delaware	135	677,850	23	117,300
District of Columbia, Washington	811	5,298,340	195	1,483,850
Florida	717	2,778,612	415	1,799,127
Georgia	635	2,422,913	232	970,573
Idaho	235	733,250	102	373,520
Illinois	1,357	6,019,110	301	1,877,635
Indiana	1,135	4,085,189	217	1,077,631
Iowa	402	1,685,855	104	479,895
Kansas	1,160	3,145,532	252	907,995
Kentucky	522	2,373,870	124	681,704
Louisiana	360	1,531,100	85	364,185
Maine	151	455,180	21	94,500
Maryland	600	2,450,090	83	450,350
Massachusetts	674	3,514,028	85	511,600
Michigan	1,878	7,963,215	575	3,181,280
Minnesota	606	2,030,824	180	706,518
Mississippi	883	2,413,387	207	894,253
Missouri	2,109	9,397,530	417	2,369,320
Montana	113	331,611	26	100,741
Nebraska	280	922,970	51	214,200
Nevada	111	367,755	21	82,475
New Hampshire	327	1,159,863	27	109,355
New Jersey	3,108	16,075,626	1,226	6,646,634
New Mexico	181	607,575	61	246,500
New York	1,081	9,312,496	1,186	5,720,306
North Carolina	495	1,841,749	192	874,200
North Dakota	222	621,305	53	189,150
Ohio	3,268	13,926,085	667	3,833,920
Oklahoma	616	2,001,227	129	682,430

Volume of mortgage insurance by States, through Dec. 31, 1935—Continued

State	Cases accepted for insurance			
	Total		New construction only	
	Number	Amount	Number	Amount
Oregon	190	$504,975	50	$170,850
Pennsylvania	2,373	9,860,211	301	2,172,824
Rhode Island	138	643,680	48	215,480
South Carolina	119	442,249	42	162,139
South Dakota	224	597,575	44	157,500
Tennessee	808	3,048,885	152	660,325
Texas	1,762	6,322,164	692	2,925,404
Utah	664	2,051,565	122	412,050
Vermont	229	746,215	24	109,150
Virginia	990	3,821,594	333	1,398,498
Washington	727	2,084,210	163	672,190
West Virginia	146	677,560	48	274,550
Wisconsin	692	3,362,621	380	2,038,176
Wyoming	279	601,227	39	133,902
Alaska	33	96,910	5	12,800
Hawaii	18	63,450	15	56,000
Total	42,147	170,504,804	12,360	60,248,256

List of States enacting legislation enabling financial institutions to participate in the mutual mortgage insurance system and related features of the National Housing Act

State	Enabling acts	Date approved
Alabama	S. B. 4	Jan. 31, 1935
Arizona	H. B. 27, 30	Feb. 27, 1935
Arkansas	Acts 47, 48, 50, 51	Jan. 18, 1935
	Act 75	Feb. 26, 1935
	S. B. 211	Jan. 30, 1935
California	S. B. 172	Mar. 7, 1935
Colorado	Ch. 134	May 9, 1935
Connecticut	Ch. 144	May 16, 1935
	Ch. 137	May 8, 1935
	S. S. for S. B. 2	Apr. 18, 1935
Delaware	H. B. 247	Apr. 26, 1935
Florida	S. B. 7	Jan. 23, 1935
Idaho	H. B. 309	Mar. 19, 1935
	H. B. 667	July 13, 1935
Illinois	H. B. 665, 662, 668, 670, 660, 664, and 669	June 29, 1935
	H. B. 3	Jan. 28, 1935
Indiana	H. B. 289	Mar. 8, 1935
	S. F. 118	Apr. 17, 1935
Iowa	H. F. 438	May 4, 1935
	S. B. 154	Feb. 16, 1935
Kansas	S. B. 155	Mar. 2, 1935
	S. B. 156	Feb. 16, 1935
	H. B. 18	Dec. 22, 1934
Louisiana	L. D. 14, 422	Feb. 7, 1935
Maine	S. B. 165, 404	May 17, 1935
Maryland	House 1918	Apr. 15, 1935
Massachusetts	H. B. 90	Feb. 20, 1935
Michigan	S. F. 687	Mar. 15, 1935
Minnesota	S. F. 1477	Apr. 29, 1935
	H. B. 81	June 5, 1935
Missouri	Ch. 8	Feb. 9, 1935
Montana	Chs. 37, 38	Feb. 19, 1935
Nebraska	H. R. 193	Apr. 1, 1935
Nevada	S. B. 81, 93, 86	Mar. 18, 1935
New Hampshire	S. B. 30	Mar. 26, 1935
New Jersey	S. B. 58	Feb. 5, 1935
New Mexico	H. B. 13	Feb. 2, 1935
New York	Int. No. 780, 1908, 1797	Apr. 23, 1935
	Int. No. 289	Apr. 17, 1935
North Carolina	S. B. 140	Mar. 8, 1935
North Dakota	S. B. 128	Mar. 2, 1935
Ohio	S. B. 113	Dec. 7, 1934
Oklahoma	H. B. 12	Jan. 25, 1935
Oregon	H. B. 414	Mar. 4, 1935
Pennsylvania	H. F. 1608	June 10, 1935
	H. F. 473 and 2318	July 2, 1935
	H. F. 2537	July 12, 1935
Rhode Island	S. 15	Jan. 18, 1935
South Carolina	S. 144	Mar. 8, 1935
	S. 137	Apr. 6, 1935
South Dakota	H. B. 23	Feb. 7, 1935
Tennessee	H. B. 580, 582, 581	Apr. 20, 1935
	H. B. 578	Apr. 12, 1935
Texas	S. B. 91–99, inclusive	Jan. 31, 1935
Utah	H. B. 170	Mar. 2, 1935
Vermont	S. 54	Mar. 28, 1935
Washington	H. B. 68, 69, 86, 87	Feb. 18, 1935
West Virginia	H. B. 280	Mar. 4, 1935
Wisconsin	S. 243	Apr. 27, 1935
Wyoming	S. F. 9	Feb. 19, 1935

In Kentucky, Mississippi, and Virginia enabling acts are now up for consideration by the legislatures now in session.

In Georgia, house bill 298 was passed by both branches of the legislature, but was vetoed by the Governor.

NEW RESIDENTIAL BUILDINGS

Building permits for principal cities, estimated cost

(000 omitted)

Month	1933	1934	1935	Increase or decrease, 1935 compared with 1934	
				Amount	Percent
January	$5, 373	$4, 448	$9, 109	+$4, 661	+104. 8
February	7, 309	4, 962	9, 892	+4, 930	+99. 4
March	6, 625	8, 787	20, 286	+11, 499	+130. 9
April	7, 441	10, 515	23, 422	+12, 907	+122. 7
May	13, 018	11, 958	25, 369	+13, 411	+112. 2
June	14, 088	8, 779	28, 871	+20, 092	+228. 9
July	12, 559	8, 700	27, 398	+18, 698	+214. 9
August	11, 282	8, 918	27, 433	+18, 515	+207. 6
September	13, 656	9, 616	25, 714	+16, 098	+167. 4
October	8, 017	11, 528	34, 312	+22, 784	+197. 6
November	13, 699	9, 971	30, 684	+20, 713	+207. 7
December	7, 205	7, 220	23, 421	+16, 201	+224. 4
Total	120, 272	105, 402	285, 911	+180, 509	+171. 3

NOTE.—The number of cities included ranges from 742 to 788, comprising the majority of all cities with populations of 10,000 and over. The amount and percent of change from 1934 to 1935 are based on identical cities, and these figures are therefore strictly comparable.

Source: Bureau of Labor Statistics, U. S. Department of Labor; Federal Housing Administration, Division of Economics and Statistics.

CHART XIV

RESIDENTIAL BUILDING PERMITS, 1934–35

Monthly Value: Non-cumulative