Seventeenth Annual Report

of the

FEDERAL HOUSING ADMINISTRATION

Franklin D. Richards

Commissioner

For the year ending

December 31, 1950

SEVENTEENTH ANNUAL REPORT

OF THE

FEDERAL HOUSING ADMINISTRATION

Year ending December 31, 1950

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

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LETTER OF TRANSMITTAL

To the Congress of the United States:

In accordance with Section 5 of the National Housing Act as amended, I transmit herewith the Seventeenth Annual Report of the Federal Housing Administration. This report covers the calendar year 1950.

Respectfully,

FRANKLIN D. RICHARDS,
Commissioner.

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Functions of the Federal Housing Administration

Under authority provided in Titles I, II, VI, VII, and VIII of the National Housing Act of June 27, 1934, as amended, the Federal Housing Administration operates insurance programs designed to encourage improvement in housing standards and conditions and to guide the creation of a sound mortgage market. The FHA itself makes no loans and does not plan or build housing.

Property Improvement Loan Insurance

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

Home Mortgage Insurance

Section 203 of Title II authorizes the insurance of mortgages on new and existing one- to four-family dwellings. The principal activity of the FHA over its 16½ years of operation has been carried on under this section.

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

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

Cooperative Housing

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

Rental Housing

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

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

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

Prefabricated Housing

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

War and Veterans' Emergency Housing

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

Publicly Owned Housing

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

Section I

GENERAL REVIEW

FHA operations in 1950 were affected by both domestic and international conditions.

The writing of a volume of mortgage insurance much larger than in any previous year reflected, along with other factors, the continuing demand for new homes in the United States. Records were made in the number and amount of mortgages insured on both individual homes and rental projects, and also in the number and amount of property improvement loans insured.

The Housing Act of April 20, 1950, which amended the National Housing Act with the object of encouraging greater production of homes for middle-income families, placed additional responsibilities on the FHA.

In the second half of the year, events on the international scene caused an expansion of the national defense program which accentuated the need for action to conserve critical materials and counteract inflationary tendencies. Measures taken by the Federal Government for this purpose included credit controls on real estate, which affected FHA operations by causing a downward trend in the number of mortgage insurance applications received and in the number of property improvement loans reported for insurance.

Legislative Changes

Amendments made to the National Housing Act by the Housing Act of 1950 (Public Law 475, 81st Cong., approved April 20, 1950) included the following:

1. The property improvement loan insurance authorization under Section 2 of Title I was extended (retroactive to March 1, 1950) to apply to loans made before July 1, 1955. The total amount of loan principal outstanding at any one time under this section may not exceed $1,250,000,000. The insurance no longer covers loans for the construction of dwellings.

2. A new Section 8 was added to the act to provide for the insurance of mortgages in amounts up to $4,750 on single-family homes when the mortgagor is the owner-occupant, or up to $4,250 when the mortgagor is a builder. The dollar amount may be increased in high-cost areas to

as much as $5,600 for an owner-occupant mortgagor and $5,000 for a builder. Section 8 insurance is intended to apply particularly to low-cost homes in small communities and outlying areas. The aggregate amount of principal outstanding at any one time may not exceed $100,000,000, provided that increases aggregating not more than $150,000,000 may be authorized by the President.

3. The insurance authorization under Section 203 of Title II was increased to $7,750,000,000, with provision for the President to increase the amount by an additional $1,250,000,000 if he found such increase to be in the public interest.[1] Authorization was given to increase the $16,000 maximum amount of a mortgage insured under Section 203(b)(2)(A) by not not over $4,500 on a three-family dwelling and not over $9,000 on a four-family dwelling. Section 203(b)(2)(B) was repealed. Increases were made in the dollar amount limitations on mortgages insured under Sections 203(b)(2)(C) and (D).

4. Section 207 was amended to encourage low-cost projects by changing the basis on which the maximum mortgage amount per family unit is computed so as to allow 90 percent mortgages on the first $7,000 of value per unit. Debentures issued under Section 207 may be dated as of the date of default, and may include insurance premiums paid after default. Other minor amendments were made in this section, and the provisions for mortgage insurance on cooperative housing projects were eliminated.

5. A new Section 213 was added to Title II, authorizing the insurance of mortgages on cooperative projects. The FHA was authorized to furnish technical advice and assistance in the organization of the cooperatives and in the planning, development, construction, and operation of their housing projects.

6. The insurance authorization under Section 603 of Title VI was increased by $500,000,000,[2] with the provision that the increase was to be used for the insurance of mortgages under Section 608 pursuant to applications submitted on or before March 1, 1950.

Section 603(a) was further amended to make the unused authorization under Section 610 available for mortgages insured under Section 609 (loans to prefabricators) and Section 611 (blanket mortgages on projects of 25 or more single-family dwellings built for sale).

7. Certain technical amendments were made to Section 610, which is designed to assist in the disposal of Government-owned property.

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[1] Presidential approval of the additional increase was given in three stages during the year, on request: $650 million on July 18, $300 million on September 20, and $300 million on November 15.

[2] Presidential approval of an increase of $300 million had been given on February 23, 1950, bringing the authorization to the maximum of $6,650,000,000 provided under the amendments of October 25, 1949.

8. Section 611 was amended by increasing the maximum loan-value ratio from 80 percent to 85 percent; by changing the maximum mortgage amount computed on the appraised value of the individual dwellings from $6,000 per dwelling to $5,950, with provision for increasing this amount by $850 for each bedroom in excess of two and not in excess of four; and by providing for the inclusion of a release clause in the blanket mortgage to permit the release of individual dwellings and the placing of individual mortgages on the dwellings so released. The individual mortgages may be insured under Section 611, and, if the mortgagor is the owner-occupant, may involve a principal obligation in such amount and having such maturity and interest rate as a mortgage eligible for insurance under Section 203(b)(2)(D).

9. Authorization was given to the Commissioner to process applications and issue commitments under the various sections and titles of the act even though the permanent mortgage financing may not be insured under the act.

Public Law 498, Eighty-first Congress, approved May 2, 1950, amended Title VIII of the National Housing Act by authorizing the Secretary of the Army, Navy, or Air Force to engage architects and engineers outside the Government to prepare plans and specifications for military housing to be built under this title. The amendment also authorized the Secretary to negotiate for the purchase of land on which the housing is to be built, and to negotiate with the owner of the project for acquisition of the project by the Government at a later date without cost to the Government.

Cooperative Housing

Possibly the most significant amendment made to the National Housing Act in 1950 was the addition of Section 213, which authorizes the insurance of mortgages in amounts up to $5,000,000 on housing projects built by nonprofit cooperatives to provide housing for their members. The projects may be either "management type," with occupancy limited to the cooperative members, or "sales type," permitting release of dwellings to the individual members when the project is completed.

A Cooperative Housing Division under the direction of an Assistant Commissioner has been established in the Washington headquarters of the FHA. It includes a legal advisory section prepared to advise groups on organization steps and FHA legal requirements; a technical advisory section to render advice and assistance on land planning and architectural matters; and a management advisory section to assist cooperative groups in all phases of management, including their administrative, fiscal, and maintenance activities. A public interest group comprising representatives of labor and veterans' organizations, community interest groups, housing associations, and others meets regularly with the staff of the division to discuss policies and procedures governing FHA cooperative housing activities.

Meetings held with representatives of lending institutions have demonstrated that mortgage financing is readily available for projects built by cooperative groups under Section 213, and builders have shown an enthusiastic acceptance of this form of activity.

Interest Rate

Announcement was made on April 21, 1950, that the maximum interest rate on home mortgages insured by the Federal Housing Administration would be reduced to 4¼ percent, effective with respect to all applications received in FHA field offices on and after April 24, 1950.

This announcement followed a study of the mortgage market over a period of several months, which indicated that long-term mortgage money would be available throughout the country at 4¼ percent. The reduction had the effect of lowering home financing costs and thereby broadening the applicability of the FHA program.

Credit Restrictions

Pursuant to a request of the President on July 18, 1950, that additional credit controls be inaugurated in all Government programs of assistance for housing finance, to conserve building materials that might be needed for national defense and to curb inflationary tendencies, the FHA Commissioner put into effect the following restrictions with respect to applications or requests for eligibility statements received on and after July 19, 1950:

1. Construction cost figures used in analyzing property for mortgage insurance or yield insurance were frozen as of July 1, 1950.
2. Maximum loan-value ratios and loan-cost ratios specified in the administrative rules were reduced by 5 percent of value or cost.
3. The maximum amount of a mortgage on a single-family dwelling was reduced from $16,000 to $14,000.

Also, with respect to applications dated on and after August 1, 1950, for Title I property improvement loans, the borrower was required to make a down payment of 10 percent of the cost of the improvements.

Military housing and housing in Alaska were excepted from these controls.

By Executive Order 10161, dated September 8, 1950, the President delegated to the Federal Reserve Board the authority given to him in the Defense Production Act to control credit on conventionally financed real estate, and stipulated that the Board should obtain the concurrence of the Housing and Home Finance Administrator in regulations affecting residential property. Presidential authority with respect to real estate loans made, insured, or guaranteed by the Government was delegated by the same Executive order to the Housing and Home Finance Administrator, with the requirement that regulations authorized by the Administrator conform in general with those of the Federal Reserve Board in which he concurred.

As of October 12, 1950, when Regulation X of the Federal Reserve Board became effective, FHA administrative rules with respect to insured mortgage loans were amended so as to conform substantially with the provisions of Regulation X. The effect of the amendments was to restrict the loan-value or loan-cost ratios and the maturities of loans in excess of $2,500. From October 12, 1950, to January 12, 1951, Regulation X applied only to one- and two-family dwellings. Loans to finance major additions and improvements, as well as loans to finance the purchase, construction, and refinancing of properties, are included under its provisions.

Regulation X was expected to curtail the 1951 volume of residential construction by about one-third of the estimated 1950 volume. This would result in the building of 800,000 to 850,000 units in 1951. By the end of 1950 there had not yet been time to test thoroughly the effect of the regulation. The rate of new construction started was still high, reflecting both the momentum of the high rate of operations earlier in the year and the backlog of units approved for mortgage insurance before the imposition of credit controls. However, the number of applications for home mortgage insurance under Section 203, which had declined after the July restrictions became effective and then increased sharply in October, was considerably lower in the last 2 months of the year than at any time in the preceding 10 months.

Title I property improvement loans of $2,500 or less are subject to the provisions of Regulation W of the Federal Reserve Board affecting consumer credit.

Minority Groups

FHA field offices reported a notable increase during the year in the proportion of new housing available to minority groups. It is apparent that the building industry is increasingly aware of the market that exists among members of these groups for more and better housing. The reports of the Housing Census of 1950 will provide a statistical basis for estimating the nature and extent of this market in specific localities.

In order to strengthen FHA efforts to encourage improvement in housing standards and conditions among minority groups, the Commissioner appointed in May 1950 an administrative officer for minority-group housing, who acts as consultant and adviser to the Commissioner and his staff in Washington and to FHA State and district directors, and maintains contacts with financial institutions, builders, architects, and others, for the purpose of devising practical measures for the development of housing open to minority groups by means of the various FHA mortgage insurance programs.

Field Organization

The field organization was expanded in 1950 by the establishment of 4 new insuring offices, 12 new service offices, and 15 new valuation stations. One valuation station was closed during the year. Since a number of offices were newly designated as insuring or field offices by changing the functions of existing offices, there was a net increase of 19 new field offices, bringing the total at the end of the year to 139. These included 72 insuring offices, in which applications for mortgage insurance are received and undergo complete processing; 26 service offices, which receive applications for mortgage insurance and process them for submission to insuring offices for review, issuance of commitments, and endorsement for insurance; and 41 valuation stations in which technical personnel prepare architectural and valuation reports for the insuring offices having jurisdiction in their respective areas.

In the interests of achieving economy, efficiency, and effectiveness in the administration of FHA programs, a permanent field management improvement committee was established in the Washington headquarters of the FHA on February 27, 1950, with the Assistant Commissioner in charge of field operations as chairman.

On April 21, 1950, the field offices were regrouped into five geographical zones. The activities of the offices in each zone are supervised by a Zone Commissioner at Washington headquarters.

Aggregate Volume of Insurance

By the end of 1950, total insurance written by the FHA from the beginning of its operations exceeded $22.7 billion. Of this amount, $8.3 billion had been terminated and it was estimated that about $1.7 billion had been amortized, leaving slightly less than $12.8 billion outstanding.

The largest amount of insurance written under any single FHA program to date is the $10.9 billion on home mortgages under Section 203. The second largest amount is the $4.6 billion in Title I property improvement loan insurance.

Despite the expiration of new operations under the popular Section 608 program in the spring, and the dampening effect of credit curbs on home mortgage operations in the fall, the $4.3 billion of insurance written under all titles in 1950 was the largest volume in any one year of FHA history, representing a 14 percent increase over the 1949 total of $3.8 billion. The number of applications received, housing units started, and units completed in 1950 also established new records, as did the $700 million of property improvement loans insured.

About 57 percent of the year's dollar volume of insurance was under the home mortgage provisions of the National Housing Act, 27 percent under the rental and cooperative provisions, and 16 percent under the Title I property improvement provisions. About 343,000 home mortgages, 1,600 project mortgages (involving 154,100 units), and 1,450,000 property improvement loans were insured.

Chart I and Table 1 show the yearly volume of FHA insurance written. Table 2 shows the status of insurance under all titles at the end of 1950.

New dwelling units started in 1950 under FHA inspection totaled 475,000. (See Chart II and Table 3.) This number was almost one-third greater than the number started in 1949, and nearly two-thirds above the 1948 total. About 70 percent of the units started in 1950 were in one- to four-family structures.

FHA starts accounted for 35.1 percent of the total number of privately financed nonfarm starts reported by the Bureau of Labor Statistics, as compared with 36.4 percent in 1949. FHA's share of the total was high during the second half of the year—38.3 percent—compared with 32.0 percent during the first half.

As of December 31, 1950, the FHA had acquired through foreclosure 24,358 units of housing, representing 7/10 of 1 percent of the 3,276,652 units covered by mortgage insurance since the beginning of operations. Of the acquired units, 18,495 had been sold and 5,863 remained on hand at the end of 1950.

Losses on the total amount of mortgage insurance written from 1934 through 1950, including mortgages on war housing, amounted to 2/100 of 1 percent.

TABLE 1.—*Yearly volume of mortgages and loans insured by FHA: Face amount of mortgages and net proceeds of loans insured, all titles, 1934–50*

[Dollar amounts in thousands]

Year	Total all titles	Title I				Title II					
		Classes 1, 2, and 3 loans		Sec. 8		Sec. 203 home mortgages		Sec. 207[1] rental and cooperative projects		Sec. 213 cooperative projects	
	Amount	Number	Net proceeds	Number	Amount	Number	Amount	Units	Amount	Units	Amount
1934	$27,406	72,658	$27,406								
1935	297,495	635,747	201,258			23,397	$93,882	738	$2,355		
1936	532,581	617,697	221,535			77,231	308,945	624	2,101		
1937	480,200	124,758	54,344			102,076	424,373	3,023	10,483		
1938	671,593	382,325	150,709			109,279	473,246	11,930	47,638		
1939	925,262	513,091	203,995			153,747	669,416	13,462	51,851		
1940	991,174	662,948	241,735			168,203	736,490	3,559	12,949		
1941	1,152,342	687,837	248,630			198,799	876,707	3,741	13,565		
1942	1,120,839	432,755	141,163			149,635	691,445	1,547	5,792		
1943	933,986	308,161	87,194			52,408	244,514	185	714		
1944	877,472	389,592	113,939			46,677	216,368	2,181	7,176		
1945	664,085	501,401	170,824			46,572	219,300	891	3,806		
1946	755,778	799,284	320,593			66,858	347,357	694	2,510		
1947	1,788,264	1,247,590	533,604			76,813	445,667		[2] 32		
1948	3,340,865	1,359,776	621,612			133,280	880,353				
1949	3,826,283	1,249,538	607,024			257,622	1,854,564	813	7,313		
1950	4,343,378	1,448,651	700,225	209	$964	338,125	2,466,055	2,514	18,065	285	$2,691
Total	22,738,905	11,433,809	4,645,799	209	964	2,000,812	10,948,684	[3] 45,902	[3] 180,350	285	2,691

TABLE 1.—*Yearly volume of mortgages and loans insured by FHA: Face amount of mortgages and net proceeds of loans insured, all titles, 1934–50*—Continued

[Dollar amounts in thousands]

Year	Title VI												Title VIII, Sec. 803 military housing	
	Sec. 603 home mortgages		Section 608 war and VEH rental projects		Sec. 603-610 home mortgages		Sec. 608-610 rental and cooperative projects		Sec. 609 manufactured housing		Sec. 611 site-fabricated homes			
	Number	Amount	Units	Amount	Number	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1941	3, 778	$13, 431												
1942	68, 706	267, 016	4, 295	$15, 423										
1943	113, 650	517, 656	19, 994	83, 908										
1944	100, 320	491, 060	10, 249	48, 920										
1945	50, 244	255, 044	3, 167	16, 011										
1946	14, 034	74, 653	1, 538	10, 665										
1947	64, 570	449, 028	46. 604	350. 912	4	$21								
1948	163, 444	1, 224, 926	77, 818	605, 863	920	3, 390	1, 366	$2, 849	524	$1, 872				
1949	43, 550	336, 321	129, 072	996, 589	1, 249	5. 677	1. 435	3, 608	626	1, 466	275	$1, 650	1, 540	$12, 071
1950	2, 094	16, 005	135, 002	1, 008, 129	604	2, 880	1, 104	1, 868	324	560	473	2, 877	15, 129	123, 052
Total	024, 399	3, 645, 148	[4] 427, 829	[3] 3, 145, 420	2, 777	11, 968	3, 905	8, 325	1, 474	3, 907	748	4, 527	16, 669	135, 123

[1] Includes rental and release clause projects insured under Sec. 210.
[2] Increase in amount of a mortgage insured prior to 1947.
[3] Includes 41,274 units provided in new and rehabilitation projects securing mortgages totaling $169,670,906.
[4] Includes 426,668 units provided in new and rehabilitation projects securing insured mortgages totaling $3,141,711,650.

YEARLY VOLUME OF FHA INSURANCE WRITTEN
1934 - 1950

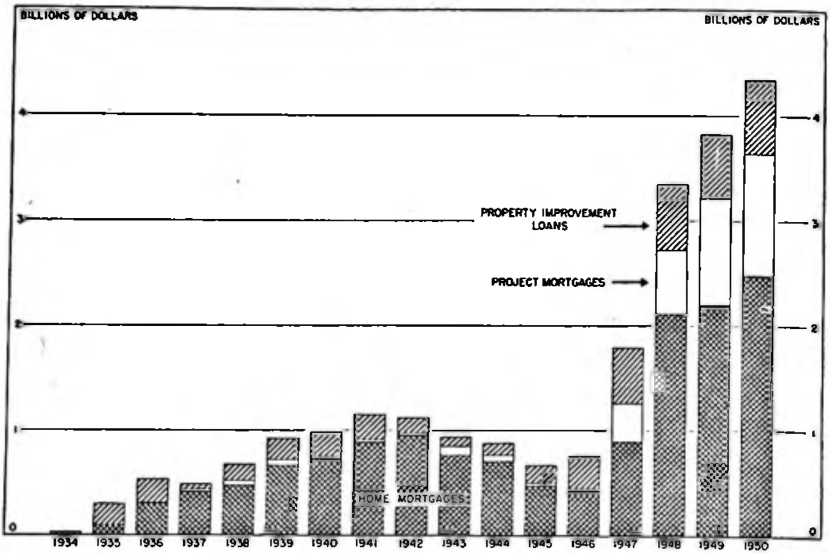
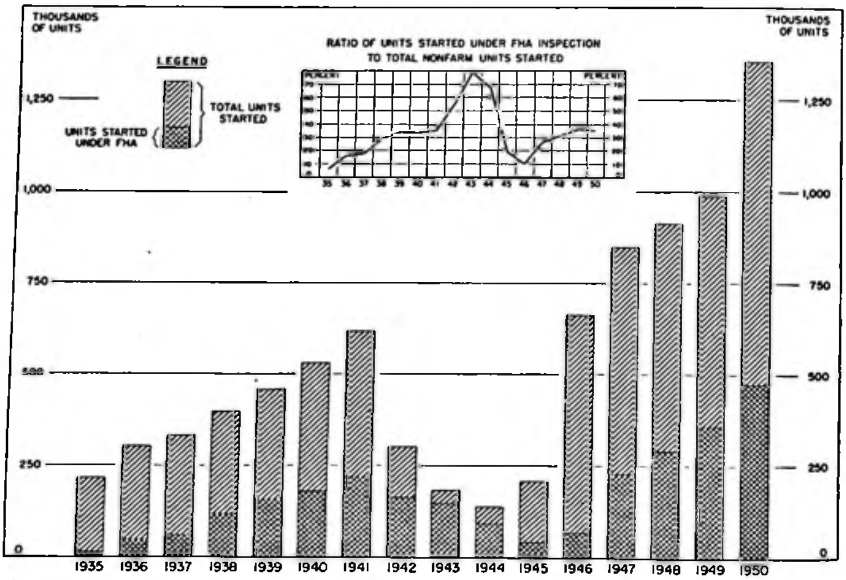


CHART I.

NEW DWELLING UNITS STARTED UNDER FHA INSPECTION
AND TOTAL NUMBER OF NONFARM DWELLING UNITS STARTED *
1935 - 1950



* BASED ON TOTAL PRIVATELY FINANCED NONFARM DWELLING UNITS STARTED AS REPORTED BY THE BUREAU OF LABOR STATISTICS

CHART II.

TABLE 2.—*New dwelling units started under FHA inspection and total number of privately financed nonfarm dwelling units started, 1935–50*

Year	1- to 4-family homes					Rental and cooperative projects					Total FHA units	Total United States units [3]	Percent FHA to total
	Class 3 and Sec. 8 [1]	Sec. 203	Sec. 603	Sec. 611	Total	Sec. 207 [2]	Sec. 213	Sec. 608	Sec. 803	Total			
1935		13, 226			13, 226	738				738	13, 964	216, 000	6. 5
1936		48, 752			48, 752	624				624	49, 376	304, 000	16. 2
1937		56, 980			56, 980	3, 023				3, 023	60, 003	332, 000	18. 1
1938	5, 845	100, 966			106, 811	11, 930				11, 930	118, 741	399, 000	29. 8
1939	10, 783	133, 874			144, 657	13, 462				13, 462	158, 119	458, 000	34. 5
1940	10, 194	166, 451			176, 645	3, 446				3, 446	180, 091	530, 000	34. 0
1941	9, 145	180, 156	27, 790		217, 091	3, 296				3, 296	220, 387	619, 000	35. 6
1942	4, 010	41, 578	114, 616		160, 204	1, 163		4, 295		5, 458	165, 662	301, 000	55. 0
1943	307	338	125, 474		126, 119	41		19, 994		20, 035	146, 154	184, 000	79. 4
1944		208	83, 396		83, 604			9, 655		9, 655	93, 259	139, 000	67. 1
1945		17, 049	21, 848		38, 897	200		2, 062		2, 262	41, 159	208, 000	19. 8
1946		44, 244	22, 878		67, 122	41		1, 870		1, 911	69, 033	662, 000	10. 4
1947	(1)	20, 884	157, 168		178, 052			50, 766		50, 766	228, 818	846, 000	27. 0
1948	(1)	82, 979	130, 464		213, 443			77, 610		77, 610	291, 053	914, 000	31. 8
1949	(1)	241, 559	7, 806	100	249, 465	813		109, 747	268	110, 828	360, 293	989, 000	36. 4
1950	2, 440	324, 937	117	372	327, 866	2, 277	141	132, 461	12, 315	147, 194	475, 060	1, 352, 000	35. 1
Total	42, 724	1, 474, 181	691, 557	472	2, 208, 934	41, 054	141	408, 460	12, 583	462, 238	2, 671, 172	8, 453, 000	31. 6

[1] 1938–43 figures are Class 3 data; 1947–50 Class 3 figures for reactivated program are not available; 1950 figure records Sec. 8 activity only.
[2] Includes rental and release clause projects insured under Sec. 210.
[3] Total number of privately financed nonfarm dwelling units started as reported by the Bureau of Labor Statistics.

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TABLE 3.—*Status of insurance written under all titles: As of Dec. 31, 1950*

[Dollar amounts in thousands]

Status of insurance written	Total all titles, amount	Title I: Classes 1, 2, and 3 loans [1]		Title I: Sec. 8 home mortgages		Title II, Sec. 203 home mortgages	
		Number	Net proceeds	Number	Amount	Number	Amount
Total insured	$22,738,905	11,433,809	$4,645,790	209	$964	2,000,812	$10,948,684
Less: Terminated	8,259,223	8,379,825	2,946,499			880,845	3,972,610
Total in force	14,479,682	3,053,984	1,699,303	209	964	1,119,967	6,976,073
Less: Estimated amount amortized	1,693,619		666,493				745,853
Net balance outstanding	12,786,064	3,053,984	1,032,807	209	964	1,119,967	6,230,221

Status of insurance written	Title II: Sec. 207 rental and cooperative projects [2]		Title II: Sec. 213 cooperative projects		Title VI, Sec. 603 home mortgages [3]	
	Units	Amount	Units	Amount	Number	Amount
Total insured	45,902	$186,350	285	$2,691	627,176	$3,657,117
Less: Terminated	37,252	141,317			235,950	1,122,812
Total in force	8,650	45,033	285	2,691	391,226	2,534,304
Less: Estimated amount amortized		6,130				231,619
Net balance outstanding	8,650	39,903	285	2,691	391,226	2,302,685

Status of insurance written	Title VI: Sec. 608 rental projects [3]		Title VI: Sec. 609 manufactured housing [4]		Title VI: Sec. 611 site-fabricated homes		Title VIII, Sec. 803 military housing projects	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
Total insured	431,734	$3,153,745	1,474	$3,907	748	$4,527	16,669	$135,123
Less: Terminated	14,880	72,251	1,142	3,133	100	600		
Total in force	416,854	3,081,493	332	773	648	3,927	16,669	135,123
Less: Estimated amount amortized		44,455		61		8		
Net balance outstanding	416,854	3,037,039	332	712	648	3,919	16,669	135,123

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

Mortgage Insurance Operations in 1950

The scope of FHA mortgage insurance operations was expanded in the first half of the year by the Housing Act of 1950, which added two new programs—cooperative housing under Section 213, and lower-cost homes under Section 8—and liberalized the provisions of other programs. The chief purpose of the amendments was to encourage the production of housing for middle-income families in accordance with the recommendation made by the President in his State of the Union Message on January 4, 1950, in which he said:

"There is still an acute shortage of housing for the lower- and middle-income groups, especially in large metropolitan areas. To aid middle-income families, I recommend that the Congress enact new legislation authorizing a vigorous program to help cooperatives and other nonprofit groups build housing which these families can afford."

The reduction by FHA in the maximum interest rate on insured mortgages, which became effective with respect to applications received on and after April 24, 1950, also had this purpose in view.

The Housing Act of 1950 was signed by the President on April 20. The new provisions had been in effect less than three months when the midsummer crisis in the international situation caused a change in the outlook for housing, making it desirable to slow down the tremendous volume of homebuilding. The credit restrictions of July 19 and October 12 on mortgages insured by the FHA affected the trend of applications for mortgage insurance but, because of the large volume of outstanding commitments and applications on hand on the effective dates, did not prevent the insurance written during the year from rising to the highest point ever reached, both in dollar amount and in number of mortgages insured.

Throughout the year the FHA continued its efforts to improve the quality and promptness of its service.

Mortgage procedure representatives were appointed in a number of FHA field offices to assist lending institutions in interpreting FHA rules, regulations, policies, and procedures. It is planned eventually to have these representatives in all but the smallest offices.

A number of field offices have held conferences or series of conferences attended by personnel of lending institutions taking part in the FHA program. The meetings have been highly successful in promoting better understanding between these institutions and the FHA of their common objectives and methods.

Early in the year the FHA put into effect in both its Washington and its field offices a management improvement plan for the purpose of reducing costs of operation, improving efficiency of personnel, and eliminating unnecessary work.

A special field committee met in Washington in October 1950 to discuss proposed amendments to FHA procedures.

A series of regional administrative and underwriting conferences was also held during the year.

Approximately 150 proposed special methods of construction were investigated and reported on by FHA engineers during the year.

Some 60 conclusions and recommendations were made following analysis and investigation of proposed use of new construction and finishing materials and household equipment. A similar number of reports were made of new mechanical equipment in the electrical and heating fields. About 100 reports were made on proposed sanitary equipment and improved methods of sewage disposal.

The FHA continued during the year, through its housing market analysis program, to give encouragement to housing market research carried on by local groups having an interest in the orderly compilation and dissemination of pertinent data. In a number of cities the efforts of these groups, which include builders, realtors, lenders, government agencies, universities, and other organizations and individuals, have been consolidated through the formation of local residential research committees that pool statistics and research facilities for the common benefit.

Preparations were made in 1950 for summarizing the characteristics of home mortgage cases insured in individual metropolitan districts, for comparison with 1950 Housing Census information. A similar comparison with 1940 Housing Census statistics was made in the early 1940's in a monograph entitled "FHA Homes in Metropolitan Districts" (now out of print).

The volume of mortgage insurance written during the year under the various provisions of the National Housing Act is summarized in the following paragraphs. More detailed discussions of both volume and characteristics of insured mortgages are given in Section II of this report.

Home Mortgage Insurance

Home mortgages were insured in 1950 under the provisions of Sections 8, 203, 603, and 611 of the National Housing Act.

Section 8, added to the act in April 1950, provides for the insurance of individual mortgages on new single-family homes for families of low and moderate income, particularly in localities where it may not be practicable to obtain conformity with all the requirements essential in urban residential areas. The mortgage amount may not exceed $4,750 when the borrower is the owner-occupant, or $4,250 when the borrower is an operative builder. In addition to broader acceptability with respect to sites, Section 8 differs from Section 203 in permitting the relaxation of certain construction requirements.

From the enactment of Section 8 in April 1950 to the end of the year, 209 mortgages totaling $964,400 were insured under its provisions. Applications received during the year totaled 5,652.

Section 203 contains the original home mortgage insurance provisions of the National Housing Act, as amended by subsequent legislation. Under FHA administrative rules currently in effect, a Section 203 mortgage on a single-family home may not exceed $14,000. The maximum mortgage on a two-family home is limited by the act to $16,000. The Housing Act of 1950 authorized increases to $20,500 and $25,000, respectively, in the maximum amounts of mortgages insured under Section 203 on three- and four-family units.

In 1950 the number of mortgages insured under Section 203 totaled 338,125 in an aggregate amount of $2.5 billion—an increase of 31.2 percent in number and 33.0 percent in amount over the figures for the preceding year. Nearly 65 percent of the 1950 mortgages were on new homes.

Although no new-construction commitments have been issued since April 30, 1948, under the emergency-housing provisions of Section 603, mortgages insured in 1950 under these provisions totaled 2,094 and amounted to over $16 million.

Under Section 603–610 there were 604 mortgages, totaling $2.9 million, insured during the year on one- to seven-family properties sold by the Government.

Mortgages insured under Section 611 on projects of 25 or more site-fabricated single-family homes covered 473 units and amounted to $2.9 million.

Cooperative Housing

From the enactment of Section 213 in April 1950 to the end of the year, the FHA received applications for mortgage insurance totaling nearly $360 million on 303 cooperative projects representing 37,748 dwelling units. As of December 31, 1950, statements of eligibility and commitments of insurance issued totaled $46 million on 33 projects, and 250 projects in the aggregate amount of $299 million were under consideration at the end of the year. Mortgages had been insured on six projects in the total amount of $2.7 million, representing 285 units.

Rental Housing

Mortgages on rental projects were insured in 1950 under the provisions of Sections 207, 608, 608–610, and 803.

Section 207 embodies the long-range rental housing program authorized by the National Housing Act. From August 1948 to April 1950, this section also authorized the insurance of mortgages on cooperative projects. The cooperative provisions were eliminated from Section 207 by the Housing Act of 1950, which provided a broader authorization for cooperative housing insurance under Section 213.

In 1950, mortgages totaling $18.1 million on 2,514 units of housing were insured under the rental and cooperative provisions of Section 207.

Section 608, enacted in 1942, has provided mortgage insurance on rental housing during the war and the postwar housing emergency. Although no applications have been accepted since March 1, 1950, for insurance on new-construction mortgages under this section, the volume of mortgages insured in 1950 was the largest of any year since its enactment, reaching a total of over a billion dollars on 135,092 rental units.

Under Section 608–610, providing for mortgage insurance on specific types of projects sold by the Government, mortgages amounting to $1.9 million on 1,104 units of housing were insured in 1950.

Title VIII, added to the act in August 1949, has been instrumental in providing badly needed housing for military and civilian personnel at installations of the armed services in many parts of the country. Mortgages insured under the provisions of Section 803 of this title in 1950 covered 15,129 units and amounted to over $123 million.

Prefabricated Housing

Section 609 of the National Housing Act authorizes the FHA to insure short-term loans to provide working capital for manufacturers of houses. One loan of this type, in the amount of $275,000 and involving 150 housing units, was insured in 1950.

Section 609 also authorizes the FHA to insure lenders against loss on notes taken from purchasers in part payment for houses the production of which is financed under Section 609. During the year, 174 of these purchasers' loans for $461,000 were insured. Allowance made for amendments in manufacturers' contracts insured in earlier years brought the total insurance written under Section 609 for the year to $569,000.

The manufacturer can file a preliminary application with FHA for review, and, if it appears from this review that satisfactory arrangements can be made leading to a formal commitment, preliminary approval is indicated. An application for insurance can then be filed by an approved lending institution. In 1950, 5 preliminary applications were received, 3 of which resulted in formal applications totaling $450,000 and involving 216 units. One of these, in the amount of $275,000, involving 150 units, was insured in 1950. On another, a commitment was outstanding as of December 31, 1950, while the third remained in the formal application stage at that date. One preliminary application was never brought to a conclusion, and the other was rejected.

From the enactment of Section 609 in June 1947 to the end of 1950, 8 loans aggregating $2.9 million for the manufacture of 1,108 units had been insured. As of December 31, 1950, 3 loans had been repaid, 3 were outstanding, and debentures had been issued on the remaining 2 under the terms of the insurance contracts. Of the 366 purchasers' notes for $960,000 insured under Section 609, 92 notes totaling $254,-000 were still in force at the end of 1950, 210 notes totaling $524,000 had been paid in full, and 64 notes totaling nearly $182,000 had been defaulted and assigned to FHA.

Property Improvement Loans

In 1950 the FHA insured over 1.4 million loans made by private lending institutions to owners of homes, farms, and other properties to finance needed repairs or improvements. The greater number of the loans were for structural alterations, heating and plumbing installations, insulating, and measures to preserve roofs and outside walls of buildings. Other maintenance work such as interior decorating, weatherstripping, and landscaping was also financed.

Scope of Property Improvement Program

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

Type of loan	Type of improvement	Maximum maturity [1]	Maximum amount [2]	Maximum financing charge
Class 1 (a)	Repair, alteration, or improvement of an existing structure.	3 years, 32 days	$2,500	$5 discount per $100 per year.
Class 1 (b)	Alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for 2 or more families.	7 years, 32 days	10,000	$5 discount per $100 per year if $2,500 or less; $4 discount per $100 if in excess of $2,500.
Class 2 (a)	Construction of a new structure to be used exclusively for other than residential or agricultural purposes.	3 years, 32 days	3,000	$5 discount per $100 per year.
Class 2 (b)	Construction of a new structure to be used in whole or in part for agricultural purposes, exclusive of residential purposes.	7 years, 32 days; if secured by first lien, 15 years, 32 days.	3,000	$5 discount per $100 per year; $3.50 discount per $100 if maturity is in excess of 7 years, 32 days.
Class 3 [3]	Construction of a new structure to be used for residential purposes.	20 years, 5 months	4,500	Interest at 4½ percent per year, or equivalent charge on discount basis.

[1] Subject to Regulation W of the Board of Governors, Federal Reserve System.
[2] With respect to any loan applied for on or after Aug. 1, 1950, the borrower is required to make a cash down payment of at least 10 percent of the cost of the improvement.
[3] Discontinued Mar. 1, 1950, by Public Law 475, 81st Cong., approved Apr. 20, 1950.

Application for a Title I loan is made to a lending institution either direct or through a contractor or dealer. The lending institution is responsible for approving the applicant's credit and for using prudent judgment in making the loan.

The Housing Act of 1950 (Public Law 475, 81st Cong., approved April 20, 1950) extended until June 30, 1955, the Commissioner's authority to insure Title I loans. This extension made it possible to amend FHA regulations so that the insurance reserves of insured lending institutions could be placed on a continuing basis in place of the intermittent periodic plan previously used. Under the amended regulations, effective March 1, 1950, each lending institution has until the January 1 or July 1 following the completion of 30 months after the issuance of a contract of insurance to accumulate its insurance reserve equal to 10 percent of the aggregate net amount of loans submitted for insurance, less the amount of claims paid to the institution. At the beginning of this and each subsequent semiannual period thereafter, on January 1 and July 1, the reserve for each lending institution is adjusted by carrying forward four-fifths of its unused reserve outstanding on each such date according to the records of the FHA Commissioner. The payment of any eligible claim to an insured institution is predicated upon and limited to the balance of the institution's unused reserve.

The Housing Act of 1950 also changed the basis for establishing the Commissioner's total liability from a rather complicated formula to a simple limitation of $1,250,000,000 of insured Title I loans which may be outstanding at any one time. The estimated amount of loans outstanding as of December 31, 1950, was $1,032,807,007.

Several amendments to the governing regulations, in addition to the one mentioned above, were put into effect during the year, most of them for purposes of clarification. Three amendments are noteworthy. In July 1950, pursuant to the request of the President that certain administrative actions be taken in order to combat inflation, the Commissioner amended the regulations to provide that, with respect to any property improvement loan for which the application was dated on or after August 1, 1950, the borrower would be required to make a cash down payment of at least 10 percent of the cost of the improvements.

In two other important amendments to the regulations the Commissioner cooperated with the Board of Governors of the Federal Reserve System by providing that Title I property improvement loans must conform to the provisions of Regulations W and X issued by the Federal Reserve Board.

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

Insurance Operations

During 1950, 1,488,651 loans were insured. Total net proceeds of these loans amounted to $700.2 million, which is 15 percent greater than the 1949 total. Since 1934, when Title I property improvement loans were first made, 11,433,809 loans with net proceeds of over $4.6 billion have been insured.

At the close of the year there were about 9,000 financial sources for Title I property improvement loans. These included 6,300 main offices of lending institutions, together with 2,700 branches. Of the 6,300 insured lending institutions 4,400 (excluding branches) made Title I loans in 1950—a slight increase over the number that made such loans in 1949.

Claims and Recoveries

In 1950 the FHA paid 56,453 claims amounting to $18.2 million, which represents an increase of 4 percent over the 1949 dollar amount. Since 1934, 369,382 claims have been paid for a total of $110.4 million. This is 2.38 percent of the total net proceeds of all insured loans, as compared with 2.34 percent at the end of 1949.

The fact that $110.4 million has been paid in claims does not mean that the FHA has sustained a loss in this amount. Recoveries, actual and anticipated, of $58.4 million reduce the claim figure to $51.9 million, which is only 1.12 percent of the net proceeds of all insured loans.

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

Total cash recoveries made in 1950 amounted to $5.2 million, not including $282,243 collected as interest, and represented an increase of 52.6 percent over the $3.4 million of recoveries made in 1949. The direct cost of collections for 1950 was $780,905, an average of 14 cents per dollar recovered. For the year 1949 the average collection cost was 16.3 cents. The cumulative direct collection cost since 1934 is 14.5 cents for each dollar recovered.

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

Financial Position

From the establishment of the Federal Housing Administration in 1934 through June 30, 1950, its gross income from fees, insurance premiums, and income on investments totaled $442,449,821, while operating expenses amounted to $214,947,818. Expenses of administration during the first three fiscal years of its existence, 1935 through 1937, were met from funds advanced through the Reconstruction Finance Corporation by the United States Treasury. During the next three fiscal years, 1938 through 1940, partial payments of operating expenses were met from income. Since July 1, 1940, FHA operating expenses have been paid in total by allocation from its insurance funds.

Gross income during the fiscal year 1950 under all insurance operations of the FHA totaled $86,922,072. Expenses of administering the agency during the fiscal year 1950 amounted to $27,502,044, leaving an excess of gross income over operating expenses of $59,420,028 to be added to the various insurance funds.

Public Law 211, Eighty-first Congress, approved August 8, 1949, amended the National Housing Act by adding a new Title VIII to provide for the insurance of mortgages on military housing, and created a new insurance fund, known as the Military Housing Insurance Fund, to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Title VIII. For the purposes of this fund, the act authorized to be appropriated the sum of $10,000,000, of which $5,000,000 was made available by the Supplemental Appropriation Act, 1950 (Public Law 357, 81st Cong.).

Public Law 475, Eighty-first Congress, approved April 20, 1950, amended the National Housing Act by adding Section 8 to Title I, providing for the insurance of mortgages in amounts up to $4,750 on single-family dwellings, and created an additional insurance fund known as the Title I Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for the purpose of carrying out the provisions of Section 8. For the purposes of this fund, the Commissioner is authorized to transfer the sum of $1,000,000 from the Title I Insurance Fund.

Public Law 475, Eighty-first Congress, further amended the National Housing Act by adding Section 213 to Title II. This section authorizes the Commissioner to insure mortgages which cover property held by nonprofit cooperative ownership housing corporations or trusts, the permanent occupancy of which is restricted to members of such corporations or beneficiaries of such trusts; or nonprofit corporations or trusts organized for the purpose of construction of homes for members of the corporations or beneficiaries of the trusts.

Section 213 operates as a part of the Housing Insurance Fund, which also covers insurance operations under Sections 207 and 210.

At June 30, 1950, the Federal Housing Administration had capital and statutory reserves of $230,200,984. Of this amount, the Government had contributed $67,497,643 and the remaining $162,703,341 had been built up from income. The Government's contribution consisted of $23,000,000 paid-in surplus ($10,000,000 allocation to the Mutual Mortgage Insurance Fund, $5,000,000 to the War Housing Insurance Fund, $1,000,000 to the Housing Investment Insurance Fund, $5,000,000 to the Military Housing Insurance Fund, $1,000,000 allocation from the Mutual Mortgage Insurance Fund to establish the Housing Insurance Fund, and $1,000,000 from the Title I Insurance Fund to establish the Title I Housing Insurance Fund) and $44,497,643 in the form of appropriations for operating expenses and Title I claims in periods prior to the time that such expenditures could be met from FHA income.

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

Title I Insurance Fund	$13,894,163
Title I Housing Insurance Fund	1,021,880
Mutual Mortgage Insurance Fund	133,393,450
Housing Insurance Fund	5,406,438
War Housing Insurance Fund	68,954,025
Housing Investment Insurance Fund	972,848
Military Housing Insurance Fund	5,600,169
Administrative Expense Account	958,011
	$230,200,984

Participation payments from group accounts in the amount of $6,707,409 for 44,066 families financing their homes under the mutual morgtage insurance program of the Federal Housing Administration were made during the fiscal year 1950. The first participation payments were made as of January 1, 1944, and during the 6½ years following that date total payments of $23,297,919 have been made on 251,472 insured loans. The participation shares are paid in connection with home mortgages insured by the Mutual Mortgage Insurance Fund under the provisions of Section 203 of the National Housing Act. To be eligible for a participation payment, a mortgage must be in a group account which has developed a credit balance exceeding all actual and estimated charges, and the loan must have matured or been prepaid in full.

Pursuant to a recommendation made by the General Accounting Office, a separate Audit Division was established as part of the FHA organization on August 4, 1950. This division conducts a continuing independent internal audit of the fiscal accounts of the FHA and also audits the accounts of approved mortgagees not under governmental supervision to determine compliance with the supervision requirements of FHA administrative rules.

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

Publications

The following are the principal new or revised FHA publications issued in 1950. Unless otherwise indicated, they can be obtained, without charge, from the Federal Housing Administration, Washington 25, D. C.

Administrative Rules and Regulations under Section 8 of the National Housing Act.—FHA Form No. 2000, issued April 20, 1950.

Administrative Rules and Regulations for Rental Housing Insurance under Section 608 of the National Housing Act (as amended April 20, 1950).—FHA Form No. 2027, reprinted May 23, 1950, to include all amendments through May 23, 1950.

Administrative Rules and Regulations under Section 611 of the National Housing Act.—FHA Form No. 2900, revised April 20, 1950.

A Guide to Cooperative Housing.—FHA Form No. 3215, issued July 1950.

Amortization and Mortgage Insurance Premium Tables for Mortgages to be Insured under Section 203 of the National Housing Act.—FHA Form No. 2042B, revised April 20, 1950.

Annual Report.—Sixteenth annual report of the Federal Housing Administration; year ending December 31, 1949. Government Printing Office, Washington 25, D. C. 40 cents.

Cooperative Housing Insurance.—Administrative rules and regulations under Section 213 of Title II of the National Housing Act; FHA Form No. 2076, revised May 2, 1950.

Cooperative Housing Insurance.—Amortization and mortgage insurance premium tables for individual mortgages to be insured under Section 213 of the National Housing Act; FHA Form No. 3200. issued April 20, 1950.

Dealer Guide for FHA Title I Loans.—Form FH–30A, revised September 1950. Government Printing Office, Washington 25, D. C. 5 cents.

Insured Mortgage Portfolio (issued quarterly).—Vol. 14, Nos. 3 and 4; Vol. 15, Nos. 1 and 2. Government Printing Office, Washington 25, D. C. Single copy 15 cents, annual subscription 50 cents.

Minimum Requirements for Title I Insured Mortgages under Section 8 of the National Housing Act.—Form FH–810, issued April 1950.

Mortgagees' Handbook.—FHA Form No. 2534, revised January 1950. Government Printing Office, Washington 25, D. C. $4.50.

Multifamily Rental Housing Insurance.—Administrative rules and regulations under Section 207 of Title II of the National Housing Act; FHA Form No. 2012, revised April 20, 1950.

Mutual Mortgage Insurance.—Administrative rules and regulations under Section 203 of the National Housing Act (as amended April 20, 1950); FHA Form No. 2010, reprinted April 24, 1950, to include all amendments through April 24, 1950.

Property Improvement Loans under Title I of the National Housing Act.—Regulations governing Class 1 and 2 loans, including all amendments to July 18, 1950; Form FH-20, reprinted August 1, 1950.

Space and Equipment for Rental Housing.—FHA Form No. 2467. Government Printing Office, Washington 25, D. C. 20 cents.

Tables of Maximum Allowable Spans for Wood Floor Joists, Ceiling Joists, Rafters, in Residential Construction.—FHA Form 2550, revised March 1950.

The FHA Plan of Home Ownership.—FHA Form No. 2098, revised August 1950. (Obsolete.)

Section II

STATISTICS OF INSURING OPERATIONS

A detailed statistical analysis of the insuring operations of the Federal Housing Administration during 1950, as provided for under Titles I, II, VI, VII, and VIII of the National Housing Act, as amended, is presented in this section. There were in operation during the year three major types of FHA programs: (1) Home mortgage insurance under Titles I, II, and VI; (2) rental and cooperative project mortgage insurance under Titles II, VI, and VIII; and (3) property improvement loan insurance under Title I. In addition, a limited amount of activity was reported for the prefabricated house production and interim credit program of Section 609. No activity was reported under the yield insurance provisions of Title VII. The statistics covering each of the three major types of programs are analyzed in Section II, first as to volume of insuring operations and, second, as to characteristics of the individual cases insured.

The relative importance of each of these three FHA programs, based on the dollar volume of insurance written during the year and cumulative from the beginning of operations in 1934 through 1950, is shown below:

Type of insurance	Year 1950		1934–50	
	Billions of dollars	Percent	Billions of dollars	Percent
Home mortgages	$2.5	57	$14.6	64
Rental and cooperative project mortgages	1.2	27	3.5	15
Property improvement loans	.7	16	4.6	21
Total	4.3	100	22.7	100

Of the $4.3 billion of insurance written during the year, 57 percent was written on home mortgages, 27 percent on rental project mortgages, and the remaining 16 percent on property improvement loans. On a cumulative basis, the relative share accounted for by each of these three programs is somewhat different, primarily because the insurance of mortgages secured by rental projects has been of major importance only during recent years. Relative to 1949, the 1950 annual volume of home mortgages insured increased about 10 percent, rental project insurance rose some 20 percent, while property improvement loans increased 15 percent.

Home Mortgage Insurance under Titles I, II, and VI

Home mortgages were insured by the Federal Housing Administration in 1950 under four separate sections of the National Housing Act: Section 203 of Title II, Section 8 of Title I, and Sections 603 and 611 of Title VI. One- to four-family structures are eligible for mortgage insurance under Sections 203 and 603, while one-family properties only are eligible under Sections 8 and 611. In addition, home mortgages financing the sale of certain publicly financed housing involving one- to seven-family dwellings were insured under Section 603 pursuant to the provisions of Section 610 of Title VI.

Volume of Business

Home mortgages insured in 1950 under these five programs (see Table 4) involved mortgage amounts totaling $2,489,000,000. These amounts, advanced by private lending institutions, financed the construction or purchase of 350,000 individual dwelling units. Of the total, $1,633,000,000 financed new homes containing some 224,000 dwelling units; the remainder of $856,000,000 financed 126,000 existing units.

The great bulk of home mortgages insured in 1950, as in 1949, was processed under the long-range Section 203 program.

Of the total new-construction mortgages insured, Section 203 accounted for nearly $1,614,000,000, or 99 percent. The remainder included $15,525,000 in mortgages covered by commitments issued under the Section 603 Veterans' Emergency Housing Program prior to April 30, 1948; $2,877,000 in Section 611 mortgages secured by site-fabricated dwellings; and about $1,000,000 in single-family home mortgages insured under the provisions of Section 8 of Title I. This is the first insurance reported under Section 8, which was added to the National Housing Act by the amendments of April 20, 1950.

Of the existing-construction or refinanced home mortgages insured during the year, Section 203 accounted for $852,000,000 of the $856,000,000 total. The remainder included some $2,880,000 in existing-construction mortgages insured under Section 603 pursuant to Section 610, while the refinancing of previously insured mortgages under Section 603 accounted for $481,000.

Looking down the yearly trend in Table 4, the 1950 volume of new-home mortgage insurance is the largest in the 16-year history of the Federal Housing Administration. The total amount of $1,633,000,000 represents an increase of more than $200,000,000, or 15 percent, over the corresponding figure for the previous record year of 1948. In

TABLE 4.—*Yearly volume of all home mortgages insured by FHA: Number of units and amount of mortgage on new and existing homes, by sections, 1935–50*

[Dollar amounts in thousands]

Year	Grand total,[1] [2] new and existing construction		Total, new [3] construction		Total, existing or refinanced construction	
	Units	Amount	Units	Amount	Units	Amount
1935	25,453	$93,882	5,091	$22,331	20,362	$71,551
1936	83,920	308,945	21,415	95,060	62,505	213,885
1937	110,850	424,373	38,479	168,867	72,371	255,506
1938	116,315	473,246	50,592	227,399	65,723	245,847
1939	160,449	669,416	103,186	461,018	57,263	208,398
1940	173,867	736,490	127,455	561,542	46,412	174,948
1941	208,044	890,139	161,509	707,126	46,535	183,012
1942	230,545	958,461	179,963	750,829	50,582	207,632
1943	189,398	762,170	140,432	552,218	48,966	209,952
1944	157,161	707,437	106,319	483,740	50,842	223,697
1945	103,418	474,344	54,829	257,243	48,589	217,101
1946	85,771	422,009	22,523	120,149	63,248	301,861
1947	150,114	894,716	71,384	476,927	78,730	417,789
1948	318,335	2,108,670	203,978	1,424,614	114,357	684,056
1949	316,497	2,198,212	182,366	1,305,716	134,131	892,496
1950	[3] 350,451	[3] 2,488,780	[3] 224,192	[3] 1,633,091	126,259	855,690
Total	[3] 2,780,588	[3] 14,611,291	[3] 1,693,713	[3] 9,247,873	1,086,875	5,363,419
	New construction					
	Sec. 203		Sec. 603		Sec. 611	
	Units	Amount	Units	Amount	Units	Amount
1935	5,091	$22,331				
1936	21,415	95,060				
1937	38,479	168,867				
1938	50,592	227,399				
1939	103,186	461,018				
1940	127,455	561,542				
1941	157,541	693,695	3,968	$13,431		
1942	104,958	490,044	75,005	260,785		
1943	9,186	45,184	131,246	507,034		
1944	327	1,758	105,992	481,982		
1945	1,585	7,600	53,244	249,643		
1946	11,143	62,969	11,380	57,180		
1947	10,643	69,701	60,741	407,226		
1948	29,348	215,413	174,630	1,209,201		
1949	134,283	968,499	47,808	335,567	275	$1,650
1950	221,381	1,613,725	2,129	15,525	473	2,877
Total	1,026,613	5,704,808	666,143	3,537,574	748	4,527
	Existing or refinanced construction					
	Sec. 203		Sec. 603		Sec. 603-610	
	Units	Amount	Units	Amount	Units	Amount
1935	20,362	$71,551				
1936	62,505	213,885				
1937	72,371	255,506				
1938	65,723	245,847				
1939	57,263	208,398				
1940	46,412	174,948				
1941	46,535	183,012				
1942	49,179	201,401	1,403	$6,230		
1943	46,043	199,330	2,923	10,622		
1944	48,568	214,610	2,274	9,087		
1945	47,284	211,700	1,305	5,401		
1946	58,952	284,388	4,296	17,473		
1947	70,603	375,966	8,119	41,802	8	$21
1948	110,207	664,910	2,080	15,725	1,071	3,390
1949	132,058	886,065	165	754	1,908	5,677
1950	125,186	852,330	136	481	937	2,880
Total	1,059,341	5,243,875	23,610	107,575	3,924	11,968

[1] For yearly volume of home mortgages insured, by sections (total construction), see Table 1.
[2] These totals exclude 46,142 loans aggregating $126,718,000 insured under Class 3 of Title I, since under that program the individual mortgages were not insured.
[3] Includes 200 units for $964,400 insured under Title I, Sec. 8.

terms of the number of new units, the 1950 total of 224,000 represents an increase of 10 percent over the 204,000 insured in 1948. The average mortgage per unit amounted to $7,284 for new-home mortgages insured in 1950.

The $856,000,000 in existing or refinanced home mortgages insured in 1950 represents a decline of 4 percent from the 1949 record total amount, with the number of units declining by approximately 6 percent. The average mortgage amount per dwelling unit for this group of mortgages in 1950 was $6,777.

TABLE 5.—*Disposition of cases closed: 1- to 4-family home mortgage applications closed, Sec. 203, for selected years, 1940–50*

Year	Disposition of cases closed [1] (percentage distribution)				Insured
	Total cases closed	Rejections [2]	Cond'l. commitments expired [2]	Firm commitments expired [2]	
	Total construction				
1940	100.0	18.8	8.2	4.2	68.8
1949	100.0	13.4	15.7	6.3	64.6
1950	100.0	10.4	16.0	10.9	62.7
	New construction				
1940	100.0	15.3	10.1	3.3	71.3
1949	100.0	12.5	14.2	8.9	64.4
1950	100.0	9.5	13.8	13.4	63.3
	Existing construction				
1940	100.0	27.9	3.2	6.3	62.6
1949	100.0	14.2	17.2	3.7	64.9
1950	100.0	12.1	19.9	6.5	61.5

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

Status of processing.—A new peak total of 654,000 home mortgage applications was processed under Section 203 during 1950. Nearly 90 percent resulted in the issuance of commitments for the insurance of mortgages. Table 5 indicates that, of every 100 cases closed through rejection or disposition of commitments during the year, about 10 represented rejected applications, 27 were commitments allowed to expire, and 63 cases—nearly two out of every three—were endorsed for mortgage insurance. Net rejections were slightly higher and insured cases lower for existing-home mortgages than for new homes; however, for both new and existing properties, the rejection experience in 1950 was more favorable than in 1949.

State Distribution

Totals for the year.—More than 147,000 of the home mortgages insured during 1950 were secured by properties located in six States. As Table 6 shows, California had the largest volume—51,700 cases, or 15 percent of the total. It was followed by New York with 25,200 cases, Texas with 22,800, Michigan with 19,300, Washington with 14,200, and Ohio with 14,100—the six-State total representing 43 percent of the volume for the entire country. An indication of the relative volume of each State or of particular areas of the country may be easily obtained from Chart III.

NUMBER OF HOME MORTGAGES INSURED UNDER ALL SECTIONS
1950

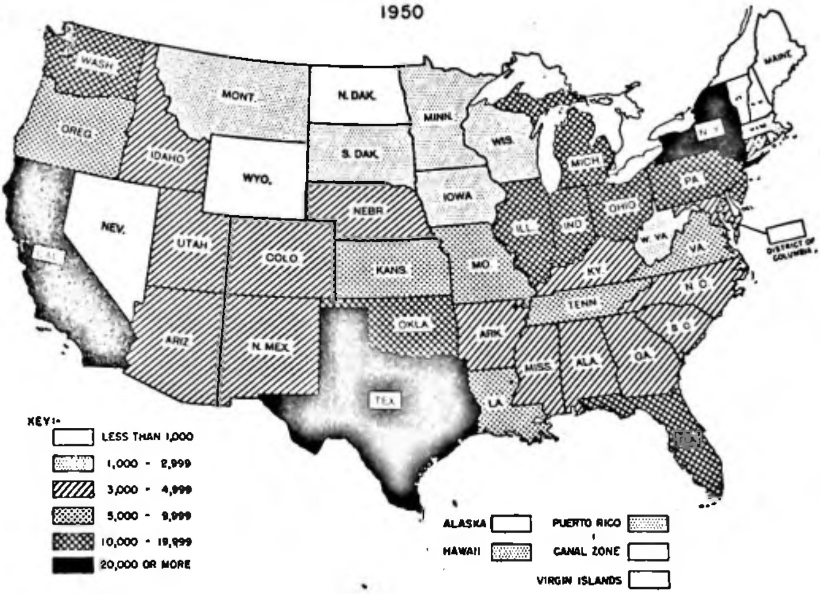

CHART III.

Cumulative totals.—California has been the leading State in number of home mortgages insured from the beginning of operations in 1934 through 1950, with 441,700 mortgages, which represent 17 percent of the national total. Other leading States have been Michigan with 177,500 mortgages, Texas with 163,100, Pennsylvania with 138,300, and New York with 130,100—the five States accounting for 40 percent of all home mortgages insured by the Federal Housing Administration.

Terminations and Foreclosures

The insurance of a mortgage loan by the Federal Housing Administration may be terminated in any one of several ways: The mortgage

TABLE 6.—*State distribution of all home mortgages: Number and face amount of home mortgages insured by FHA, all sections, 1950*

[Dollar amounts in thousands]

State location of property	Total		Sec. 203				Other sections [1]	
			New construction		Existing construction		Total construction	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Alabama	3, 254	$22, 863	2, 080	$14, 821	1, 103	$7, 797	71	$245
Arizona	4, 138	26, 986	3, 269	22, 177	860	4, 767	9	42
Arkansas	4, 087	26, 065	2, 394	15, 976	1, 693	10, 080		
California	51, 727	385, 884	34, 705	260, 996	16, 779	123, 373	243	1, 516
Colorado	4, 119	31, 001	2, 937	22, 537	1, 177	8, 439	5	25
Connecticut	3, 227	26, 942	1, 219	9. 987	1, 986	16. 858	22	97
Delaware	596	4, 322	528	3, 798	68	524		
District of Columbia	411	3, 932	267	2, 479	144	1, 453		
Florida	11, 548	84, 903	10, 080	73, 826	1, 440	10. 803	28	274
Georgia	4, 425	31, 585	2. 926	20, 878	1, 497	10, 694	2	13
Idaho	3, 514	25. 697	2, 054	15, 735	1, 460	9, 962		
Illinois	10, 996	88, 821	5, 362	42, 361	5, 585	40, 079	49	381
Indiana	10, 447	71, 799	6, 807	46, 849	3, 621	24, 807	19	143
Iowa	2. 990	21, 410	1, 408	10, 487	1, 569	10, 879	13	44
Kansas	6, 591	48, 210	4, 463	34. 152	2, 086	13, 768	42	290
Kentucky	3, 850	25, 920	1, 825	11, 900	1, 904	13, 043	121	977
Louisiana	7, 956	60, 391	4, 859	37, 209	3. 038	22, 988	29	194
Maine	919	5, 759	221	1, 562	648	4. 058	50	139
Maryland	4, 078	31, 485	2, 351	18, 521	1, 707	12, 775	20	189
Massachusetts	2, 180	15, 285	914	6, 512	1, 264	8, 758	2	15
Michigan	19, 305	141, 726	10, 921	81, 252	8, 378	60, 434	6	40
Minnesota	2, 717	21, 815	1, 556	12, 540	1. 116	8, 917	45	358
Mississippi	3, 904	23, 499	3, 176	19, 498	725	3, 988	3	12
Missouri	8, 989	70, 084	4, 116	33. 397	4, 861	36, 603	12	84
Montana	1, 178	8, 096	400	3, 051	776	5, 029	2	16
Nebraska	3, 092	21. 765	1, 416	10, 581	1, 646	10, 913	30	271
Nevada	763	6. 529	536	4, 729	227	1, 800		
New Hampshire	320	2, 130	169	1, 173	150	952	1	6
New Jersey	12, 249	91, 891	8, 075	61, 887	4, 128	29, 647	46	357
New Mexico	3, 720	26. 270	3, 309	23, 612	411	2, 658		
New York	25, 231	198, 416	20, 315	161, 447	3, 995	30, 370	921	6. 600
North Carolina	4, 613	30, 705	3, 891	25, 671	721	5, 028	1	6
North Dakota	407	3, 117	223	1, 728	184	1, 389		
Ohio	14, 059	106. 004	8, 288	61, 701	5, 740	44, 064	31	239
Oklahoma	10, 554	72, 837	7, 434	52, 568	3, 088	20, 106	32	163
Oregon	5, 919	41. 696	2, 804	20, 037	3, 027	20, 980	88	680
Pennsylvania	13, 949	100, 310	9, 455	68, 875	3, 415	23, 033	1, 079	8, 403
Rhode Island	324	2, 586	226	1, 769	97	812	1	5
South Carolina	3, 518	16, 536	908	6, 199	2, 610	10, 337		
South Dakota	1, 303	9, 089	616	4, 832	687	4, 257		
Tennessee	6, 372	42, 182	5, 239	34, 947	1, 106	7, 117	27	117
Texas	22, 830	155, 682	17, 030	117, 802	5, 087	37, 268	113	612
Utah	3, 193	24, 623	2, 041	16, 226	1. 121	8, 161	31	237
Vermont	350	2, 438	137	986	213	1, 452		
Virginia	6, 504	45, 869	3, 448	23, 361	3, 017	22, 235	39	273
Washington	14, 181	102, 540	4, 384	32, 284	9, 454	68, 970	343	1, 287
West Virginia	1, 818	12. 883	771	5, 751	1, 017	6, 996	30	136
Wisconsin	2, 747	22, 204	1, 725	13, 553	979	8, 311	43	341
Wyoming	983	6, 647	504	3, 745	478	2, 895	1	8
Alaska	113	1. 310	27	314	86	997		
Hawaii	1, 045	9. 843	594	5, 399	451	4, 444		
Puerto Rico	1, 640	12, 316	1, 096	7, 829	544	4, 488		
Canal Zone								
Virgin Islands	2	21	1	15	1	6		
Total [2]	338, 945	2, 472, 918	215, 530	1, 591. 516	119, 765	856, 571	3, 650	24, 831

[1] Includes 209 mortgages for $964,400 insured under Sec. 8; 2,370 mortgages for $18,135,900 insured under Sec. 603; 598 mortgages for $2,854,300 insured under Sec. 603–610; and 5 site-fabricated home mortgages (473 units) for $2,876,600 insured under Sec. 611.

[2] Cases tabulated in Washington during the period Jan 1, 1950 through Dec. 31, 1950.

TABLE 7.—*State distribution of all home mortgages: Number and face amount of home mortgages insured by FHA under all sections, cumulative through 1950*

[Dollar amounts in thousands]

State location of property	Total		Sec. 203		Sec. 603		Other sections [1]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Alabama	31, 300	$167, 005	21, 628	$116, 288	9, 644	$50, 589	28	$120
Arizona	24, 161	131, 950	17, 032	88, 705	7, 122	43, 215	7	30
Arkansas	26, 852	134, 830	21, 475	108, 798	4, 869	24, 403	508	1, 540
California	441, 725	2, 455, 838	315, 628	1, 712, 713	125, 864	741, 683	233	1, 441
Colorado	28, 537	155, 903	23, 468	126, 564	5, 060	29, 420	--------	--------
Connecticut	20, 421	159, 558	18, 929	122, 603	7, 482	37, 201	10	54
Delaware	5, 697	32, 035	3, 066	17, 414	2, 631	14, 622	--------	--------
District of Columbia	6, 285	44, 579	3, 507	23, 889	2, 778	20, 691	--------	--------
Florida	77, 258	447, 438	50, 411	282, 303	26, 845	165, 125	2	9
Georgia	42, 532	222, 607	20, 216	151, 940	13, 273	70, 519	43	149
Idaho	13, 077	68, 689	12, 549	65, 581	527	3, 104	1	5
Illinois	126, 196	762, 747	104, 308	634, 759	21, 888	127, 988	--------	--------
Indiana	88, 121	468, 742	72, 492	360, 548	15, 607	92, 143	22	51
Iowa	22, 651	117, 249	20, 134	103, 656	2, 515	13, 554	2	10
Kansas	43, 670	233, 881	33, 311	175, 962	10, 329	57, 646	39	273
Kentucky	25, 049	141, 578	20, 311	113, 697	4, 737	27, 874	1	7
Louisiana	44, 459	273, 289	32, 053	197, 501	12, 381	75, 633	25	155
Maine	7, 663	34, 622	6, 373	28, 014	1, 240	6, 470	50	139
Maryland	42, 280	242, 495	27, 885	154, 079	14, 395	88, 416	--------	--------
Massachusetts	15, 415	87, 420	12, 339	70, 145	3, 076	17, 275	--------	--------
Michigan	177, 453	996, 945	136, 174	749, 135	41, 276	247, 793	3	17
Minnesota	20, 053	145, 184	21, 244	113, 224	4, 809	31, 960	--------	--------
Mississippi	19, 676	95, 385	15, 515	72, 447	4, 158	22, 926	3	12
Missouri	65, 758	367, 922	58, 642	329, 232	7, 080	38, 418	36	272
Montana	8, 251	40, 695	7, 916	37, 838	334	2, 849	1	8
Nebraska	23, 265	120, 408	17, 397	88, 887	5, 868	31, 520	--------	--------
Nevada	5, 786	35, 777	3, 863	25, 615	1, 923	10, 162	--------	--------
New Hampshire	3, 764	17, 940	3, 436	15, 822	328	2, 118	--------	--------
New Jersey	111, 747	632, 734	94, 779	524, 703	16, 570	105, 919	398	2, 113
New Mexico	13, 755	81, 800	11, 137	65, 256	2, 618	16, 544	--------	--------
New York	130, 148	800, 180	100, 349	644, 148	22, 899	150, 528	900	5, 505
North Carolina	31, 191	175, 324	22, 361	121, 384	8, 820	53, 933	1	7
North Dakota	2, 085	10, 812	1, 923	9, 677	162	1, 135	--------	--------
Ohio	121, 370	696, 101	96, 598	549, 320	24, 768	146, 746	4	36
Oklahoma	68, 172	374, 280	50, 432	272, 402	17, 705	101, 680	35	199
Oregon	31, 758	175, 642	24, 911	135, 258	6, 845	40, 369	2	11
Pennsylvania	138, 310	722, 829	106, 849	529, 638	31, 443	193, 118	18	7
Rhode Island	5, 605	29, 413	4, 342	22, 683	1, 263	6, 730	--------	--------
South Carolina	22, 985	108, 642	16, 607	74, 505	6, 378	34, 137	--------	--------
South Dakota	7, 520	35, 618	7, 000	32, 179	520	3, 439	--------	--------
Tennessee	50, 377	269, 965	34, 372	173, 616	15, 938	96, 140	67	209
Texas	163, 124	864, 261	111, 020	581, 964	51, 911	281, 263	193	1, 034
Utah	24, 821	133, 338	16, 911	90, 396	7, 908	42, 924	2	18
Vermont	3, 450	15, 277	3, 164	13, 879	283	1, 372	3	27
Virginia	58, 081	328, 714	39, 174	225, 351	18, 788	102, 931	119	431
Washington	103, 677	559, 079	83, 652	452, 447	19, 076	103, 235	949	3, 397
West Virginia	18, 864	98, 932	17, 578	92, 719	1, 286	6, 213	--------	--------
Wisconsin	23, 493	138, 530	19, 050	112, 958	4, 425	25, 510	18	63
Wyoming	8, 680	39, 535	7, 555	32, 953	1, 125	6, 582	--------	--------
Alaska	716	4, 777	715	4, 770	1	7	--------	--------
Hawaii	5, 000	35, 940	4, 456	32, 263	544	3, 677	--------	--------
Puerto Rico	10, 749	59, 939	6, 605	40, 793	4, 144	19, 146	--------	--------
Canal Zone	--------	--------	--------	--------	--------	--------	--------	--------
Virgin Islands	5	45	3	33	2	13	--------	--------
Total [2]	2, 625, 047	14,584,819	1, 997, 845	10,928,682	623, 479	3, 638, 710	3, 723	17, 426

[1] Includes 209 mortgages for $964,400 insured under Sec. 8; 2,766 for $11,935,350 under Sec. 603–610; and 718 units for $4,526,600 in individual home mortgages insured under Sec. 611.
[2] Cases tabulated in Washington through Dec. 31, 1950.

debt may be paid in full either at or prior to maturity; a new FHA-insured mortgage may be placed on the property, superseding the old mortgage; or the mortgage may be foreclosed by the mortgagee if the borrower has defaulted on his contract. In case of foreclosure, the mortgagee may either retain the property and forego the rights to insurance, or transfer title to the Commissioner of the Federal Housing Administration in exchange for debentures and a certificate of claim.

Approximately 132,000 individual loan contracts of home mortgage insurance were terminated in 1950 (Table 9). Of these, 110,580 involved prepayment in full of the mortgage debt; 17,637 were supersessions; 1,219 were cases in which the mortgage was paid in full at maturity; and 2,497 were foreclosures. Of the foreclosed properties, 637 were held by the mortgagees, while 1,860 were transferred to the Federal Housing Administration.

These 1950 terminations—up 50 percent over the 88,000 terminated in 1949—approached in number the record levels of 1946 and 1947 and brought the cumulative total of home mortgage insurance contracts terminated since the beginning of operations in 1935 to slightly under 1,117,000, or about 42 percent of the total number of home mortgages insured during the same period (Table 9). This left 58 percent, or approximately 1,512,000 insured home mortgage contracts in force at the end of 1950. The distribution of mortgages insured, terminated in the various ways described in the preceding paragraphs, and in force at December 31, 1950, is shown in Table 8 for all home mortgage

TABLE 8.—*Disposition of all home mortgages insured by FHA: Number and amount of mortgages insured, terminated, and in force, by sections, cumulative through Dec. 31, 1950*

[Dollar amounts in thousands]

Disposition	Total		Sec. 203		Sec. 603		Other sections [1]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	2,628,945	$14,611,291	2,000,812	$10,948,684	624,300	$3,645,148	3,734	$17,459
Mortgages terminated:								
Prepayments in full	929,939	4,242,777	751,667	3,388,413	178,133	853,619	[2] 139	[2] 745
Prepayments by supersession	165,879	758,753	117,566	541,063	48,311	217,678	[3] 2	[3] 12
Matured loans	5,168	12,236	5,168	12,236				
Mortgages assigned to FHA								
Properties acquired by FHA	12,707	67,069	4,333	21,096	8,374	45,973		
Withdrawals	2,644	12,776	1,685	7,921	959	4,855		
Other terminations	558	2,412	426	1,881	132	531		
Total terminations	1,116,895	5,096,023	880,845	3,972,610	235,900	1,122,656	141	756
Mortgages in force	1,512,050	9,515,269	1,119,967	6,976,073	388,400	2,522,493	3,593	16,703

[1] Includes 209 mortgages totaling $964,400 insured under Sec. 8; 2,777 mortgages totaling $11,968,250 insured under Sec. 603–610; and 8 mortgages (748 units) totaling $4,526,600 insured under Sec. 611.

[2] Includes 39 mortgages totaling $144,050 insured under Sec. 603–610 and 1 mortgage (100 units) for $600,000 insured under Sec. 611.

[3] Includes 2 mortgages totaling $11,500 insured under Sec. 603–610.

sections combined, as well as separately for Sections 203 and 603, under which the great bulk of home mortgage cases have been processed by the Federal Housing Administration.

Yearly trend.—Comparative figures covering the number of terminated cases, the number of titles acquired by mortgagees, and the number of foreclosures in process at the year end are given in Table 9 for each year since 1935. Although the number of terminations in 1950 substantially exceeded the 1949 volume, it is interesting to note that the ratio of terminations during the year to mortgages in force at the beginning of the year was 6.4 percent in 1949 and 8.0 percent in 1950, compared with record ratios of 15.9 and 15.7 percent, respectively, in 1946 and 1947.

A similar comparison may be made for titles acquired by mortgagees under Section 203. Although the number of titles acquired increased in each of the last 4 years from a low of 15 in 1947 to 677 in 1950, the proportion of the cumulative number of insured mortgages represented by these cases has declined for nine consecutive years—from the high of more than one-half of 1 percent in 1940–41 to less than one-third of 1 percent at the end of 1950. Titles acquired during the year by mortgagees represented 0.060 percent in 1950 and 0.014 percent in 1949 of the number outstanding at the beginning of the year. These ratios compare with the much lower ratios of 0.006 percent in 1946 and 0.002 percent in 1947.

Section 203 insured mortgages in process of foreclosure at the year end numbered 502 cases, or 200 more than the corresponding figure for December 31, 1949. In relation to the number of insured mortgages in force, the number of foreclosures in process has increased from 0.01 percent during the war and early postwar years to 0.03 percent at the end of 1949 and 0.04 percent as of December 31, 1950. However, this ratio is still far below the high of 0.18 percent shown in Table 9 for 1938, 1939, and 1940.

Similar comparisons based on the 1949–50 data for Section 603 insured mortgages show the cumulative number of terminated cases increasing from 32 percent to nearly 38 percent, with the number of titles acquired by mortgagees increasing from 1.29 to 1.59 percent. Since any additional insurance under this program will relate only to a small number of refinancing mortgages, this ratio of cumulative terminations can be expected to rise consistently in the future.

The number of foreclosures in process at the year end under Section 603 declined from 979, or 0.23 percent, of the insured mortgages in force at the end of 1949 to 665, or 0.17 percent, at December 31, 1950.

State distribution.—Tables 10 and 11 show for properties located in each State the number of mortgages insured under Sections 203 and 603 through the end of 1950, the number of these insurance contracts

TABLE 9.—*Yearly trend of terminations of all home mortgage insurance contracts: Total terminations, titles acquired by mortgagees, and foreclosures in process under Secs. 203 and 603, 1935–50*

Year	Terminations [1]			Titles acquired by mortgagees [2]			Foreclosures in process as of end of year	
	Number for the year	Cumulative through end of year		Annual increase	Cumulative through end of year		Number	Percent of insured mortgages in force
		Number	Percent of total insured		Number	Percent of total insured		
	Total							
1935	95	95	0.41	2	2	0.01	([3])	([3])
1936	1,362	1,457	1.45	30	32	.03	([3])	([3])
1937	5,065	6,522	3.22	218	250	.12	([3])	([3])
1938	8,871	15,393	4.93	696	946	.30	548	0.18
1939	12,865	28,258	6.07	1,149	2,095	45	808	.18
1940	22,829	51,087	8.06	1,452	3,547	.56	1,046	.18
1941	30,033	81,120	9.70	1,122	4,669	.56	750	.10
1942	38,152	119,272	11.31	573	5,242	.50	690	.07
1943	78,859	198,131	16.23	974	6,216	.51	320	.03
1944	111,802	309,933	22.66	2,791	9,007	.66	820	.08
1945	117,858	427,791	29.20	2,163	11,170	.76	929	.09
1946	177,908	605,699	39.19	838	12,008	.78	100	.01
1947	169,496	775,195	45.95	177	12,185	.72	141	.02
1948	121,306	896,501	45.17	323	12,508	.63	263	.02
1949	88,461	984,962	43.06	1,183	13,691	.60	1,281	.10
1950	[4] 131,933	[5] 1,116,895	42.50	2,610	16,301	.62	1,107	.08
	Sec. 203							
1935	95	95	0.41	2	2	0.01	([3])	([3])
1936	1,362	1,457	1.45	30	32	.03	([3])	([3])
1937	5,065	6,522	3.22	218	250	.12	([3])	([3])
1938	8,871	15,393	4.93	696	946	.30	548	0.18
1939	12,865	28,258	6.07	1,149	2,095	.45	808	.18
1940	22,829	51,087	8.06	1,452	3,547	.56	1,046	.18
1941	30,033	81,120	9.74	1,122	4,669	.56	750	.10
1942	37,340	118,460	12.06	572	5,241	.53	530	.06
1943	75,609	194,069	18.75	133	5,374	.52	164	.03
1944	103,595	297,664	27.52	29	5,403	.50	99	.01
1945	104,879	402,543	35.68	30	5,433	.48	102	.01
1946	123,734	526,277	44.04	41	5,474	.40	59	.01
1947	107,466	633,743	49.83	15	5,489	.43	62	.01
1948	86,293	720,036	51.25	39	5,528	.39	93	.01
1949	63,665	783,701	47.13	119	5,647	.34	302	.03
1950	97,144	[5] 880,845	44.02	677	6,324	.32	502	.04
	Sec. 603 [6]							
1941	----------	----------	----------	----------	----------	----------	----------	----------
1942	812	812	1.12	1	1	([3])	160	0.22
1943	3,250	4,062	2.18	841	842	0.45	156	.09
1944	8,207	12,269	4.28	2,762	3,604	1.20	721	.26
1945	12,979	25,248	7.50	2,133	5,737	1.70	827	.27
1946	54,174	79,422	22.64	797	6,534	1.86	50	.02
1947	62,030	141,452	34.06	162	6,696	1.61	79	.03
1948	35,013	176,465	30.44	284	6,980	1.21	170	.04
1949	24,796	201,261	32.23	1,064	8,044	1.29	979	.23
1950	34,689	[5] 235,950	37.62	1,933	9,977	1.59	665	.17

[1] Includes terminations of mortgage insurance after acquisition of titles by mortgagees.

[2] Includes titles transferred to FHA, those retained by the mortgagees with termination of mortgage insurance, and titles to 306 foreclosed properties under Sec. 203 and 644 foreclosed properties under Sec. 603 which are subject to redemption or held by mortgagees pending final disposition.

[3] Less than 0.005 percent.

[4] Includes 1 mortgage (100 units) insured under Sec. 611, terminated during the year. No terminations of mortgage insurance under Sec. 8 have been reported.

[5] Of the cumulative number of terminated mortgages, FHA refinanced 117,566 Sec. 203 cases and 48,313 Sec. 603 cases. A refinanced mortgage involves the same property covered by the original FHA insurance contract.

[6] Includes Sec. 603–610 cases.

Table 10.—*State distribution of terminations of mortgage insurance contracts and titles acquired by mortgagees: Home mortgages insured by FHA under Sec. 203, 1935–50*

State location of property	Total mortgages insured	Terminations: Number: Total	Terminations: Number: Titles acquired [1]	Terminations: As a percent of mortgages insured: Total	Terminations: As a percent of mortgages insured: Titles acquired	Insured mortgages in force Dec. 31, 1950
Alabama	21,628	7,766	81	35.91	0.37	13,862
Arizona	17,032	5,474	32	32.14	.19	11,558
Arkansas	21,475	6,177	154	28.76	.72	15,298
California	315,628	165,332	453	52.38	.14	150,296
Colorado	23,468	10,410	41	44.36	.17	13,058
Connecticut	18,929	7,129	38	37.66	.20	11,800
Delaware	3,066	1,306	25	42.60	.82	1,760
District of Columbia	3,507	1,901	2	54.21	.06	1,606
Florida	50,411	17,208	196	34.14	.39	33,203
Georgia	29,216	12,003	137	41.08	.47	17,213
Idaho	12,540	4,915	26	39.17	.21	7,634
Illinois	104,308	58,052	216	55.65	.21	46,256
Indiana	72,492	31,374	154	43.28	.21	41,118
Iowa	20,134	9,686	30	48.11	.15	10,448
Kansas	33,311	13,894	364	41.71	1.09	19,417
Kentucky	20,311	7,937	86	39.08	.42	12,374
Louisiana	32,053	9,215	76	28.75	.24	22,838
Maine	6,373	2,726	57	42.77	.89	3,647
Maryland	27,885	13,843	88	49.64	.32	14,042
Massachusetts	12,339	5,958	173	48.29	1.40	6,381
Michigan	136,174	61,580	613	45.22	.45	74,594
Minnesota	21,244	11,730	85	55.22	.40	9,514
Mississippi	15,515	5,627	69	36.27	.44	9,888
Missouri	58,642	24,812	207	42.31	.35	33,830
Montana	7,916	3,622	10	45.76	.13	4,294
Nebraska	17,397	8,039	45	46.21	.26	9,358
Nevada	3,863	1,449	----------	37.51	----------	2,414
New Hampshire	3,436	1,847	64	53.75	1.86	1,589
New Jersey	94,779	43,142	574	45.52	.61	51,637
New Mexico	11,137	2,859	5	25.67	.04	8,278
New York	106,349	37,253	668	35.03	.63	69,096
North Carolina	22,361	8,873	65	39.68	.29	13,488
North Dakota	1,923	1,021	8	53.09	.42	902
Ohio	96,598	51,264	179	53.07	.19	45,334
Oklahoma	50,432	17,252	159	34.21	.32	33,180
Oregon	24,911	9,192	59	36.90	.24	15,719
Pennsylvania	106,849	53,040	245	49.64	.23	53,809
Rhode Island	4,342	2,428	26	55.92	.60	1,914
South Carolina	16,607	4,971	63	29.93	.38	11,636
South Dakota	7,000	3,190	21	45.57	.30	3,810
Tennessee	34,372	13,813	136	40.19	.40	20,559
Texas	111,020	38,397	198	34.59	.18	72,623
Utah	16,911	7,802	38	46.14	.22	9,109
Vermont	3,164	1,796	37	56.76	1.17	1,368
Virginia	39,174	13,991	100	35.72	.26	25,183
Washington	83,652	34,829	127	41.64	.15	48,823
West Virginia	17,578	7,252	23	41.26	.13	10,326
Wisconsin	19,050	10,126	52	53.15	.27	8,924
Wyoming	7,555	4,164	16	55.12	.21	3,391
Alaska	715	330	2	46.15	.28	385
Hawaii	4,456	1,912	----------	42.91	----------	2,544
Puerto Rico	6,605	936	1	14.17	.02	5,669
Canal Zone	----------	----------	----------	----------	----------	----------
Virgin Islands	3	----------	----------	----------	----------	3
United States total	[2] 2,000,812	880,845	[1] 6,324	44.02	.32	[2] 1,119,967

[1] Includes titles transferred to FHA and those retained by the mortgagees with termination of mortgage insurance, and titles to 306 foreclosed properties which are subject to redemption or held by mortgagees pending final disposition.

[2] Includes 2,967 insured cases not yet tabulated by States as of Dec. 31, 1950.

TABLE 11.—*State distribution of terminations of mortgage insurance contracts and titles acquired by mortgagees: Home mortgages insured by FHA under Sec. 603, 1941–50*

State location of property	Total mortgages insured	Terminations				Insured mortgages in force Dec. 31, 1950
		Number		As a percent of mortgages insured		
		Total	Titles acquired [1]	Total	Titles acquired	
Alabama	9,644	4,313	412	44.72	4.27	5,331
Arizona	7,122	988	393	13.87	5.52	6,134
Arkansas	4,869	1,974	34	40.54	.70	2,895
California	125,864	49,471	159	39.31	.13	76,393
Colorado	5,069	1,710	----	33.73	----	3,359
Connecticut	7,482	4,450	1,597	59.48	21.34	3,032
Delaware	2,631	1,806	2	68.64	.08	825
District of Columbia	2,778	966	4	34.77	.14	1,812
Florida	26,845	4,611	213	17.18	.79	22,234
Georgia	13,273	5,474	593	41.24	4.47	7,799
Idaho	527	184	----	34.91	----	343
Illinois	21,888	11,410	9	52.13	.04	10,478
Indiana	15,607	5,649	22	36.20	.14	9,958
Iowa	2,515	1,184	146	47.08	5.81	1,331
Kansas	10,329	4,675	99	45.26	.96	5,654
Kentucky	4,737	1,790	2	37.79	.04	2,947
Louisiana	12,381	5,517	390	44.56	3.15	6,864
Maine	1,240	685	18	55.24	1.45	555
Maryland	14,395	7,093	925	49.27	6.43	7,302
Massachusetts	3,076	1,616	31	52.54	1.01	1,460
Michigan	41,276	14,758	863	35.75	2.09	26,518
Minnesota	4,809	1,726	18	35.89	.37	3,083
Mississippi	4,158	831	1	19.99	.02	3,327
Missouri	7,080	3,400	189	48.02	2.67	3,680
Montana	334	129	----	38.62	----	205
Nebraska	5,868	3,127	126	53.29	2.15	2,741
Nevada	1,923	869	----	45.19	----	1,054
New Hampshire	328	103	27	31.40	8.23	225
New Jersey	16,570	6,426	202	38.78	1.22	10,144
New Mexico	2,618	563	----	21.50	----	2,055
New York	22,890	5,280	382	23.10	1.67	17,010
North Carolina	8,829	2,125	159	24.07	1.80	6,704
North Dakota	162	36	----	22.22	----	120
Ohio	24,768	11,758	109	47.47	.44	13,010
Oklahoma	17,705	6,031	287	34.06	1.62	11,674
Oregon	6,845	2,268	14	33.13	.20	4,577
Pennsylvania	31,443	12,705	33	40.41	.10	18,738
Rhode Island	1,263	617	1	48.85	.08	646
South Carolina	6,378	1,940	81	30.42	1.27	4,438
South Dakota	520	162	----	31.15	----	358
Tennessee	15,938	3,489	147	21.89	.92	12,449
Texas	51,911	16,562	451	31.90	.87	35,349
Utah	7,008	3,652	397	46.18	5.02	4,256
Vermont	283	149	13	52.65	4.59	134
Virginia	18,788	7,902	946	42.06	5.04	10,886
Washington	19,076	10,551	192	55.31	1.01	8,525
West Virginia	1,286	676	279	52.57	21.70	610
Wisconsin	4,425	2,058	4	46.51	.09	2,367
Wyoming	1,125	273	----	24.27	----	852
Alaska	1	1	----	100.00	----	----
Hawaii	544	143	----	26.29	----	401
Puerto Rico	4,144	23	7	.56	.17	4,121
Virgin Islands	2	1	----	50.00	----	1
Total	[2] 624,399	235,909	9,977	37.78	1.60	[2] 388,490

[1] Includes titles transferred to FHA and those retained by the mortgagees with termination of mortgage insurance, and titles to 644 foreclosed properties which are subject to redemption or held by mortgagees pending final disposition.

[2] Includes 920 insured cases not yet tabulated by States as of Dec. 31, 1950.

which had been terminated—with separate identification of those cases in which titles were acquired by the mortgagees—and the number of contracts still in force at the year end.

Of the more than 2,000,000 home mortgages insured under Section 203 through the end of 1950, approximately 881,000, or about 44 percent, had been terminated. For individual States, 11 reported more than 50 percent of their mortgages terminated, while 19 reported less than 40 percent. The instances in which titles had been acquired by the lending institution numbered only about 6,000, or less than one-third of 1 percent of the number of insured mortgages. In only four States did the number of titles acquired exceed 1 percent of the volume of insured mortgages.

About 38 percent of the 624,000 mortgages insured under Section 603 had been terminated by the end of 1950, with mortgagee acquisitions representing about 1.6 percent of the number of insured contracts. Terminations of more than 50 percent were reported by ten States or Territories. Foreclosures of more than 3 percent were reported for 12 States, while 11 States or Territories showed none.

Financial Institution Activity

Lending institutions approved by the Federal Housing Administration may originate FHA-insured loans and hold them to maturity or termination, or may sell them to other approved mortgagees.

Originations and holdings.—Originations of home mortgages during 1950 are shown in Table 12 for each of the several types of lending institutions. The table also indicates the relative holdings of these insured mortgages at the year end by each type of mortgagee.

More than one out of every four home mortgages insured by the FHA in 1950 was originated by one of a group of 477 mortgage companies. These institutions ordinarily originate mortgages for sale to other institutions—generally banks or insurance companies, which commonly arrange servicing contracts with the selling mortgagees.

The second largest originators of FHA-insured mortgages during the year were 410 insurance companies, which accounted for one-fifth of all home mortgages insured during the year. They were followed in order by the more numerous national and State banks, which accounted, respectively, for 15.8 percent and 13.8 percent of the year's business.

The number and amount of the mortgages originated or held by each of these types of lending institutions are shown in Table 12. In comparison with 1949, slightly higher proportions of the 1950 business were reported for State banks, mortgage companies, and savings banks, while the proportions reported for national banks and insurance companies were slightly lower than in 1949.

TABLE 12.—*Types of institutions originating and holding all home mortgages: Number and face amount of home mortgages originated and held under Secs. 203 and 603, 1950*

[Dollar amounts in thousands]

Type of institution as classified Dec. 31, 1950	Number of institutions		Mortgages originated [1]			Mortgages held [2] Dec. 31, 1950		
	Originating	Holding	Number	Amount	Percentage distribution [3]	Number	Amount	Percentage distribution [3]
				Total [4]				
National bank			52,480	$389,119	15.8	278,593	$1,643,490	17.8
State bank			46,054	340,866	13.8	191,639	1,126,791	12.2
Mortgage company			97,373	683,131	27.7	45,950	310,922	3.4
Insurance company			68,391	514,415	20.8	602,941	3,866,700	41.9
Savings and loan association			37,072	265,504	10.8	125,377	777,692	8.4
Savings bank			24,270	188,880	7.6	162,710	1,084,520	11.8
Federal agency						34,513	222,608	2.4
All other [5]			12,614	87,162	3.5	31,570	189,553	2.1
Total			338,263	2,469,077	100.0	1,473,293	9,228,275	100.0
				Sec. 203				
National bank	1,231	2,778	52,213	387,757	15.8	220,389	1,279,310	19.1
State bank	1,409	3,481	45,663	337,888	13.8	153,224	893,215	13.4
Mortgage company	477	505	96,431	676,088	27.6	39,740	274,995	4.1
Insurance company	410	568	68,103	512,116	20.9	424,713	2,711,779	40.5
Savings and loan association	948	1,633	36,710	263,501	10.3	97,567	603,142	9.0
Savings bank	178	311	23,586	183,774	8.0	111,142	725,499	10.8
Federal agency						10,793	60,484	.9
All other [5]	44	151	12,589	86,963	3.6	24,618	146,153	2.2
Total	4,697	9,429	335,295	2,448,087	100.0	1,082,186	6,694,577	100.0
				Sec. 603 [6]				
National bank	24	947	267	1,362	6.5	58,204	364,179	14.4
State bank	25	1,218	391	2,978	14.2	38,415	233,577	9.2
Mortgage company	46	185	942	7,043	33.6	6,210	41,920	1.6
Insurance company	17	267	288	2,299	11.0	178,228	1,154,921	45.6
Savings and loan association	15	673	362	2,003	9.5	27,810	174,550	6.9
Savings bank	16	169	693	5,107	24.3	51,568	359,022	14.2
Federal agency		2				23,720	162,124	6.4
All other [5]	5	47	25	199	.9	6,952	43,400	1.7
Total	148	3,508	2,968	20,990	100.0	391,107	2,533,699	100.0

[1] Cases tabulated in Washington during 1950.
[2] Less than face amount in force, due to lag in tabulation.
[3] Based on amount of mortgage.
[4] Excludes mortgages insured under Secs. 8, 213, and 611.
[5] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[6] Includes mortgages insured under Sec. 603 pursuant to Sec. 610: 598 mortgages for $2,854,300 originated and 2,617 mortgages for $11,206,000 held in portfolio.

Mortgage insurance contracts covering home mortgage loans with original face amounts aggregating more than $9,228,000,000 were in force at the end of 1950. Of this amount, more than 40 percent was in the portfolios of 568 insurance companies. National, State, and savings banks—in that order—were the next largest holders of insured home mortgages, each of these groups accounting for from 12 to 18 percent of the total amount outstanding. Chart IV shows the distributions by type of mortgagee for mortgages originated, purchased, and sold in 1950, together with the face amount of mortgages held at the year end by each of the different types of lending institutions.

Transfers.—Secondary market transfers in 1950 involved the sale and purchase by FHA-approved mortgagees of nearly 202,000 insured home mortgages with original face amounts totaling $1,421,000,000. This was an increase of nearly 30 percent over the amount transferred in 1949. Under Section 203, more than 1,400 institutions purchased from some 1,600 selling institutions about 163,000 mortgages totaling $1,130,000,000; under Section 603, some 400 institutions bought and 500 institutions sold 38,500 mortgages involving $292,000,000. As

TYPE OF INSTITUTION ORIGINATING, TRANSFERRING OR HOLDING HOME MORTGAGES

(BASED ON DOLLAR AMOUNT OF MORTGAGES INSURED UNDER SECTIONS 203,603 AND 603-610)

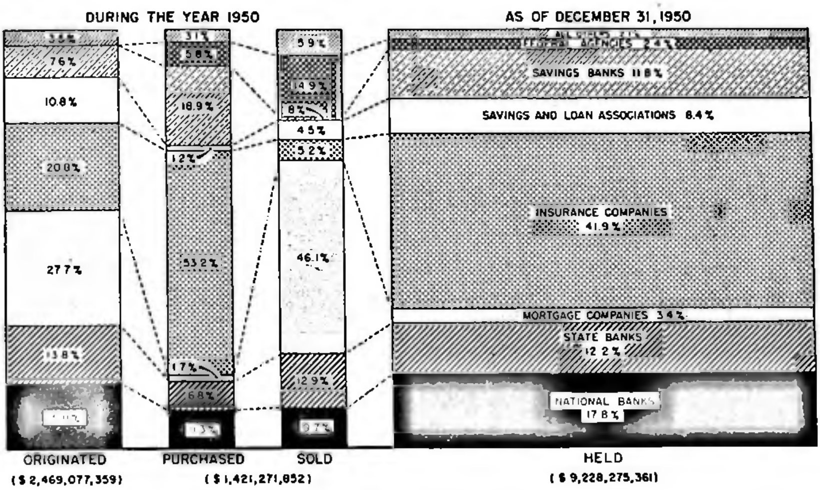

CHART IV.

Table 13 shows, the largest purchasers of both Section 203 and Section 603 mortgages were insurance companies—which accounted for over 50 percent of the total—followed by savings banks and, for Section 203, national banks. The Federal National Mortgage Association purchased 8 percent of the Section 603 mortgages transferred—slightly more than the total for national banks.

Nearly half of the mortgages transferred in 1950 were sold by mortgage companies—55 percent of the Section 203 cases and about 12 percent of the smaller volume of Section 603 cases. They were followed by Federal agencies (i. e., FNMA) which accounted for 15 percent of the total, including only 4 percent of the Section 203 cases but more than 56 percent of the Section 603 cases disposed of, and by State banks with 13 percent.

TABLE 13.—*Types of institutions purchasing and selling all home mortgages: Number and face amount of home mortgages transferred (including resales) under Secs. 203 and 603, 1950*

[Dollar amounts in thousands]

Type of institution as classified Dec. 31, 1950	Number of institutions		Mortgages purchased			Mortgages sold		
	Purchasing	Selling	Number	Amount	Percentage distribution [1]	Number	Amount	Percentage distribution [1]
			Total [2]					
National bank	-------	-------	20, 036	$132, 670	9. 3	19, 030	$137, 502	9. 7
State bank	-------	-------	14, 236	97, 207	6. 8	26, 512	182, 939	12. 9
Mortgage company	-------	-------	3, 562	23, 935	1. 7	93, 673	655, 547	46. 1
Insurance company	-------	-------	105, 570	756, 728	53. 2	10, 606	74, 131	5. 2
Savings and loan association	-------	-------	2, 133	16, 972	1. 2	8, 898	63, 684	4. 5
Savings bank	-------	-------	37, 098	268, 049	18. 9	1, 588	11, 298	. 8
Federal agency	-------	-------	12, 821	82, 432	5. 8	29, 081	211, 591	14. 9
All other [3]	-------	-------	6, 351	43, 271	3. 1	12, 419	84, 580	5. 9
Total	-------	-------	201, 807	1, 421, 272	100. 0	201, 807	1, 421, 272	100. 0
			Sec. 203					
National bank	424	314	16, 974	111, 849	9. 9	15, 868	113, 954	10. 1
State bank	437	390	12, 255	82, 320	7. 3	23, 151	159, 139	14. 1
Mortgage company	75	437	2, 000	12, 721	1. 1	88, 970	619, 476	54. 8
Insurance company	230	235	88, 887	630, 313	55. 8	9, 527	68, 040	6. 0
Savings and loan association	85	158	1, 037	7, 209	. 6	6, 175	42, 038	3. 7
Savings bank	148	30	26, 802	189, 354	16. 8	611	4, 207	. 4
Federal agency	2	2	9, 731	57, 862	5. 1	7, 789	47, 376	4. 2
All other [3]	35	31	5, 613	38, 032	3. 4	11, 208	75, 350	6. 7
Total	1, 436	1, 597	163, 299	1, 129, 669	100. 0	163, 299	1, 129, 669	100. 0
			Sec. 603 [4]					
National bank	90	104	3, 062	20, 829	7. 1	3, 162	23, 548	8. 1
State bank	99	115	1, 981	14, 877	5. 1	3, 361	23, 800	8. 1
Mortgage company	41	162	1, 562	11, 214	3. 8	4, 703	36, 071	12. 4
Insurance company	90	50	16, 683	126, 415	43. 4	1, 079	6, 092	2. 1
Savings and loan association	29	66	1, 096	9, 763	3. 4	2, 723	21, 646	7. 4
Savings bank	63	16	10, 296	78, 695	27. 0	977	7, 001	2. 4
Federal agency	1	2	3, 090	24, 570	8. 4	21, 202	164, 215	56. 3
All other [3]	6	11	738	5, 239	1. 8	1, 211	9, 230	3. 2
Total	419	526	38, 508	291, 603	100. 0	38, 508	291, 603	100. 0

[1] Based on amount of mortgage.
[2] Excludes mortgages insured under Secs. 8, 213, and 611.
[3] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[4] Includes mortgages insured under Sec. 603 pursuant to Sec. 610: 417 mortgages for $1,809,000.

Mortgage Loan Characteristics

About one out of every three new dwelling units placed under construction in the United States in 1950, as in 1949, was started under FHA inspection. Table 3 in Section I of this report indicates that, of the 475,000 FHA units started during the year, nearly 328,000 were in one- to four-family homes and 147,000 were in large-scale rental and cooperative projects.

Approximately 285,000 units in one- to four-family structures started during the latter months of 1949 or in 1950 were completed (received third compliance inspections) under FHA during 1950, with mortgages on 224,000 of these new units being endorsed for FHA insurance in the year.

Characteristics of these insured mortgages and of the properties and borrowers involved are analyzed in detail in the following pages, together with the characteristics of the 126,000 existing-home mortgages insured during the year. (A similar analysis, based on commitments issued during 1950 under the several rental and cooperative housing programs, is presented later in this report.)

Since practically all the home mortgages insured during the year were insured under Section 203, the principal analysis of home mortgages is based on Section 203 cases.[1] This excludes the small volume

TABLE 14.—*Structures and dwelling units: Percentage distribution based on FHA, insured mortgages secured by 1- to 4-family homes, Sec. 203, for selected years-1940–50*

Year	Structures					Dwelling units					Average dwelling units
	1-family	2-family	3-family	4-family	Total	1-family	2-family	3-family	4-family	Total	
	New homes										
1950	99.0	0.9	(1)	0.1	100.0	97.7	1.8	0.1	0.4	100.0	1.01
1949	98.9	1.1	(1)	(1)	100.0	97.7	2.2	(1)	.1	100.0	1.01
1948	98.0	1.7	0.1	.2	100.0	95.6	3.4	.3	.7	100.0	1.02
1946	98.7	1.0	.1	.2	100.0	96.9	2.1	.2	.8	100.0	1.02
1942	99.4	.5	(1)	.1	100.0	98.7	.9	.1	.3	100.0	1.01
1940	99.0	.7	.1	.2	100.0	97.7	1.5	.2	.6	100.0	1.01
	Existing homes										
1950	95.5	4.1	0.2	0.2	100.0	90.1	7.8	0.7	1.4	100.0	1.06
1949	96.1	3.9	(1)	(1)	100.0	92.4	7.4	.1	.1	100.0	1.04
1948	94.4	4.9	.3	.4	100.0	88.6	9.2	.8	1.4	100.0	1.07
1946	93.6	5.8	.3	.3	100.0	87.4	10.9	.7	1.0	100.0	1.07
1944	95.9	3.5	.3	.3	100.0	91.3	6.7	.9	1.1	100.0	1.05
1942	93.2	5.8	.7	.3	100.0	86.1	10.8	1.8	1.3	100.0	1.08
1940	92.7	6.1	.7	.5	100.0	85.0	11.3	1.8	1.9	100.0	1.09

[1] Less than 0.05 percent.

of mortgages insured under Sections 8, 603, 603 pursuant to 610, and 611. As Table 14 shows, 99 percent of the new properties insured under Section 203 in 1950 and over 95 percent of existing properties covered single-family houses. Of the dwelling units securing these mortgages, nearly 98 percent for new properties and 90 percent for existing properties were in single-family dwellings.

Over 96 percent of the new homes and some 98 percent of the existing houses were owner-occupied at the time of mortgage insurance. Landlords building single-family houses accounted for 0.4 percent of

[1] The sample of about 54,000 new-home and 50,000 existing-home mortgages analyzed here was selected from mortgages insured in the first 11 months of 1950 and has been further restricted to mortgages on single-family homes.

the new homes, while builders were the initial mortgagors in 3 percent of these transactions.

The typical new house.—The typical new-home mortgage insured by the Federal Housing Administration in 1950 amounted to $7,101, or $42 less than the comparable figure for 1949. This decrease, coupled with an increase in the average mortgage term from 22.8 years for mortgages insured in 1949 to 24.1 years for the 1950 cases, reduced the typical monthly mortgage payment to $54.31 for principal, interest, FHA mortgage insurance premium, hazard insurance, taxes and special assessments, and any miscellaneous items such as ground rent—a decline of $1.28 from the median of the preceding year.

Securing this typical 1950 mortgage was a new single-family home containing 4.9 rooms with an average floor area of 894 square feet exclusive of space in basement, garage, or attic. This property was typically valued by the FHA Underwriting Division at $8,286, including the house, all other physical improvements, and the market price of an equivalent site, which averaged $1,035. This valuation averaged slightly more than twice the typical mortgagor's effective annual income, which amounted to $3,861.

As shown in Table 15 and Chart V, the typical valuation of $8,286 cited above represents a rather marked decrease from the comparable figures of $8,721 in 1948 and $8,502 in 1949. Especially significant is the downward trend in values from 1949 to 1950 for newly constructed homes. It reflects the growth of FHA's Title II business in the lower-priced housing field. During the war and early postwar years most housing of this type was insured under the provisions of Section 603 which expired April 30, 1948.

Neither this decrease in property valuation nor the slight decrease in typical mortgage amount in 1950 may properly be attributed to the effects of Regulation X or even to the earlier controls instituted by the FHA on July 19 at the direction of the President. These July 19 controls applied only to applications received after July 18, and Regulation X only to those received after October 11, 1950. Since the typical application for the insurance of a new-home mortgage involves a processing time of 2 to 3 weeks prior to commitment, several more weeks to start of construction, an average construction time of 4 months, and another month for closing the mortgage prior to insurance, only very few of the new-home applications filed under the July 19 regulations—and none of those filed under Regulation X—would have reached insured case status prior to November 30, the terminal date for the sample selected for this analysis.

Existing homes.—The typical existing-home mortgage insured in 1950 was the highest in the history of the Federal Housing Administration, the median of $6,801 being $23 above the corresponding figure

TABLE 15.—*Characteristics of mortgages, homes, and mortgagors: Based on FHA-insured mortgages secured by single-family homes, Sec. 203, for selected years, 1940–50*

Year	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes
	Mortgage principal[1]		Duration in years[2]		Loan as a percent of FHA value[3]		1-family as a percent of 1- to 4-family	
1950	$7,101	$6,801	24.1	20.2	85.0	76.4	99.0	95.5
1949	7,143	6,778	22.8	19.8	83.6	76.6	98.9	96.1
1948	7,058	5,969	20.1	19.3	80.1	76.5	98.0	94.4
1946	5,504	4,697	21.0	18.9	84.1	78.6	98.7	93.6
1944	(4)	4,317	(4)	18.0	(4)	78.9	(4)	95.9
1942	4,692	4,076	23.5	18.1	86.7	77.9	99.4	93.2
1940	[2] 4,410	[2] 3,902	[5] 23.0	[5] 17.5	84.8	75.3	99.0	92.7
	Property valuation[1 6]		Market price of site[2 7]		Number of rooms[1 8]		Percent with garages	
1950	$8,286	$8,865	$1,035	$1,150	4.9	5.6	48.7	70.6
1949	8,502	8,700	1,018	1,098	4.9	5.6	49.6	70.4
1948	8,721	7,579	1,049	970	5.4	5.6	55.1	70.5
1946	6,558	5,934	761	833	5.5	5.9	58.1	83.4
1944	(4)	5,484	(4)	924	(4)	[5] 6.3	(4)	84.2
1942	5,368	5,272	635	935	5.5	6.3	70.3	85.5
1940	5,028	4,600	662	948	5.6	6.3	75.6	87.2
	Mortgagor's effective annual income[1 9]		Total monthly payment[1 10]		Payment as a percent of income[3 9 10]		Ratio of property valuation to annual income[3 6 9]	
1950	$3,861	$4,274	$54.31	$56.65	15.8	14.6	2.04	1.92
1949	3,880	4,219	55.59	56.12	16.0	14.8	2.05	1.92
1948	4,000	3,731	58.08	49.76	16.1	14.4	2.04	1.87
1946	3,313	3,101	46.18	40.83	15.3	14.3	1.81	1.71
1944	(4)	3,120	(4)	[5] 40.50	(4)	14.5	(4)	1.64
1942	2,416	2,751	37.46	37.80	16.8	15.1	1.98	1.72
1940	2,416	2,490	[5] 35.15	[5] 34.56	17.2	15.1	1.97	1.70

[1] Data shown are medians.
[2] Data shown are averages (arithmetic means).
[3] Based on arithmetic means.
[4] Data not available.
[5] Estimated.
[6] Includes valuation of the house, all other physical improvements, and land.
[7] Estimated by FHA for equivalent site including street improvements or utilities, rough grading, terracing, and retaining walls, if any.
[8] Excludes bathrooms, toilet compartments, closets, halls, storage, and similar spaces.
[9] Estimated amount of the mortgagor's earning capacity that is likely to prevail during approximately the first third of the mortgage term.
[10] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and miscellaneous items including ground rent if any.

for 1949. Both the average term and the typical mortgage payment for these cases were slightly above their corresponding 1949 levels, the term increasing from 19.8 to 20.2 years and the monthly mortgage payment from $56.12 to $56.65.

Existing properties securing these mortgages were considerably larger than the new homes. As in 1948 and 1949, they typically contained 5.6 rooms; floor area averaged 1,100 square feet in 1950 as compared with 1,091 in 1949.

The median valuation of these homes was $8,865—$165 higher than for 1949 and nearly $600 over the 1950 new-home median of $8,286.

The 1950 median income for purchasers of existing homes was $4,274, or $413 above that of the new-home buyers, with the ratio of

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CHARACTERISTICS OF MORTGAGES, HOMES, AND MORTGAGORS
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES
SECTION 203, FOR SELECTED YEARS 1940 - 1950

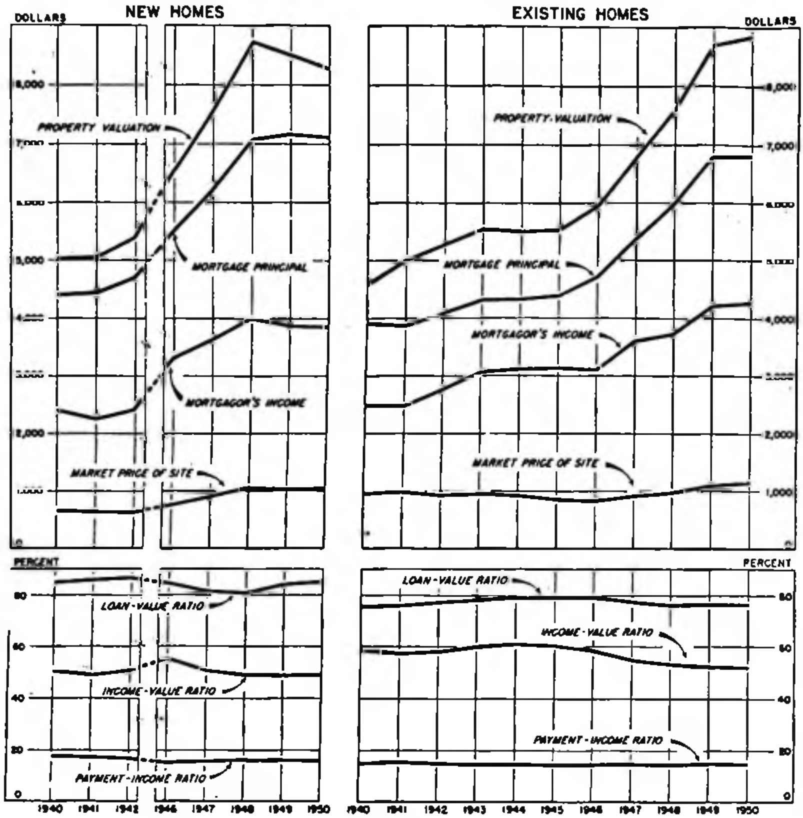

Chart V.

value to income averaging 1.92, as compared with 2.04 for the new-home group.

Also shown in Table 15 are the 1950 averages for other characteristics, with comparative figures for earlier years. The monthly payment expressed as a percent of the borrower's income—typically about 15 percent in 1950—averaged slightly lower than in 1949. Also of interest is the slight decline from 49.6 percent in 1949 to 48.7 percent in 1950, in the proportion of the newly constructed properties which included garage facilities. This decline continued a trend which has been consistently downward throughout the history of the FHA. The proportion of the existing homes with garage facilities increased very slightly to 71 percent in 1950—the first such increase since 1946.

The three ratios shown in the lower section of Chart V are helpful in any evaluation of the marked postwar increases in valuation, mortgage amount, and income shown in the upper portion of the chart. For example, the loan-value ratio for new-home mortgages averaged 85.0 percent in 1950, as compared with 84.1 in 1946; over the same period, the ratio of the borrower's income to FHA valuation declined from an average of 55.3 percent to 49.0 percent, while the ratio of mortgage payment to income increased from 15.3 percent to 15.8 percent.

Amount of mortgage.—Over 60 percent of the new one-family home mortgages insured under Section 203 during 1950 involved amounts of from $6,000 to $7,999—the typical (median) mortgage being $7,101. The fact that one-third of the total were in the $6,000 to $6,999 interval and another 44 percent between $7,000 and $8,999 demonstrates FHA's successful emphasis on lower-cost housing.

Contributing to this concentration in the lower mortgage amounts are the higher ratios of loan to value and the longer mortgage terms permitted under FHA regulations for mortgages of smaller amounts. Although mortgages on new single-family homes were insured during the year up to a maximum amount of $16,000, mortgages in excess of $9,500 were limited to amounts representing 80 percent of the FHA estimate of value and to a maximum mortgage term of 25 years.

Regulations in effect during the early part of the year provided that, when the mortgagor was the owner-occupant of the property, a new-home mortgage of $9,500 or less might be insured on the basis of 90 percent of the first $7,000 of value and 80 percent of additional value up to $11,000, with a maximum term of 25 years. If the mortgage amount did not exceed $6,000, it might represent as high as 95 percent of value and be repaid over a term as long as 30 years.

The amended regulations effective April 20 provided that mortgages involving owner-occupant mortgagors and amounts of $9,450 or less might be insured for a maximum term of 25 years on the basis of 95 percent of the first $7,000 of value and 70 percent of additional value up to $11,000. These amendments also provided that mortgages not exceeding $6,650 might represent up to 95 percent of value and involve terms up to 30 years, with the further provision that the $6,650 limitation might be increased (1) by an additional amount not exceeding $950 for each additional bedroom in excess of two but not in excess of four, and (2) by an additional amount not to exceed $950 in any geographical area where the Commissioner determined that cost levels necessitated such mortgage amounts.

The credit restrictions of July 19 provided that, except for homes located in the territorial possessions of the United States, the maximum insurable mortgage on a single-family home was $14,000 and that each of the percentage limitations mentioned in the preceding paragraph was reduced by 5 percent. These limitations were further modified on October 12 by FHA regulations conforming with the terms of Regulation X, which was imposed by the Federal Reserve Board with respect to home mortgage financing arranged after October 12. As mentioned earlier, very few of the applications for the insurance of new-home mortgages which were submitted under the July 19 regulations and none of those received after October 11 would have reached insured case status by November 30—the terminal date for the sample of insured cases selected for this analysis.

The distributions by mortgage amount for the new- and existing-home mortgages insured in 1950 are shown in Chart VI, and, together with comparable figures for earlier years, in Table 16. Both the $7,101 median and the $7,307 average for new-home mortgages insured in 1950 are slightly lower than the comparable figures for 1949, thus reversing a trend which has been apparent in these distributions since before World War II. These decreases reflect FHA's emphasis on the low-cost housing market, which encouraged an increasing number of builders to enter this field, especially in 1950.

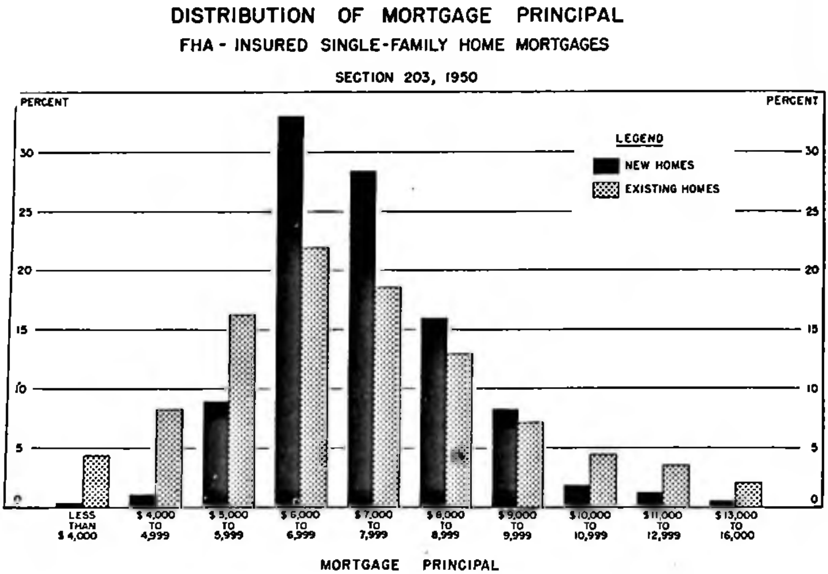

CHART VI.

The mortgages on existing homes which were insured during the year were considerably less concentrated with respect to particular mortgage amount intervals. Although about 57 percent involved amounts of $5,000 to $7,999, it is of interest that nearly 13 percent were for less than $5,000 (compared with only 1.5 percent for new homes), while more than 10 percent were for $10,000 or more, as com-

TABLE 16.—*Amount of mortgage principal: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, for selected years, 1941–50*

Mortgage principal	New homes [1]						Existing homes						
	1950	1949	1948	1946	1942	1941	1950	1949	1948	1946	1944	1942	1941
Less than $2,000	(2)	(2)	(2)	0.1	0.1	0.3	0.2	0.1	0.3	1.0	2.4	2.8	5.2
$2,000 to $2,999	(2)	0.1	0.2	1.1	3.7	8.0	1.2	1.7	1.8	7.6	14.3	18.0	22.4
$3,000 to $3,999	0.4	1.1	1.7	7.1	19.2	28.6	3.0	4.0	7.4	19.2	24.2	26.9	26.4
$4,000 to $4,999	1.1	1.7	7.4	22.6	38.8	31.4	8.3	9.5	17.8	28.9	24.5	24.4	21.4
$5,000 to $5,999	9.0	11.5	16.8	31.4	30.1	21.4	16.3	16.8	23.0	21.3	15.8	13.6	10.9
$6,000 to $6,999	33.0	30.5	21.4	25.0	5.0	5.8	22.0	21.5	20.0	11.0	9.0	6.7	6.1
$7,000 to $7,999	28.4	25.6	18.9	9.5	1.6	2.4	18.6	17.6	12.6	4.7	3.8	2.9	2.6
$8,000 to $8,999	10.0	10.2	19.3	2.4	.8	1.2	13.0	12.2	8.0	2.7	2.1	2.0	1.9
$9,000 to $9,999	8.3	8.2	6.5	.4	.2	.3	7.2	7.0	3.3	1.2	1.1	.8	.9
$10,000 to $10,999	1.9	2.4	3.6	.2	.2	.3	4.5	4.1	2.5	1.1	1.1	.8	1.1
$11,000 to $11,999	.8	1.1	1.8	.2	.1		1.9	1.8	1.0	.2	.3	.2	
$12,000 to $12,999	.5	.7	1.1	(2)	.1	.3	1.7	1.6	.9	.4	.5	.4	1.1
$13,000 to $16,000	.6	.9	1.3	------	.1		2.1	2.1	1.4	.7	.9	.5	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average mortgage	$7,307	$7,315	$7,184	$5,548	$4,670	$4,483	$7,102	$6,969	$6,181	$4,929	$4,686	$4.298	$4,129
Median mortgage	$7,101	$7,143	$7,058	$5,504	$4,692	$4,419	$6,801	$6,778	$5,969	$4,697	$4,317	$4,076	$3,847

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

pared with less than 4 percent of the mortgages on new homes. Both the median and the average for existing-home mortgages were higher this year than for 1949—the typical mortgage increasing from $6,778 to $6,801.

Relationship of mortgage amount to property valuation.—Distributions of mortgage amounts for new- and existing-home mortgages insured during 1950 on homes in various property valuation groups are shown in Table 17. While concentrations of the mortgage amounts at or near the maximum permitted for individual value groups are clearly evident, there are substantial proportions of the cases in which the mortgages involve amounts of from $1,000 to $2,000 below this maximum.

This relationship between the amount of mortgage and statutory maxima for various property valuation groups is better shown in the distribution of loan-value ratios given in Table 18 and Chart VII. These distributions clearly show (1) the concentration of insured cases at or near the maximum ratios permitted for the various value groups, (2) dispersion of a minority of cases among lower than maximum loan-value ratios, and (3) the decline in these ratios which parallels increasing valuations.

Table 19 shows the variations which have occurred in these distributions of loan-value ratios in selected years since 1940. It is of interest that, despite the generally liberalizing changes which have been made in Section 203 since 1940, the typical ratio of loan to value for both new- and existing-home mortgages insured in 1950 was only 1 percent higher than the corresponding 1940 median.

TABLE 17.—*Mortgage principal by ... sed on FHA-insured mortgages secured by single-family homes, Sec. 203, 1950*

FHA property valuation [1]	Percentage distribution	Median mortgage principal	Mortgage principal													
			$2, ...					...00 to $6,999	$7,000 to $7,999	$8,000 to $8,999	$9,000 to $9,999	$10,000 to $10,999	$11,000 to $11,999	$12,000 to $13,999	$14,000 to $16,000	Total
New homes																
Less than $4,000	(2)															
$4,000 to $4,999	0.4	$3,913			54.8	45.2										100.0
$5,000 to $5,999	1.0	5,355			.2	22.3	77.5									100.0
$6,000 to $6,999	18.3	6,254			.1	.8	32.1	67.0								100.0
$7,000 to $7,999	20.8	6,533	(2)	(2)	.2	.7	4.4	83.8	10.9							100.0
$8,000 to $8,999	22.5	7,429	(2)	0.1	.2	.8	2.4	9.4	80.7	0.4						100.0
$9,000 to $9,999	15.9	8,176		.1	.2	.3	1.2	5.4	32.1	60.7						100.0
$10,000 to $10,999	10.0	8,678		.1	.2	.4	1.2	2.3	10.9	51.5	33.4					100.0
$11,000 to $11,999	4.7	9,331			.2	.4	1.1	2.2	6.6	14.8	74.7					100.0
$12,000 to $13,000	3.8	9,941	0.1		.2	.4	.9	1.8	3.8	9.1	35.8	43.4	4.5			100.0
$14,000 to $15,999	1.2	11,456		.2		.2	.7	1.5	2.7	3.0	7.5	14.0	44.4	25.8		100.0
$16,000 or more	.8	13,470			.2		.2	.2	1.2	3.2	2.1	5.8	3.7	45.5	37.9	100.0
Total	100.0	7,101	(2)	(2)	.4	1.1	9.0	33.1	28.5	16.0	8.3	1.9	.7	.7	.3	100.0
Existing homes																
Less than $4,000	1.2	2,542	10.7	72.4	16.0											100.0
$4,000 to $4,999	1.4	3,462	.6	10.9	83.4	5.1										100.0
$5,000 to $5,999	4.2	4,427	.1	2.0	18.1	69.8	10.0									100.0
$6,000 to $6,999	10.7	5,276	(2)	.5	3.3	31.1	54.6	10.5								100.0
$7,000 to $7,999	15.8	5,977	(2)	.2	1.5	6.6	42.6	46.4	2.7							100.0
$8,000 to $8,999	17.1	6,623		.1	.8	2.7	11.5	56.1	28.7	0.1						100.0
$9,000 to $9,999	14.5	7,407		.1	.6	1.6	4.5	17.4	63.4	12.4	(2)					100.0
$10,000 to $10,999	11.4	8,260		.1	.3	1.0	3.2	7.5	22.5	50.4	6.0	(2)				100.0
$11,000 to $11,999	7.6	8,753		(2)	.3	1.0	2.3	3.9	12.2	40.3	40.0	(2)				100.0
$12,000 to $13,999	9.0	9,791			.2	.7	1.1	2.7	4.9	12.7	35.1	30.4	3.2			100.0
$14,000 to $15,999	3.7	11,381		.1	.2	.4	.7	1.1	2.3	4.1	6.8	19.7	38.4	26.2		100.0
$16,000 or more	3.4	13,634		.1		.2	.3	.5	1.0	1.8	1.7	5.1	6.0	40.0	42.7	100.0
Total	100.0	6,801	.1	1.3	3.0	8.3	16.3	22.0	18.6	13.0	7.2	4.5	1.0	2.3	1.5	100.0

[1] Includes valuation of the house, all other physical improvements, and land.
[2] Less than 0.05 percent.

DISTRIBUTION OF LOAN-VALUE RATIO BY PROPERTY VALUATION
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES
SECTION 203, 1950

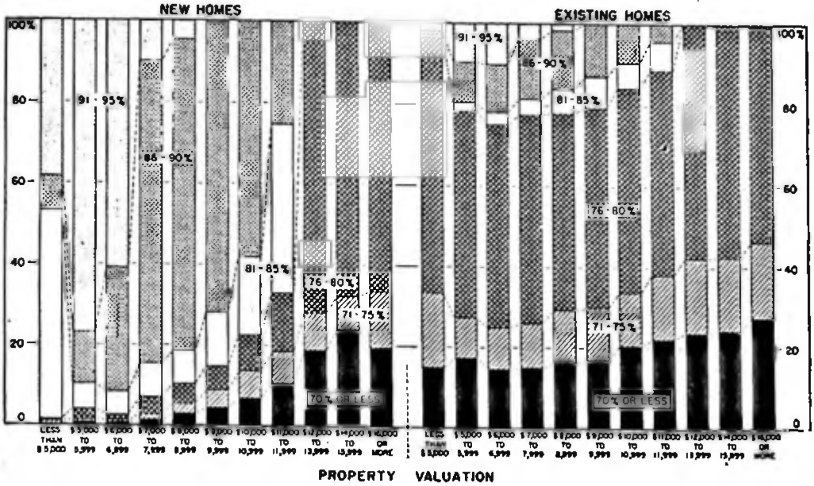

CHART VII.

TABLE 18.—*Ratio of loan to value by property valuation: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, 1950*

FHA property valuation [1]	Percentage distribution	Median loan-value ratio	Ratio of loan to value: 50 percent or less	51 percent to 55 percent	56 percent to 60 percent	61 percent to 65 percent	66 percent to 70 percent	71 percent to 75 percent	76 percent to 80 percent	81 percent to 85 percent	86 percent to 90 percent	Over 90 percent	Total
New homes													
Less than $4,000	(2)	------	------	------	------	------	------	------	------	------	------	------	------
$4,000 to $4,999	0.4	85.6	------	------	------	------	------	0.5	0.5	52.9	7.7	38.4	100.0
$5,000 to $5,999	1.6	92.8	0.2	0.1	------	------	0.4	.5	2.7	6.1	12.7	77.3	100.0
$6,000 to $6,999	18.3	91.9	(2)	.1	0.1	0.1	.2	.5	1.3	5.7	30.6	61.4	100.0
$7,000 to $7,999	20.8	88.3	.2	.1	.2	.3	.4	1.2	4.4	8.2	74.7	10.3	100.0
$8,000 to $8,999	22.5	88.1	.5	.4	.5	.6	.9	2.4	4.9	8.2	76.7	4.9	100.0
$9,000 to $9,999	15.9	87.5	.5	.5	.5	1.3	1.6	4.4	5.9	13.2	72.0	.1	100.0
$10,000 to $10,999	10.0	86.7	1.2	.4	1.0	1.2	2.9	6.8	8.8	19.3	58.3	.1	100.0
$11,000 to $11,999	4.7	83.1	1.6	1.2	1.2	2.3	4.2	7.9	14.4	41.7	25.5	------	100.0
$12,000 to $13,999	3.8	77.5	2.9	1.5	2.2	4.0	8.0	9.2	72.2	------	------	------	100.0
$14,000 to $15,999	1.2	77.3	4.2	2.3	2.3	3.5	11.6	8.2	67.9	------	------	------	100.0
$16,000 or more	.8	77.3	4.0	1.9	3.0	4.2	6.3	13.9	66.7	------	------	------	100.0
Total	100.0	88.0	.6	.4	.5	.9	1.6	3.2	8.8	10.9	57.1	16.0	100.0
Existing homes													
Less than $4,000	1.2	77.4	1.0	1.0	0.6	2.1	4.2	22.7	67.3	0.3	0.5	0.3	100.0
$4,000 to $4,999	1.4	77.3	1.7	1.4	2.8	3.3	11.0	14.5	59.2	.9	1.4	3.8	100.0
$5,000 to $5,999	4.2	78.2	1.5	1.1	1.9	3.3	9.3	10.0	51.0	2.1	9.9	9.9	100.0
$6,000 to $6,999	10.7	78.5	1.3	.9	1.5	2.6	8.2	10.2	50.3	3.0	11.6	10.4	100.0
$7,000 to $7,999	15.8	78.4	1.4	1.1	1.8	2.9	7.7	10.9	51.6	3.8	14.8	4.0	100.0
$8,000 to $8,999	17.1	78.1	1.5	1.1	1.9	3.4	8.1	13.1	48.7	5.9	14.4	1.9	100.0
$9,000 to $9,999	14.5	78.0	1.9	1.4	1.6	3.8	8.2	12.9	49.3	7.6	13.2	.1	100.0
$10,000 to $10,999	11.4	77.6	2.5	1.4	2.9	4.0	9.6	13.2	50.4	6.1	9.9	------	100.0
$11,000 to $11,999	7.6	77.2	3.3	1.7	2.4	5.1	9.6	16.0	50.7	7.0	4.2	------	100.0
$12,000 to $13,999	9.0	76.7	3.3	1.8	3.7	4.7	10.2	18.6	57.7	------	------	------	100.0
$14,000 to $15,999	3.7	76.7	3.6	2.3	3.0	4.8	10.6	18.2	57.5	------	------	------	100.0
$16,000 or more	3.4	76.4	4.5	2.3	3.5	5.8	11.2	18.7	54.0	------	------	------	100.0
Total	100.0	77.8	2.1	1.4	2.2	3.7	8.8	13.5	51.5	4.4	9.8	2.6	100.0

[1] Includes valuation of the house, all other physical improvements, and land.
[2] Less than 0.05 percent.

TABLE 19.—*Ratio of loan to value: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, for selected years, 1940–50*

Ratio of loan to value	New homes[1]						Existing homes						
	1950	1949	1948	1946	1941	1940	1950	1949	1948	1946	1945	1941	1940
50 percent or less	0.6	0.7	1.5	0.6	0.3	0.4	2.1	2.2	2.3	1.3	1.0	1.4	2.3
51 percent to 55 percent	.4	.4	.7	.8	.2	.2	1.4	1.4	1.5	.9	.8	1.2	1.7
56 percent to 60 percent	.5	.7	1.3	.8	.4	.5	2.2	2.4	2.5	1.2	1.3	2.2	3.2
61 percent to 65 percent	.9	1.2	1.9	1.3	.6	.8	3.7	3.5	3.5	2.8	2.2	3.6	4.7
66 percent to 70 percent	1.6	2.4	4.3	3.3	2.0	2.7	8.8	9.5	9.9	5.8	4.9	6.8	8.6
71 percent to 75 percent	3.2	5.3	7.0	4.8	2.6	3.6	13.5	8.7	9.2	8.8	8.6	14.2	16.2
76 percent to 80 percent	8.8	13.3	33.1	11.8	8.8	11.8	51.5	55.1	55.2	60.7	68.8	67.6	63.3
81 percent to 85 percent	10.9	12.0	15.0	14.1	10.8	13.2	4.4	4.4	4.5	3.6	2.3	.7	------
86 percent to 90 percent	57.1	53.2	35.2	62.5	74.3	66.8	9.8	11.8	11.4	14.9	10.1	2.3	------
91 percent to 95 percent	16.0	10.8	------	------	------	------	2.6	1.0	------	------	------	------	------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average loan-value ratio	85.0	83.6	80.1	84.1	85.8	84.8	76.4	76.6	76.5	78.6	79.1	75.9	75.3
Median loan-value ratio	88.0	87.3	81.0	87.0	87.6	87.0	77.8	78.0	77.9	78.4	78.3	79.5	76.8

[1] Data not available for 1943–45.

Property Characteristics

The following pages present a description of new and existing single-family homes securing mortgages insured in 1950 under Section 203. Specific attention is given to value, replacement cost, sale price, room count, and floor area. Their variations are shown, together with such items as amount of mortgage, monthly payment, housing expense, and rental value.

Valuation distribution.—Nearly four out of every five new homes insured by FHA last year had estimated property valuations of from $6,000 to $9,999. These estimates of value include the house, all other physical improvements, and land.

As Table 20 shows, just under 40 percent were valued at from $6,000 to $7,999, with a like proportion between $8,000 and $9,999. The proportion in the $6,000–$8,999 intervals increased from 56.1 percent in 1949 to 61.6 percent in 1950, while the proportion valued at $9,000 or more declined from 40.1 percent to 36.4 in 1950. Homes valued at less than $6,000 declined from 3.8 percent in 1949 to just 2 percent in 1950. The increased importance of the value groups from $6,000 to $8,999 resulted in a significant decline in the median value of new homes from $8,502 in 1949 to $8,286 in 1950.

The distribution of valuation of existing homes insured during the year showed generally smaller change from 1949 than did the new-home distribution. The proportions of existing-home cases in value groups below $9,000 all decreased slightly from 1949 levels, while those

TABLE 20.—*Property valuation: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, for selected years, 1940–50*

FHA property valuation [1]	New homes [2]						Existing homes						
	1950	1949	1948	1946	1942	1940	1950	1949	1948	1946	1944	1942	1940
Less than $2,000	------	------	------	------	(3)	0.1	------	------	(3)	------	0.7	0.4	1.1
$2,000 to $2,999	(3)	------	------	------	0.9	3.1	0.4	0.2	0.2	1.6	4.1	4.9	9.8
$3,000 to $3,999	(3)	------	0.1	2.3	9.5	18.6	.5	1.5	1.2	7.3	13.8	16.6	21.8
$4,000 to $4,999	0.4	1.1	1.0	10.0	26.8	26.8	1.4	2.1	4.7	16.8	20.7	22.1	22.5
$5,000 to $5,999	1.6	2.7	6.7	20.2	33.7	23.6	4.2	5.2	11.7	24.6	20.7	20.8	17.3
$6,000 to $6,999	18.3	18.1	14.1	27.9	20.7	16.5	10.7	11.3	19.0	20.3	16.2	14.9	10.8
$7,000 to $7,999	20.8	18.4	16.0	22.4	4.4	5.7	15.5	15.9	17.9	12.1	9.8	8.3	6.1
$8,000 to $8,999	22.5	19.6	15.7	11.1	1.8	2.6	17.1	17.2	15.1	7.0	5.2	4.3	3.6
$9,000 to $9,999	15.9	16.3	15.6	3.4	.9	1.2	14.5	14.2	10.1	3.4	2.8	2.4	1.9
$10,000 to $10,999	10.0	10.1	11.8	1.5	.5	.7	11.4	10.4	7.1	2.5	1.8	1.8	1.5
$11,000 to $11,999	4.7	5.5	7.1	.5	.2	.3	7.6	7.0	4.2	1.1	1.0	1.0	.9
$12,000 to $13,999	3.8	4.8	7.4	.5	.3	.4	9.0	8.4	4.9	1.8	1.5	1.2	1.3
$14,000 to $15,999	1.2	1.9	2.7	.2	.2	.2	3.7	3.4	1.9	.7	.7	.6	.7
$16,000 or more	.8	1.5	1.8	(3)	.1	.2	3.4	3.2	2.0	.8	1.0	.7	.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average valuation	$8,594	$8,753	$8,965	$6,597	$5,385	$5,199	$9,298	$9,093	$8,075	$6,269	$5,809	$5,568	$5,179
Median valuation	8,286	8,502	8,721	6,558	5,308	5,028	8,865	8,700	7,579	5,934	5,484	5,272	4,600

[1] Includes valuation of the house, all other physical improvements, and land.
[2] Data not available for 1943–45.
[3] Less than 0.05 percent.

for the groups above that figure all increased somewhat. These shifts reflected increases in the median valuation for existing homes from $8,700 in 1949 to $8,865 in 1950, in contrast to the decline in median value for new homes.

A comparison of the 1950 distributions of new- and existing-home values is shown in Chart VIII.

DISTRIBUTION OF PROPERTY VALUATION
FHA - INSURED SINGLE - FAMILY HOME MORTGAGES
SECTION 203, 1950

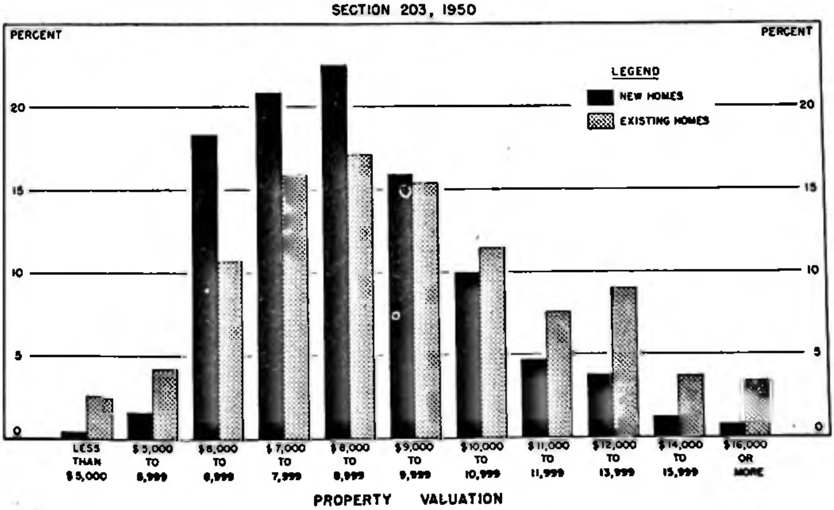

CHART VIII.

Averages by property value groups.—The average characteristics of single-family homes in various FHA value groups in 1950 are presented in Table 21. For new homes, average values in each value group ranged generally from $100 to $500 below the corresponding average replacement cost, with the difference between value and cost rising in the higher-value classes. The replacement-cost estimates include the cost of building and other physical improvements, the cost of land (averaging from $571 in the $5,000 value group to $2,745 for homes in the highest value group), and miscellaneous other allowable costs.

Paralleling the increases in average valuation shown in the table, the average mortgage amount for new homes varied between $3,886 and $13,235, with the median loan-value ratio ranging from 77 percent for properties valued at $14,000 or more to a high of 92.8 percent for properties in the $5,000 to $6,000 value group. The average monthly taxes, monthly mortgage payment, prospective housing expense, and estimated monthly rental value are also shown in Table 21 for properties in the various value groups, together with figures on average number of rooms and floor area. All these factors show consistent increases from lowest to highest value groups. The relationship between estimated valuation and size of structure is discussed in detail in connection with Table 23.

Within the same value groups, average valuations for existing homes are generally lower than those for newly constructed dwellings. As Table 21 shows, a higher proportion of the existing houses is in the upper value groups, evidenced by an average value for existing properties of $9,298—some $700 above the new-home average. Limitation of the loan-value ratios for existing-home transactions to a maximum of 80 percent (except for those instances in which the dwelling was originally constructed under FHA inspection) results in lower average mortgage amounts for existing homes than for new, within respective value groups. With the exception of homes valued at $11,000 or more, monthly mortgage payments and prospective housing expense for existing-home transactions averaged slightly less than those for new homes.

Replacement costs for existing homes covered by the sample were generally considerably higher than for new homes in the same value groups—reflecting primarily the effects of depreciation and obsolescence on the value of homes. While the average replacement costs on new homes varied between $200 and $500 above average valuations, the differential in the case of existing homes averaged over $1,700—ranging from approximately $1,500 for properties in the $9,000 value class to as high as $3,684 in the case of existing homes valued at less than $4,000.

TABLE 21.—*Average characteristics by property valuation: Based on FHA-insured mortgages secured by single-family homes, Sec. 203, 1950*

FHA property valuation [1]	Percentage distribution	Average: Property valuation	Average: Mortgage principal	Average: Market price of site [2]	Average: Replacement cost [3]	Average: Estimated monthly taxes [4]	Average: Total monthly payment [5]	Average: Prospective monthly housing expense [6]	Average: Estimated monthly rental value [7]	Average: Number of rooms [8]	Average: Floor area (square feet) [9]	Average: Mortgagor's monthly income [10]	Median loan-value ratio	Ratio of site to total value	Percentage of structures with garage
New homes															
Less than $4,000	(11)														
$4,000 to $4,999	0.4	$4,375	$3,886	$904	$4,939	4.55	$31.18	$42.41	$41.82	4.5	603	$216.75	85.6	20.7	5.7
$5,000 to $5,999	1.6	5,640	5,212	571	5,808	4.41	38.71	55.97	48.23	4.1	730	262.50	92.8	10.1	7.7
$6,000 to $6,999	18.3	6,490	5,928	731	6,628	5.55	43.54	61.83	54.05	4.2	764	291.98	91.9	11.3	20.0
$7,000 to $7,999	20.8	7,426	6,528	865	7,621	7.11	48.96	69.06	62.15	4.4	816	314.02	88.3	11.6	50.0
$8,000 to $8,999	22.5	8,402	7,232	993	8,695	8.96	54.96	76.72	60.04	4.5	882	343.77	88.1	11.8	54.0
$9,000 to $9,999	15.9	9,383	7,011	1,113	9,721	10.05	60.38	83.07	75.96	4.7	935	367.65	87.5	11.9	52.5
$10,000 to $10,999	10.0	10,360	8,549	1,274	10,675	11.40	65.34	88.88	82.30	4.8	979	403.45	86.7	12.3	50.5
$11,000 to $11,999	4.7	11,272	9,004	1,460	11,633	12.32	69.86	93.98	88.69	5.0	1,066	440.58	83.1	13.0	57.0
$12,000 to $13,999	3.8	12,747	9,601	1,717	13,132	12.77	74.52	90.87	99.14	5.4	1,205	490.23	77.5	13.5	73.0
$14,000 to $15,999	1.2	14,741	10,941	2,060	15,210	14.51	86.97	114.54	114.74	5.7	1,373	578.60	77.3	14.0	84.5
$16,000 or more	.8	17,963	13,235	2,745	18,658	18.18	104.71	134.78	138.15	6.0	1,596	713.33	77.3	15.3	88.2
Total	100.0	8,594	7,307	1,035	8,859	8.73	55.40	76.67	70.02	4.6	894	352.02	88.0	12.0	48.7
Existing homes															
Less than $4,000	1.2	$3,227	$2,471	526	$6,911	2.27	$22.40	$40.65	$30.24	4.4	1,011	$284.43	77.4	16.3	16.3
$4,000 to $4,999	1.4	4,421	3,373	596	7,358	4.16	31.38	50.03	40.65	4.7	923	292.16	77.3	13.5	42.6
$5,000 to $5,999	4.2	5,414	4,265	660	7,662	5.37	36.86	55.94	47.39	4.7	805	294.23	78.2	12.2	49.5
$6,000 to $6,999	10.7	6,410	5,087	755	8,129	6.21	42.53	62.23	55.04	4.8	917	309.86	78.5	11.8	59.6
$7,000 to $7,999	15.8	7,386	5,804	860	8,946	7.32	48.22	68.99	62.50	4.9	954	335.40	78.4	11.6	67.0
$8,000 to $8,999	17.1	8,362	6,505	981	9,872	8.41	53.61	75.53	69.58	5.0	1,008	359.11	78.1	11.7	70.1
$9,000 to $9,999	14.5	9,322	7,178	1,105	10,817	9.37	58.98	81.90	76.60	5.2	1,060	392.84	78.0	11.9	72.4
$10,000 to $10,999	11.4	10,292	7,833	1,233	11,910	10.38	64.37	88.04	83.75	5.4	1,140	420.44	77.6	12.0	75.9
$11,000 to $11,999	7.6	11,293	8,465	1,393	12,850	11.42	69.89	94.00	90.78	5.5	1,206	462.75	77.2	12.3	78.0
$12,000 to $13,999	9.0	12,684	9,386	1,635	14,484	12.75	78.13	103.75	100.85	5.8	1,355	526.84	76.7	12.9	82.5
$14,000 to $15,999	3.7	14,689	10,839	1,997	16,653	14.64	89.93	117.92	115.54	6.1	1,531	628.00	76.7	13.6	85.1
$16,000 or more	3.4	18,240	13,199	2,810	20,957	18.59	111.26	143.86	140.66	6.5	1,835	813.02	76.4	15.4	91.4
Total	100.0	9,298	7,102	1,150	11,014	9.30	58.93	81.66	76.26	5.2	1,100	405.60	77.8	12.4	70.6

[1] Includes valuation of the house, all other physical improvements, and land.
[2] Estimated by FHA for equivalent site as including street improvements or utilities, rough grading, terracing, and retaining walls if any.
[3] Includes adjusted cost of building and other physical improvements, land, and miscellaneous allowable costs.
[4] Includes real-estate taxes, special assessments if any, and water rent provided its nonpayment results in a lien against the property.
[5] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and miscellaneous items including ground rent if any.
[6] Includes total monthly mortgage payment for first year; estimated monthly cost of maintenance; regular operating expense items (water, gas, electricity, fuel); and monthly payment on secondary loan.
[7] Estimated on the basis of typical year-around tenant occupancy, excluding any premium obtainable because of local housing shortages or newness of the individual property.
[8] Excludes bathrooms, toilet compartments, closets, halls, storage, and similar spaces.
[9] Area of spaces in the main building above basement or foundations, measured at the outside surfaces of exterior walls. Garage space and finished spaces in attic are excluded.
[10] Estimated amount of the mortgagor's earning capacity that is likely to prevail during approximately the first third of the mortgage term.
[11] Less than 0.05 percent.

Selling price.—During the last several years there has been increasing interest in the relationships between FHA valuations and the actual selling prices of the houses securing FHA-insured mortgages. Since, during this period of rising prices, actual sale price has generally exceeded the FHA estimate of value, the differential between the two has been an additional charge which the mortgagor was called upon to meet prior to the date of insurance.

Although sale price data are not available for standard annual report tabulations, data on this subject from a special study prepared during 1950 provide the basis for the following discussion. As indicated in Table 22, for new-home mortgages insured in May and June 1950 the ratio of average sale price to average value generally increased with increasing value—ranging from 104 percent for homes

TABLE 22.—*Average sale price and estimated value by property valuation: Based on FHA-insured mortgages secured by new single-family homes, Sec. 203, May and June, 1950*

FHA property valuation [1]	Percentage distribution	Average		Average sale price less value	Ratio sale price to value
		Property [1] valuation	Sale price [2]		
Less than $6,000	1.8	$5,512	$5,820	$308	105.6
$6,000 to $6,999	19.3	6,478	6,752	274	104.2
$7,000 to $7,999	18.7	7,402	7,837	435	105.9
$8,000 to $8,999	21.6	8,419	8,840	421	105.0
$9,000 to $9,999	16.9	9,380	9,845	465	105.0
$10,000 to $11,999	17.0	10,631	11,180	558	105.2
$12,000 to $13,999	3.3	12,700	13,558	858	106.8
$14,000 or more	1.4	15,735	16,905	1,170	107.4
Total	100.0	8,584	9,033	449	105.2

[1] Includes valuation of the house, all other physical improvements, and land.
[2] The price stated in the sales agreement.

valued at $6,000 to $6,999 to 107 percent for homes in the highest value group.

The average sale price of the homes covered by this special study was $9,033, or $449 above the average estimate of value. Among the individual value groups, this differential generally increased with value, varying between $274 and $1,170.

Size of house.—More than half the newly constructed dwellings securing mortgages insured by the FHA in 1950 contained four rooms, exclusive of bathrooms, closets, halls, and similar spaces. This concentration was particularly marked in the lower value groups; for example, over 80 percent of the $5,000–$6,999 homes were in this category (Table 23). The new homes valued at from $9,000 to $13,999 typically contained from five to six rooms, while those valued at $14,000 or more generally contained six rooms or more.

The comparable distribution for existing homes follows the same general pattern just described for new dwellings, with the median

TABLE 23.—*Rooms by property valuation: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, 1950*

FHA property valuation [1]	Percentage distribution	Median number of rooms [2]	Number of rooms [2]					
			Three rooms	Four rooms	Five rooms	Six rooms	Seven to nine rooms	Total
			New homes					
Less than $4,000	[3]	----	----	----	----	----	----	----
$4,000 to $4,999	0.4	5.1	4.5	41.2	53.4	0.9	----	100.0
$5,000 to $5,999	1.6	4.5	4.5	85.4	9.5	.6	----	100.0
$6,000 to 6,999	18.3	4.6	.8	80.3	17.1	1.7	0.1	100.0
$7,000 to $7,999	20.8	4.7	.3	66.5	29.4	3.7	.1	100.0
$8,000 to $8,999	22.5	4.9	.1	57.2	32.3	10.3	.1	100.0
$9,000 to $9,999	15.9	5.1	.1	45.8	39.1	14.8	.2	100.0
$10,000 to $10,999	10.0	5.3	.2	36.1	44.6	18.4	.7	100.0
$11,000 to $11,999	4.7	5.5	.1	27.0	44.8	27.0	1.1	100.0
$12,000 to $13,999	3.8	5.9	.1	10.8	43.8	42.1	3.2	100.0
$14,000 to $15,999	1.2	6.3	.3	4.9	30.1	56.3	8.4	100.0
$16,000 or more	.8	6.4	----	1.4	26.8	48.9	22.9	100.0
Total	100.0	4.9	.4	55.6	31.9	11.5	.6	100.0
Median valuation	----	----	$6,641	$7,833	$8,871	$10,012	$13,717	$8,286
			Existing homes					
Less than $4,000	1.2	4.7	14.8	53.2	10.2	19.9	1.9	100.0
$4,000 to $4,999	1.4	4.9	5.9	46.0	28.1	14.4	5.6	100.0
$5,000 to $5,999	4.2	4.9	3.0	48.4	20.0	14.8	4.8	100.0
$6,000 to $6,999	10.7	5.1	1.3	45.5	33.5	14.2	5.5	100.0
$7,000 to $7,999	15.8	5.2	.6	40.2	37.3	16.2	5.7	100.0
$8,000 to $8,999	17.1	5.4	.4	34.0	38.0	20.9	6.7	100.0
$9,000 to $9,999	14.5	5.6	.2	27.7	39.4	24.3	8.4	100.0
$10,000 to $10,999	11.4	5.8	.3	18.9	40.5	29.4	10.9	100.0
$11,000 to $11,999	7.6	5.9	.2	12.3	38.4	36.6	12.5	100.0
$12,000 to $13,999	9.0	6.3	.3	6.2	30.7	43.1	19.7	100.0
$14,000 to $15,999	3.7	6.5	.4	3.7	20.9	45.8	29.2	100.0
$16,000 or more	3.4	6.8	.4	2.2	13.1	40.9	43.4	100.0
Total	100.0	5.6	.8	28.3	34.9	25.3	10.7	100.0
Median valuation	----	----	$6,130	$7,930	$8,901	$10,124	$10,956	$8,865

[1] Includes valuation of the house, all other physical improvements, and land.
[2] Excludes bathrooms, toilet compartments, closets, halls, storage, and similar spaces.
[3] Less than 0.05 percent.

size for specific value groups generally about one-half room larger and with markedly less concentration of the homes of a given value in particular room count categories. The comparison of the new- and the existing-home distributions may be readily made by referring to Chart IX.

Floor area.—The wide ranges of floor areas (i. e., areas of spaces in the main building above the basement or foundation, measured to the outside surfaces of the exterior walls) for homes of given valuation groups are shown in Table 24. The increasing spread in these areas which accompanies increasing valuations is shown graphically in Charts X and XI.

The relationship between floor area and room count is shown in Table 25, which shows the distributions by number of rooms for homes of varying square-foot area.

DISTRIBUTION OF ROOMS BY PROPERTY VALUATION
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES
SECTION 203, 1950

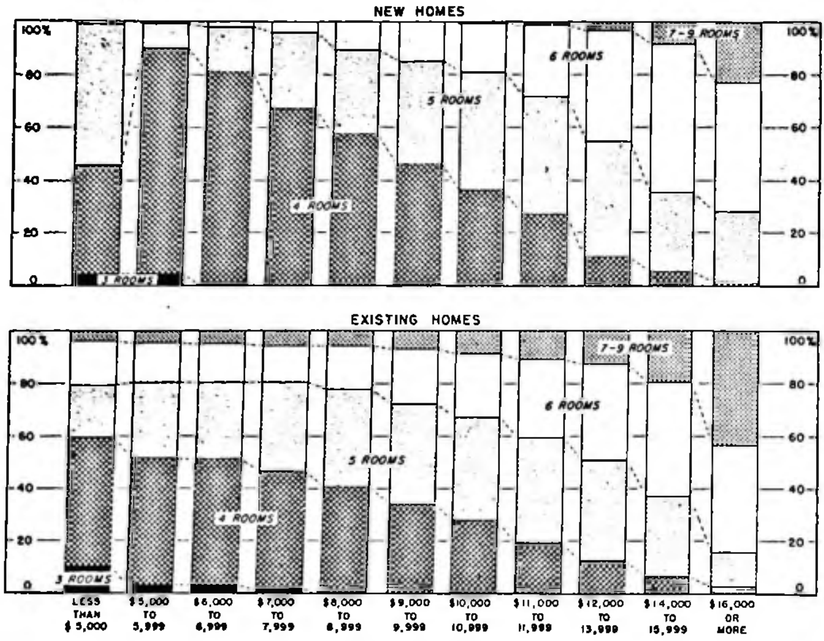

CHART IX.

RANGE OF FLOOR AREAS FOR NEW HOUSES OF DIFFERENT VALUES
(SQUARE FEET IN 50% AND IN 90% OF HOUSES IN EACH FHA VALUATION GROUP)

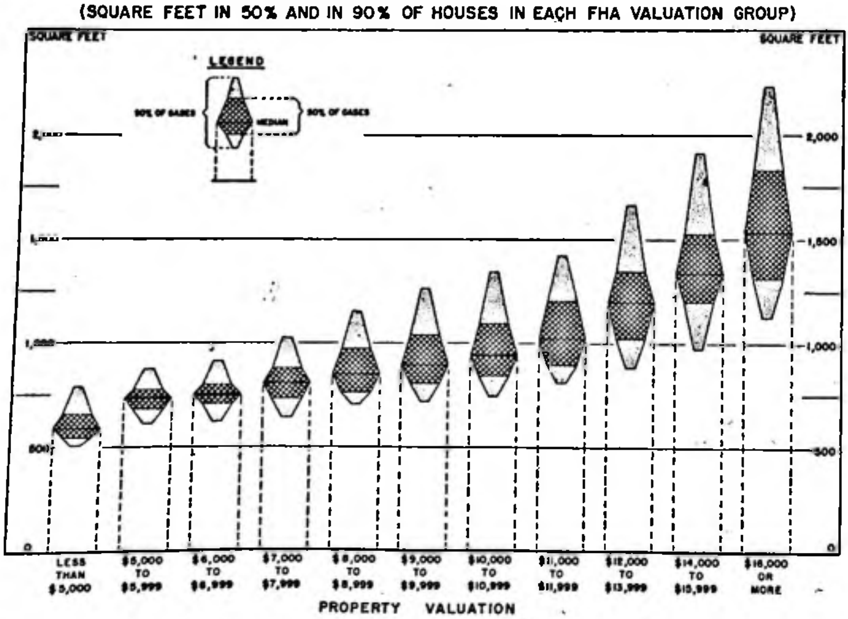

CHART X.

TABLE 24.—*Calculated floor area by FHA valuation: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, 1950*

FHA property valuation [1]	Percentage distribution	Median floor area [2] (square feet)	Calculated floor area [2] in square feet: Less than 600	600 to 699	700 to 799	800 to 899	900 to 999	1,000 to 1,099	1,100 to 1,199	1,200 to 1,399	1,400 to 1,599	1,600 to 1,999	2,000 or more	Total
New homes														
Less than $4,000	(3)	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	100.0
$4,000 to $4,999	0.4	591	55.0	32.7	8.2	2.7	0.5	0.9	-----	-----	-----	-----	-----	100.0
$5,000 to $5,999	1.6	734	1.8	28.1	58.9	8.4	1.8	.6	0.1	0.2	-----	-----	0.1	100.0
$6,000 to $6,999	18.3	753	.8	20.7	53.4	19.6	3.6	1.3	.4	.1	(3)	0.1	(3)	100.0
$7,000 to $7,999	20.8	809	.2	11.8	34.7	35.0	12.0	4.5	1.3	.4	0.1	(3)	(3)	100.0
$8,000 to $8,999	22.5	852	.1	2.6	34.3	25.0	16.9	12.9	5.5	2.4	.1	.1	.1	100.0
$9,000 to $9,999	15.9	894	.1	.9	23.0	27.5	16.1	18.0	7.5	5.7	1.0	.1	.1	100.0
$10,000 to $10,999	10.0	941	.1	.2	11.3	30.6	18.9	14.5	13.2	8.4	2.3	.4	.1	100.0
$11,000 to $11,999	4.7	1,026	(3)	-----	3.0	22.7	20.0	17.0	11.8	20.1	3.9	1.3	.2	100.0
$12,000 to $13,999	3.8	1,200	-----	-----	.2	5.9	15.4	15.4	13.2	33.3	10.7	5.5	.4	100.0
$14,000 to $15,999	1.2	1,340	-----	-----	-----	2.4	3.4	8.1	10.6	30.4	21.7	15.9	1.5	100.0
$16,000 or more	.8	1,535	-----	-----	.2	.2	.7	2.1	7.2	25.8	20.5	31.3	12.0	100.0
Total	100.0	838	.5	7.6	30.6	25.4	13.0	9.0	5.3	5.2	1.5	.8	.2	100.0
Existing homes														
Less than $4,000	1.2	976	2.7	6.5	7.8	11.0	28.8	2.7	18.9	10.4	0.5	0.2	1.5	100.0
$4,000 to $4,999	1.4	847	6.4	16.5	20.6	13.8	9.5	7.3	12.2	6.1	4.1	2.4	1.1	100.0
$5,000 to $5,999	4.2	825	2.3	11.3	31.4	20.0	11.4	6.6	5.3	6.7	2.4	2.0	.6	100.0
$6,000 to $6,999	10.7	848	1.2	7.9	28.8	25.0	12.6	7.4	4.9	6.5	3.0	2.1	.6	100.0
$7,000 to $7,999	15.8	891	.4	5.0	20.6	25.7	17.0	11.1	6.1	7.0	3.9	2.1	.5	100.0
$8,000 to $8,999	17.1	957	.2	3.0	17.8	18.8	18.0	15.6	8.4	9.9	4.5	2.9	.9	100.0
$9,000 to $9,999	14.5	1,009	(3)	1.3	14.4	16.8	16.0	15.4	12.1	13.1	5.7	4.2	1.0	100.0
$10,000 to $10,999	11.4	1,094	.1	.6	7.5	14.0	14.7	13.0	13.6	19.1	8.4	6.1	2.0	100.0
$11,000 to $11,999	7.6	1,167	.1	.2	3.2	10.0	13.7	13.4	12.7	23.7	11.6	8.6	1.9	100.0
$12,000 to $13,999	9.0	1,209	(3)	.2	.8	4.5	8.6	11.5	12.2	24.8	17.4	14.4	5.6	100.0
$14,000 to $15,999	3.7	1,475	.1	.3	.3	1.3	3.5	7.5	7.6	21.5	21.3	24.3	12.3	100.0
$16,000 or more	3.4	1,751	-----	.1	.1	.6	1.3	2.1	3.5	12.4	18.0	31.6	30.3	100.0
Total	100.0	1,006	.5	3.3	14.4	16.6	14.0	11.7	9.3	13.4	7.5	6.4	2.9	100.0

[1] Includes valuation of the house, all other physical improvements, and land.
[2] Area of spaces in the main building above basement or foundations, measured at the outside surfaces of exterior walls. Garage space and finished spaces in attic are excluded.
[3] Less than 0.05 percent.

TABLE 25.—*Number of rooms by calculated floor area: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, 1950*

Calculated floor area [1] (square feet)	Percentage distribution	Median number of rooms	Number of rooms [2]					
			3	4	5	6	7-9	Total
	New homes							
Less than 600	0.5	4.9	20.1	32.9	46.2	0.8	----------	100.0
600 to 699	7.6	4.5	1.3	97.6	.9	.2	(3)	100.0
700 to 799	30.6	4.6	.3	87.7	11.6	.4	(3)	100.0
800 to 899	25.4	4.8	.2	61.7	36.1	2.0	(3)	100.0
900 to 999	13.0	5.3	.2	29.5	60.0	10.1	0.2	100.0
1,000 to 1,099	9.9	5.6	.1	10.6	65.1	24.0	.2	100.0
1,100 to 1,199	5.3	6.0	.1	6.4	42.4	50.6	.5	100.0
1,200 to 1,299	3.2	6.1	.1	3.9	39.9	54.8	1.3	100.0
1,300 to 1,399	2.0	6.3	----------	2.0	30.9	65.3	1.8	100.0
1,400 to 1,499	.9	6.3	.2	3.0	24.1	67.0	5.7	100.0
1,500 to 1,699	.9	6.4	.4	3.9	22.6	59.6	13.5	100.0
1,700 to 1,999	.5	6.7	----------	3.1	10.1	51.4	35.4	100.0
2,000 or more	.2	7.2	1.0	12.1	10.1	23.2	53.6	100.0
Total	100.0	4.9	.4	55.6	31.9	11.5	.6	100.0
	Existing homes							
Less than 600	0.5	4.3	37.5	43.3	13.9	5.3	----------	100.0
600 to 699	3.3	4.6	5.3	77.0	13.7	3.7	0.3	100.0
700 to 799	14.4	4.7	1.2	73.1	21.5	3.8	0.4	100.0
800 to 899	16.5	5.0	.9	49.1	42.6	6.1	1.3	100.0
900 to 999	14.1	5.4	.2	28.1	57.4	12.2	2.1	100.0
1,000 to 1,099	11.7	5.6	.1	13.3	59.0	24.7	2.9	100.0
1,100 to 1,199	9.3	5.9	.2	9.0	45.4	40.6	4.8	100.0
1,200 to 1,299	7.6	6.2	.3	3.1	33.0	55.6	8.0	100.0
1,300 to 1,399	5.8	6.4	(3)	2.0	22.3	62.4	13.3	100.0
1,400 to 1,499	4.3	6.6	.4	1.2	14.1	60.1	24.2	100.0
1,500 to 1,699	5.5	6.8	.3	.7	8.3	52.5	38.2	100.0
1,700 to 1,999	4.1	7.4	.2	1.1	3.3	36.9	58.5	100.0
2,000 or more	2.9	8.2	.5	.8	1.6	13.3	83.8	100.0
Total	100.0	5.6	.8	28.3	35.0	25.3	10.6	100.0

[1] Area of spaces in the main building above basement or foundations, measured at the outside surfaces of exterior walls. Garage space and finished spaces in attic are excluded.
[2] Excludes bathrooms, toilet compartments, closets, halls, storage, and similar spaces.
[3] Less than 0.05 percent.

RANGE OF FLOOR AREAS FOR EXISTING HOUSES OF DIFFERENT VALUES
(SQUARE FEET IN 50% AND IN 90% OF HOUSES IN EACH FHA VALUATION GROUP)

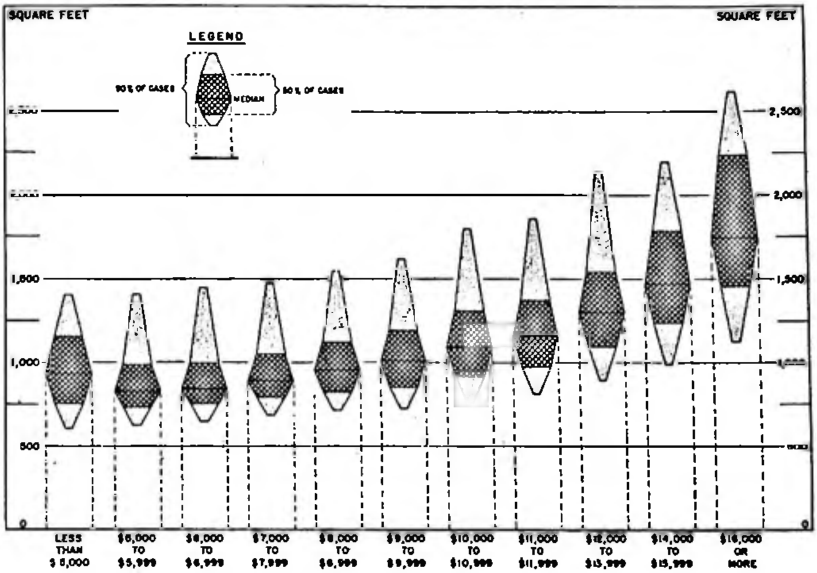

CHART XI.

Mortgagor's Income and Housing Expense

A most important element in any home mortgage transaction is the stability of the income of the mortgagor and the relationship of the stable income to the prospective monthly housing expense, living costs, and other obligations. Prospective monthly housing expense includes payments to mortgage principal and interest, mortgage insurance premium, hazard insurance, taxes and special assessments, ground rent (if any), payment on veteran's guaranteed loan (if any), and maintenance and operating expenses.

In evaluating these elements of risk, the FHA Underwriting Division, through analysis, attempts to estimate the mortgagor's probable earning capacity during the early period of mortgage risk, i. e., the first third of the total term of the mortgage. This estimate is made as to the income of the principal mortgagor and may include under certain conditions the incomes of co-makers and endorsers, if any.

In evaluating the factors of the mortgage credit risk the FHA Underwriting Division gives consideration to the credit reputation of the mortgagor, his motivating interest in the property, his financial ability to close the loan transaction, and the stability and adequacy of his income to meet all his living expenses and obligations, including the prospective monthly housing expenses resulting from the mortgage transaction.

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Annual income distribution.—Table 26 shows the distributions by income groups of buyers of new and existing homes who financed their purchases with Section 203 insured mortgages in 1950, together with comparable data for selected earlier years. The 1950 distributions are shown graphically in Chart XII.

TABLE 26.—*Mortgagor's effective annual income: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, for selected years, 1940–50*

Mortgagor's effective annual income [1]	New homes [2]						Existing homes						
	1950	1949	1948	1946	1942	1940	1950	1949	1948	1946	1944	1942	1940
Less than $1,500	(3)	(3)	(3)	0.2	1.5	5.1	0.1	(3)	0.1	0.3	0.6	1.5	5.2
$1,500 to $1,999	0.2	0.2	0.6	2.7	17.6	23.4	.3	0.3	.9	4.2	5.1	14.0	20.5
$2,000 to $2,499	2.6	2.8	5.2	16.0	37.0	28.3	2.4	2.8	6.5	19.4	26.4	27.9	25.[illegible]
$2,500 to $2,999	9.4	9.2	7.7	15.8	14.7	15.4	6.5	7.1	9.9	14.8	13.7	13.0	13.9
$3,000 to $3,499	21.5	20.5	17.8	19.7	12.8	11.9	15.3	16.0	19.4	19.3	17.1	15.5	11.6
$3,500 to $3,999	21.9	21.7	18.7	17.6	7.0	6.2	18.2	19.2	18.8	14.5	12.8	9.2	6.9
$4,000 to $4,499	13.8	13.3	11.9	8.8	3.0	3.2	12.6	12.4	10.9	7.1	5.6	4.2	4.0
$4,500 to $4,999	10.3	11.2	12.7	7.5	2.2	2.0	11.5	11.7	10.9	6.7	5.9	4.0	3.1
$5,000 to $5,999	9.7	9.1	8.6	4.1	1.5	1.9	11.9	10.6	7.1	4.3	3.3	3.2	3.3
$6,000 to $6,999	5.8	6.4	8.6	4.3	1.3	1.2	9.4	9.1	7.1	4.4	4.1	3.0	2.5
$7,000 to $9,999	4.0	4.4	6.3	2.4	1.0	.9	8.7	8.0	6.2	3.5	3.7	2.8	2.5
$10,000 or more	.8	1.2	1.9	.9	.4	.5	3.1	2.8	2.2	1.5	1.7	1.7	1.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average income	$4,213	$4,285	$4,404	$3,619	$2,721	$2,665	$4,837	$4,742	$4,305	$3,640	$3,539	$3,229	$3,012
Median income	3,861	3,880	4,000	3,313	2,416	2,416	4,274	4,219	3,731	3,101	3,120	2,751	2,400

[1] Estimated amount of the mortgagor's earning capacity that is likely to prevail during approximately the first third of the mortgage term.
[2] Data not available for 1943–45.
[3] Less than 0.05 percent.

DISTRIBUTION OF MORTGAGOR'S EFFECTIVE ANNUAL INCOME

FHA-INSURED SINGLE-FAMILY HOME MORTGAGES

SECTION 203, 1950

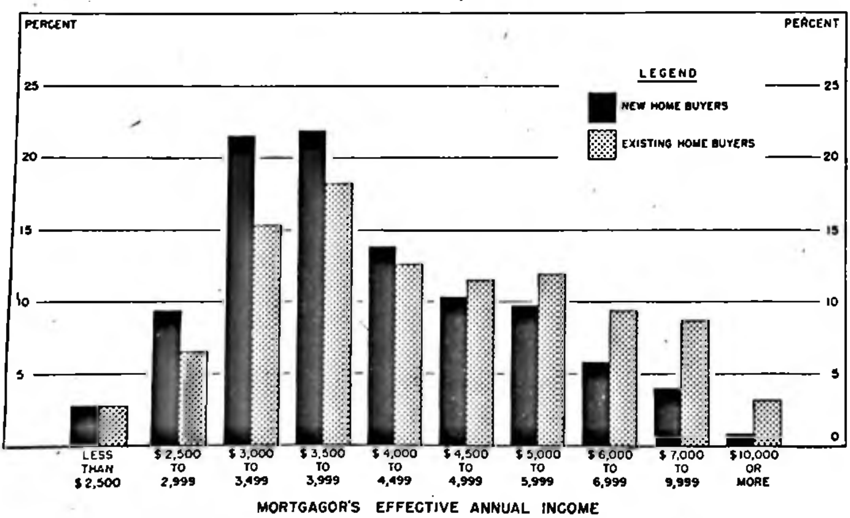

CHART XII.

The typical effective income of this group of new-home buyers was $3,861, a slight decrease from $3,880 in 1949.

Of the 1950 new-home mortgagors, approximately one-third had incomes below $3,500, another third were in the group from $3,500 to $4,499, while the highest third had incomes of $4,500 or more. Only 1 in 8 had an income of less than $3,000; 1 in 10 an income of $6,000 or more.

The median income of purchasers of existing homes was $4,274, or $55 higher than the 1949 median. This was a much smaller increase than has marked most years since the war. This distribution differs somewhat from that for new-home buyers. While nearly one-third of the existing-home buyers had incomes of from $3,500 to $4,499, only one-fourth received less than $3,500 and 45 percent were in the $4,500-or-more group. Nearly 10 percent were in the $6,000 bracket, and about 12 percent had effective incomes of $7,000 or more.

Monthly payment distribution.—All FHA-insured home mortgages provide for repayment on a monthly basis over the mortgage term. The mortgagor makes a single payment to the mortgagee each month. This monthly mortgage payment constitutes the major portion of the recurring charges against the home owner during the amortization period. It covers payments at a fixed amount each month to principal and interest. Also included is one-twelfth of the amount required each year to cover FHA mortgage insurance premium, hazard insurance, taxes and special assessments, and any miscellaneous items such as ground rent.

TABLE 27.—*Total monthly mortgage payment: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, for selected years, 1941–50*

Total monthly mortgage payment [1]	New homes [2]						Existing homes						
	1950	1949	1948	1946	1942	1941	1950	1949	1948	1946	1944	1942	1941
Less than $25.00	0.1	0.1	0.2	1.3	5.6	11.0	1.2	1.5	1.2	5.5	8.0	10.5	15.8
$25.00 to $29.99	.1	.1	.7	4.1	10.9	17.1	1.1	1.5	3.0	9.0	11.8	13.8	15.2
$30.00 to $34.99	.6	.6	2.6	11.3	20.5	21.1	2.3	2.8	6.5	16.0	16.1	16.7	16.3
$35.00 to $39.99	3.4	4.7	6.7	13.7	20.2	18.8	5.4	5.9	11.0	18.3	15.8	16.2	14.4
$40.00 to $44.99	12.9	12.1	8.1	16.6	19.0	13.0	9.2	9.4	14.0	15.3	13.4	12.6	11.0
$45.00 to $49.99	16.0	14.2	11.4	14.5	8.0	6.7	12.6	12.3	14.4	11.6	10.1	9.2	7.8
$50.00 to $54.99	18.6	16.3	13.1	17.1	3.6	4.1	13.9	13.7	12.5	7.8	7.4	6.4	5.1
$55.00 to $59.99	10.6	10.2	11.7	10.0	2.6	2.9	13.3	12.9	10.7	5.0	4.8	4.2	3.6
$60.00 to $64.99	12.2	12.3	11.8	5.8	2.1	1.9	10.8	10.6	7.5	3.5	3.3	4.5	2.6
$65.00 to $69.99	8.2	9.3	11.5	3.2	.1	1.2	8.5	8.3	5.7	2.2	2.4	.2	1.8
$70.00 to $74.99	4.8	6.0	8.5	1.4	.7	.8	5.9	5.8	3.8	1.6	1.6	2.2	1.4
$75.00 to $79.99	2.4	3.0	5.0	.4	(3)	.4	4.3	4.2	2.4	1.2	1.1	.1	1.0
$80.00 to $89.99	1.7	2.8	4.6	.3	.3	.4	5.3	5.0	2.9	1.2	1.5	1.8	1.4
$90.00 to $99.99	.7	1.2	2.1	.2	.2	.2	2.0	2.5	1.5	.6	.9	.1	.9
$100.00 or more	.8	1.5	2.0	.1	.2	.4	3.6	3.6	2.3	1.2	1.8	1.5	1.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average payment	$55.38	$57.15	$58.70	$46.06	$38.07	$36.88	$58.94	$58.38	$52.18	$43.25	$42.91	$40.75	$39.50
Median payment	54.31	55.69	58.08	46.18	37.46	35.21	56.65	56.12	49.76	40.83	39.45	37.80	35.91

[1] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and miscellaneous items including ground rent if any.
[2] Data not available for 1943–45.
[3] Less than 0.05 percent.

The typical mortgage payment provided in the new-home mortgage contracts insured in 1950 was $54.31. As the distribution shown in Table 27 and Chart XIII indicates, fully 90 percent of the 1950 contracts required payments of from $40 to $75, with more than three out of four contemplating payments of from $40 to $64.99. As the table shows, the 1950 median was slightly less than the 1949 figure.

The distribution of payments on existing homes in 1950 was virtually unchanged from the preceding year. About 60 percent of these payments were between $40 and $64.99, with 1 in 10 reported as less

DISTRIBUTION OF TOTAL MONTHLY MORTGAGE PAYMENT
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES
SECTION 203, 1950

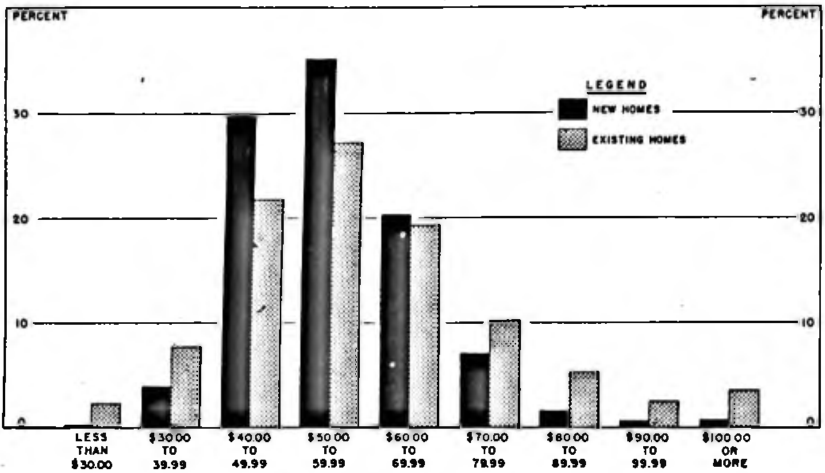

CHART XIII.

than $40 and almost 1 in 3 at $65 or more. The median payment increased only very slightly—from $56.12 in 1949 to $56.65 in 1950.

Averages of selected characteristics by income groups.—Many of the characteristics of a mortgage or of the property securing it are of interest when considered in the light of the income of the mortgagor involved. Averages for a selected group of these characteristics are given in Table 28 for various income levels of both new- and existing home buyers.

The table shows that, as the average income of new-home buyers increased from $183 for the group with effective incomes of less than $200 per month to $1,284 for mortgagors receiving $1,000 or more, the average valuations of their new dwellings increased from $6,533 to $12,772, with an average for all groups of $8,613. (Note: The averages in this table are arithmetic means, in contrast to medians

TABLE 28.—*Average characteristics by mortgagor's monthly income: Based on FHA-insured mortgages secured by single-family, owner-occupied homes, Sec. 203, 1950*

Mortgagor's effective monthly income [1]	Percentage distribution	Average: Mortgagor's monthly income [1]	Average: FHA valuation [2]	Average: Mortgage principal	Average: Total monthly mortgage payment [3]	Average: Total monthly housing expense [4]	Average: Monthly rental value [5]	Average: Monthly taxes and assessments [6]	Average: Calculated floor area (square feet) [7]	Average: Number of rooms [8]	Mortgage as a percent of FHA valuation	Ratio of FHA valuation to annual income
New homes												
Less than $150	[9] 0.1	------	------	------	------	------	------	------	------	------	------	------
$150 to $199.99	1.3	$183.00	$6,533	$5,723	$41.25	$59.37	$53.59	$5.23	753	4.2	87.6	3.0
$200 to $249.99	10.8	226.49	7,158	6,251	45.79	64.72	58.46	6.41	789	4.3	87.3	2.6
$250 to $299.99	24.8	271.39	7,836	6,770	50.61	70.78	64.00	7.74	828	4.4	86.4	2.4
$300 to $349.99	23.8	318.45	8,488	7,255	54.63	75.22	69.04	8.67	878	4.5	85.5	2.2
$350 to $399.99	13.4	368.36	8,993	7,627	57.77	78.47	73.11	9.27	924	4.7	84.8	2.0
$400 to $449.99	10.1	416.71	9,355	7,874	60.29	81.53	75.80	9.62	950	4.7	84.2	1.9
$450 to $499.99	5.0	467.85	9,630	8,073	61.49	82.67	78.12	9.88	991	4.8	83.8	1.7
$500 to $599.99	6.3	530.62	10,171	8,436	64.74	86.45	81.82	10.41	1,035	4.9	82.9	1.6
$600 to $799.99	3.3	660.19	11,444	9,290	72.72	94.94	91.73	11.72	1,140	5.2	81.2	1.4
$800 to $999.99	.6	857.09	12,432	9,938	80.71	98.00	99.23	13.98	1,228	5.3	79.9	1.2
$1,000 or more	.5	1,284.43	12,772	10,301	87.94	111.33	101.80	14.18	1,324	5.5	80.7	.8
Total	100.0	351.08	8,613	7,329	55.38	75.86	69.99	8.65	896	4.6	85.1	2.0
Existing homes												
Less than $150	[9] 0.1	------	------	------	------	------	------	------	------	------	------	------
$150 to $199.99	1.5	$179.30	$5,622	$4,075	$34.46	$52.44	$47.55	$4.74	960	4.7	72.5	2.6
$200 to $249.99	7.6	225.61	6,951	5,272	43.53	63.52	58.06	6.45	939	4.8	75.8	2.6
$250 to $299.99	17.7	270.73	7,761	5,988	49.20	70.60	64.69	7.64	959	4.9	77.0	2.4
$300 to $349.99	20.3	318.20	8,493	6,498	53.01	75.38	70.34	8.38	1,015	5.0	76.5	2.2
$350 to $399.99	12.9	368.23	9,091	6,966	57.41	79.96	74.91	9.03	1,070	5.2	76.6	2.1
$400 to $449.99	12.3	415.95	9,672	7,391	61.05	83.86	79.16	9.62	1,117	5.3	76.4	1.9
$450 to $499.99	6.3	467.37	10,167	7,700	64.23	87.53	82.98	10.08	1,169	5.4	76.6	1.8
$500 to $599.99	10.2	530.85	10,966	8,359	69.22	93.34	88.56	10.86	1,244	5.5	76.2	1.7
$600 to $799.99	7.2	663.55	12,498	9,544	80.01	106.29	100.58	13.10	1,397	5.8	76.4	1.6
$800 to $999.99	2.1	853.18	13,972	10,732	90.46	118.20	111.38	15.14	1,560	6.1	76.8	1.4
$1,000 or more	1.8	1,277.32	15,283	11,475	99.76	130.89	120.87	16.97	1,728	6.3	75.1	1.0
Total	100.0	403.06	9,306	7,112	58.94	81.62	76.29	9.28	1,103	5.2	76.4	1.9

[1] Estimated amount of the mortgagor's earning capacity that is likely to prevail during approximately the first third of the mortgage term.
[2] Includes valuation of the house, all other physical improvements, and land.
[3] Includes monthly payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and miscellaneous items including ground rent if any.
[4] Includes total monthly mortgage payment for first year; estimated monthly cost of maintenance; regular operating expense items (water, gas, electricity, fuel); and monthly payment on secondary loan.
[5] Estimated on the basis of typical year-around tenant occupancy, excluding any premium obtainable because of local housing shortages or newness of the individual property.
[6] Includes real-estate taxes, special assessments if any, and water rent provided its nonpayment results in a lien against the property.
[7] Area of spaces in the main building above basement or foundations, measured at the outside surfaces of exterior walls. Garage space and finished spaces in attic are excluded.
[8] Excludes bathrooms, toilet compartments, closets, halls, storage, and similar spaces.
[9] Data not significant.

presented earlier in this report.) These average valuations represented three times the average annual income of the mortgagors in the lowest income group. As incomes increase, this ratio characteristically declines—for mortgagors in the highest income group, average value represented only 0.8 of average annual income, while for all new-home buyers average value was exactly twice the average annual income.

The relationship of the borrower's monthly mortgage payment to his monthly income is of major importance in determining whether or not a mortgage contract will be successfully paid off. The table shows that monthly mortgage payments averaged from $41.25 for borrowers in the lowest income group to $87.94 for those in the highest group—the average for all purchasers of new homes being $55.38, or slightly less than one-sixth of the average income of $351.08. As average incomes increase within the groups shown in the table, the relative importance of the monthly mortgage payment decreases—from 23 percent in the lowest income group to less than 7 percent for borrowers in the highest income bracket.

Another test of the soundness of any home mortgage transaction is the relationship between the monthly mortgage payment being assumed by the borrower and the monthly rental value of the property.

Estimated monthly rental values, based on typical year-around tenant occupancy, without regard for any premium which may be obtainable because of housing shortages or the newness of particular properties, averaged $69.99 for new homes, or approximately $15 above the average mortgage payment. Within individual income groups, this differential ranged between $12.34 and $19.01, generally increasing with income.

Existing-home figures in Table 28 permit the same comparisons as were made in the preceding paragraphs for new-home cases. The average monthly income of purchasers of existing homes was $403.06—some $50.00 above the average for new-home buyers. While the average value of the existing homes was some $700 above that of new homes, the lower loan-value ratios permitted for these mortgages resulted in an average mortgage slightly below that in the new-home cases. Reflecting the shorter mortgage term for existing-home mortgages, the average monthly payment was $58.94—$3.56 above that for purchasers of new homes. Rental values averaged $76.29 per month—more than six dollars above the average for new homes.

Also shown in Table 28 are comparative figures for the various income groups relating to (1) the size of new and existing homes, (2) the percentage relationship of mortgage amount and property valuation, and (3) the monthly housing expense estimates arrived at in the FHA underwriting process.

Housing expense has been defined earlier in this analysis as the monthly mortgage payment plus an allowance for the estimated monthly cost of maintenance, such operating expense items as water, fuel, and electricity, and the monthly payments on any secondary loan. The relationship between average monthly mortgage payments

AVERAGE MONTHLY MORTGAGE PAYMENT
AND HOUSING EXPENSE BY MONTHLY INCOME
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES, 1950

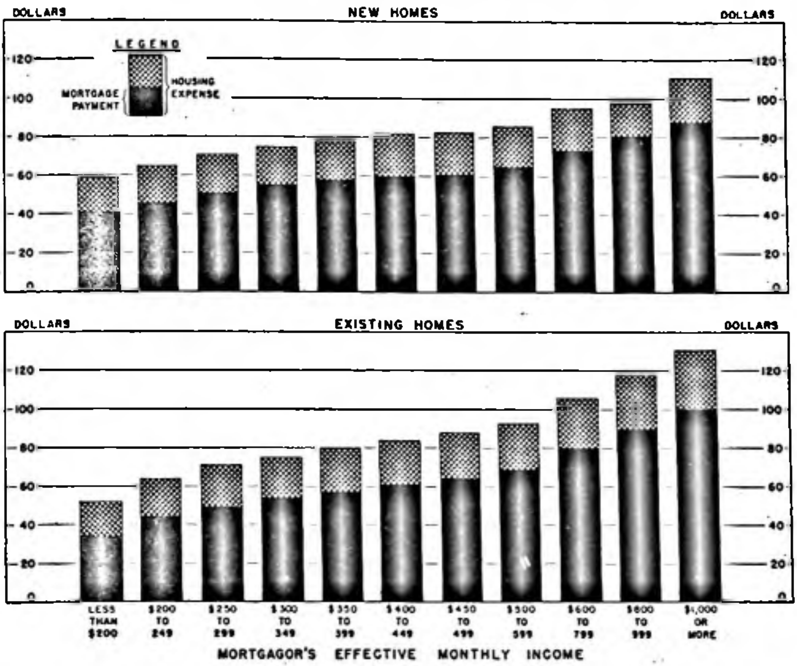

CHART XIV.

and average housing expense for home owners of various income levels is shown in Table 28 and graphically in Chart XIV.

There is a very wide variation in the housing expense undertaken by home owners within particular income groups. This variation is shown percentagewise in Table 29 and in Charts XV and XVI. A comparison of the two charts readily reveals that this variation is much greater in existing-home transactions than in those involving new dwellings. As is to be expected, the range of the estimated housing expense reported for specific cases increases with income.

TABLE 29.—*Prospective monthly housing expense by mortgagor's effective monthly income: Percentage distribution based on FHA-insured mortgages secured by single-family, owner-occupied homes, Sec. 203, 1950*

Mortgagor's effective monthly income [2]	Percentage distribution	Median monthly housing expense	Prospective monthly housing expense [1]: Less than $35.00	$35 to $39.99	$40 to $44.99	$45 to $49.99	$50 to $54.99	$55 to $59.99	$60 to $64.99	$65 to $69.99	$70 to $74.99	$75 to $79.99	$80 to $89.99	$90 to $99.99	$100 to $109.99	$110 to $119.99	$120 to $129.99	$130 to $139.99	$140 to $149.99	$150 or more	Total
New homes																					
Less than $150	0.1	$46.67		3.3	40.0	20.0	10.0	20.0	6.7												100.0
$150 to $199.99	1.3	58.33	0.1	.9	3.6	0.6	17.8	27.2	23.2	11.3	4.[illegible]	0.6	0.9	0.3	0.3		0.1				100.0
$200 to $249.99	10.8	64.73		.1	.8	1.8	6.9	17.7	24.5	22.8	14.[illegible]	8.3	3.3	.1	.1						100.0
$250 to $299.99	21.8	71.35	.1	(3)	.1	.5	2.5	8.7	14.8	18.3	18.4	17.7	10.7	2.1	.1						100.0
$300 to $349.99	23.8	76.50	.1	(3)	.1	.4	1.7	5.6	9.2	12.9	14.9	16.4	27.5	10.2	1.0	(3)	(3)				100.0
$350 to $399.99	13.4	80.00	(3)		.1	.3	1.2	4.1	7.4	9.9	13.0	14.0	27.7	16.5	5.2	0.5	.1	(3)			100.0
$400 to $449.99	10.1	82.20	.1	.1	.1	.3	1.0	3.3	5.9	8.6	11.1	13.4	26.8	18.2	8.7	1.9	.3	0.1	(3)	0.1	100.0
$450 to $499.99	5.0	83.70	.1		(3)	.1	.7	2.7	5.5	9.1	9.9	13.0	24.4	19.6	9.4	3.8	1.1	.5	0.1		100.0
$500 to $599.99	6.3	86.44	(3)		.1		.6	2.3	3.4	7.2	9.2	10.9	25.3	10.3	11.6	5.5	3.0	.8	.5	.3	100.0
$600 to $799.99	3.3	93.16	.1			.2	.4	1.0	3.1	4.8	7.0	7.9	19.3	19.8	13.1	8.5	5.7	4.4	2.1	2.6	100.0
$800 to $999.99	.6	98.80			.3	.3		.7	3.5	3.5	4.5	5.2	18.0	16.3	11.8	8.3	9.7	7.9	4.8	5.2	100.0
$1,000 or more	.5	103.46	.4				1.4	.4	4.1	3.2	4.1	4.5	13.2	14.5	11.8	9.1	7.3	5.5	7.3	13.2	100.0
Total	100.0	75.41	.1	(3)	.2	.6	2.4	7.0	11.1	13.5	13.9	14.1	21.1	10.0	3.6	1.2	.6	.3	.1	.2	100.0
Existing homes																					
Less than $150	0.1	$50.63		4.7	16.7	26.2	19.0	16.7	16.7												100.0
$150 to $199.99	1.5	53.44	6.4	7.8	13.6	12.0	15.0	18.8	13.0	8.3	4.0	0.8	0.3								100.0
$200 to $249.99	7.6	64.34	.9	1.4	3.0	4.7	10.0	15.0	17.3	18.3	14.1	9.0	5.6	0.5	0.2						100.0
$250 to $299.99	17.7	71.40	.2	.4	1.0	2.1	4.8	8.4	13.0	15.3	17.3	15.7	18.3	3.2	.2	(3)	0.1		(3)		100.0
$300 to $349.99	20.3	76.00	.2	.3	.8	1.4	3.1	5.9	8.0	12.2	14.2	13.7	24.9	12.0	2.1	0.3	(3)		(3)	(3)	100.0
$350 to $399.99	12.9	81.21	.3	.5	1.0	1.0	2.8	3.9	6.7	8.7	11.2	11.5	24.8	18.6	7.7	1.5	.3	(3)		(3)	100.0
$400 to $449.99	12.3	84.35	.2	.3	.4	.8	1.7	2.9	5.5	7.7	10.1	10.5	22.7	19.3	11.9	4.8	.9	0.2	(3)	0.1	100.0
$450 to $499.99	6.3	87.50	(3)	.5	.9	.5	1.4	2.7	4.3	6.0	8.5	8.7	22.2	18.0	13.5	8.0	3.7	.8	0.1	.2	100.0
$500 to $599.99	10.2	92.72	.1	.1	.3	.6	1.0	1.7	3.3	4.9	6.3	7.8	18.8	18.8	14.8	9.8	6.3	3.4	1.3	.7	100.0
$600 to $799.99	7.2	104.33	(3)		.2	.3	.6	.9	1.7	3.3	4.1	4.5	12.5	15.4	16.2	12.3	9.5	8.0	5.3	6.2	100.0
$800 to $999.99	2.1	118.53			.2	.2	.3	.6	1.2	1.7	2.9	3.0	8.6	8.8	11.8	11.5	15.0	9.8	8.0	15.5	100.0
$1,000 or more	1.8	127.81	.2			.1	.2	.5	.9	2.4	2.0	2.6	7.4	9.3	7.2	10.0	9.3	9.0	8.0	30.9	100.0
Total	100.0	78.99	.3	.5	1.1	1.6	3.2	5.4	7.9	10.0	11.3	10.8	19.3	12.3	6.8	3.7	2.2	1.4	.8	1.4	100.0

[1] Includes total monthly mortgage payment for first year; estimated monthly cost of maintenance; regular operating expense items (water, gas, electricity, fuel); and monthly payment on secondary loan.

[2] Estimated amount of the mortgagor's earning capacity that is likely to prevail during approximately the first third of the mortgage term.

[3] Less than 0.05 percent.

RANGE OF MONTHLY HOUSING EXPENSE
FOR NEW HOME BUYERS IN DIFFERENT INCOME GROUPS
(PROSPECTIVE COSTS FOR 50% AND FOR 90% OF EACH INCOME GROUP)

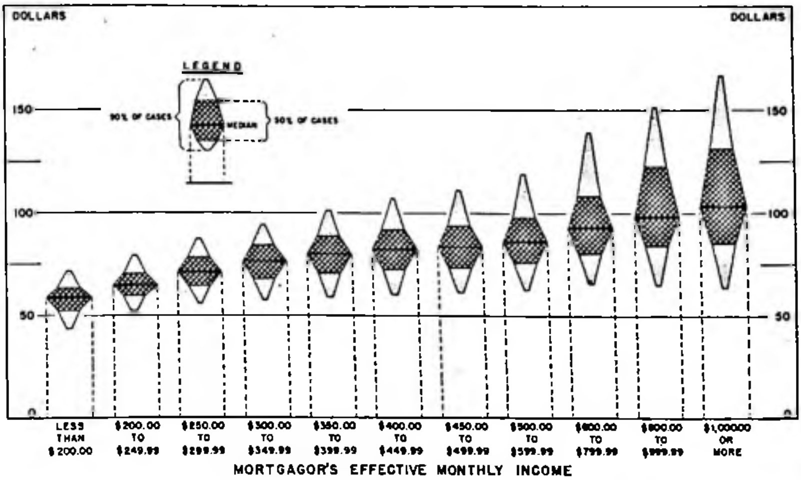

CHART XV.

RANGE OF MONTHLY HOUSING EXPENSE
FOR EXISTING HOME BUYERS IN DIFFERENT INCOME GROUPS
(PROSPECTIVE COSTS FOR 50% AND FOR 90% OF EACH INCOME GROUP)

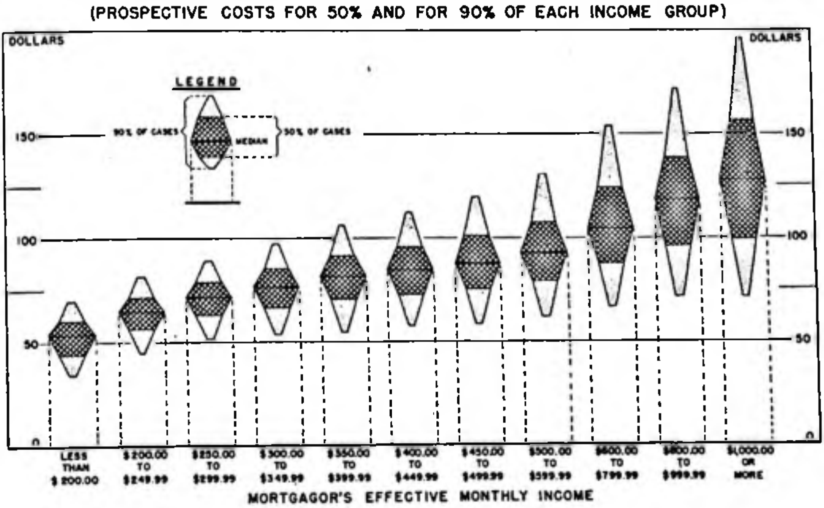

CHART XVI.

Rental and Cooperative Housing Mortgage Insurance

In 1950 FHA provided mortgage insurance assistance for financing rental and cooperative housing projects under five different legislative programs authorized in the National Housing Act—multifamily rental housing under Section 207; cooperative housing under Section 213; multifamily rental housing under the Veterans' Emergency Housing provisions of Section 608; the public-housing disposition program under Section 608 pursuant to Section 610; and the Section 803 (Wherry Bill) military housing program. There has been no insurance activity under Title VII, which provides for FHA insurance of investments in rental housing.

Section 207 as amended by Public Law 475 (enacted April 20, 1950) expanded as the principal long-range mortgage insurance program for multifamily rental projects. Applications covering nearly 58,000 dwelling units were received by FHA during 1950 for insurance under this section.

The cooperative housing provisions of Section 207 were repealed by Public Law 475 in 1950 and a new Section 213 was enacted to provide more effective assistance to cooperative groups in financing the construction of single-family home and multifamily projects. Dwelling units in applications for mortgage insurance under this program totaled nearly 39,000 in the first 8 months of its operation.

FHA's authority under Section 608 to issue commitments for mortgage insurance on new construction expired on March 1 of last year. In order to permit the processing of applications covering 105,000 units which were received by FHA field offices in the first 2 months of the year, the Congress authorized an additional 500 million dollars in the Title VI authorization for commitments on applications on hand at the March 1 terminal date. The heavy volume of applications received, commitments issued, insurance written, and dwelling units started and completed under the Section 608 program made it by far the most active FHA project mortgage program in 1950.

With the assistance of FHA mortgage insurance under the authority of Section 608 pursuant to Section 610, private purchasers during 1950 financed the purchase of "public-housing" projects containing 1,100 units. Nonprofit cooperative groups, as well as regular corporations, were among the mortgagors in these transactions.

FHA's military housing activity under the provisions of Section 803 accelerated markedly in 1950. Units in applications totaled nearly 26,000; in commitments, more than 20,000. Starts exceeded 12,000 units, and more than 3,000 units were reported completed during the year.

Volume of Business

Insurance written by FHA in 1950 on rental and cooperative projects totaled more than 1,150 million dollars, an increase of 13 percent over 1949. This volume accounted for almost one-third of the cumulative amount of project mortgages insured by FHA since the beginning of operations. Compared with the aggregate amount of all types of insurance written under the National Housing Act, rental and cooperative mortgages represented slightly more than one-fourth of the 1950 volume and about 15 percent of the cumulative amount.

Table 30 shows the yearly and cumulative volume of insurance written under the various FHA rental and cooperative project programs from 1935 through 1950. Almost all (99 percent) of this type of insurance written to date, as well as that for the year 1950, covered new construction. As of December 31, 1950, there were approximately 485,000 new family units in the rental and cooperative projects built or being built with the aid of FHA mortgage insurance. The bulk of these units (88 percent) are accounted for by insurance written under Section 608. An additional 3,900 units have been provided in the publicly built projects sold to private investors with mortgages insured under Section 608 pursuant to Section 610.

Only a part of the story of the workload involved in the rental and cooperative project phase of FHA operations during 1950 is shown by the insurance-written data presented in Table 30. Project mortgage applications covering 229,000 units were submitted to FHA field offices, almost 30 percent of the units in all applications. After examination and analysis of applications, commitments were issued on projects with 161,000 units.[2] Inspections were made in connection with the 250,000 units in rental and cooperative projects which were under construction during the course of the year. Of these units, 147,000 were started and 106,000 were completed in 1950.

State Distribution

In 1950, the FHA insured mortgages on rental and cooperative projects in every State but two and in the District of Columbia, Alaska, Hawaii, and Puerto Rico. As shown in Table 31 and Chart XVII, 1,500 or more dwelling units were provided in each of 23 States, the District of Columbia, and Puerto Rico by the FHA projects securing mortgages insured during the year.

Nearly 3 of every 5 units were in projects located in eight States—New York and New Jersey (largely in the New York-Northeast New Jersey metropolitan area); Pennsylvania, Maryland, and Virginia (principally the counties in the Washington, D. C. metropolitan area), Georgia, Illinois, and Texas. Although Section 608 accounted for the bulk of the units in these States, significant proportions of the Texas, Illinois, and Maryland units were in Section 803 military housing projects.

Table 32 shows by State location of project the cumulative number of projects, mortgage amount, and number of units for mortgages

[2] Includes 4,893 units covered by Section 213 statements of eligibility.

TABLE 30.—*Yearly volume of rental and cooperative project mortgages insured by FHA: Number of units and amount of mortgage on new and existing or refinanced construction, by sections, 1935–50*

[Dollar amounts in thousands]

Year	Grand total, new and existing		Total, new construction		Total, existing or refinanced construction	
	Units	Amount	Units	Amount	Units	Amount
1935	738	$2,355	738	$2,355		
1936	624	2,101	624	2,101		
1937	3,023	10,483	3,023	10,483		
1938	11,930	47,638	11,930	47,638		
1939	13,462	51,851	13,462	51,851		
1940	3,559	12,949	3,446	12,489	113	$460
1941	3,741	13,565	3,296	12,014	445	1,551
1942	5,842	21,215	5,458	19,533	384	1,682
1943	20,179	84,622	20,035	84,047	144	575
1944	12,430	56,096	9,655	46,105	2,775	9,991
1945	4,058	19,817	3,137	15,903	921	3,914
1946	2,232	13,175	1,579	10,889	653	2,286
1947	46,604	359,944	46,446	358,602	158	1,342
1948	79,184	608,711	77,808	605,800	1,376	2,912
1949	132,860	1,019,581	131,347	1,015,608	1,513	3,973
1950	154,124	1,153,805	153,004	1,151,803	1,120	2,002
Total	494,590	3,477,908	484,988	3,447,221	9,602	30,687

Year	New construction			
	Sec. 207		Sec. 608	
	Units	Amount	Units	Amount
1935	738	$2,355		
1936	624	2,101		
1937	3,023	10,483		
1938	11,930	47,638		
1939	13,462	51,851		
1940	3,446	12,489		
1941	3,296	12,014		
1942	1,163	4,110	4,295	$15,423
1943	41	139	19,994	83,908
1944			9,655	46,105
1945	200	950	2,937	14,953
1946	41	224	1,538	10,665
1947		[1] 32	46,446	358,570
1948			77,808	605,800
1949	813	7,313	128,994	996,224
1950	2,514	18,065	135,076	1,007,996
Total	[2] 41,291	[2] 169,764	[3] 426,743	[3] 3,139,644

Year	Sec. 213	
	Units	Amount
1950	285	$2,691
Total	285	2,691

Year	Sec. 803	
	Units	Amount
1949	1,540	$12,071
1950	15,129	123,052
Total	16,669	135,123

Year	Existing or refinanced construction					
	Sec. 207		Sec. 608		Sec. 608–610	
	Units	Amount	Units	Amount	Units	Amount
1935–39						
1940	113	$460				
1941	445	1,551				
1942	384	1,682				
1943	144	575				
1944	2,181	7,176	594	$2,815		
1945	691	2,856	230	1,058		
1946	653	2,286				
1947			158	1,342		
1948			10	63	1,366	$2,849
1949			78	365	1,435	3,608
1950			16	133	1,104	1,868
Total	4,611	16,586	1,086	5,776	3,905	8,325

[1] Increase in amount of a mortgage insured prior to 1947.
[2] Includes 41,274 units provided in new and rehabilitation projects securing insured mortgages totaling $169,670,906.
[3] Includes 426,668 units provided in new and rehabilitation projects securing insured mortgages totaling $3,141,711,650.

TABLE 31.—*State distribution of rental and cooperative project mortgages: Number, face amount and units of FHA-insured mortgages for all project mortgage programs combined, and number of units covered by mortgages insured under each section, for the year 1950*

State location of projects	All sections			Sec. 207, units	Sec. 213, units	Sec. 608, units	Sec. 608–610, units	Sec. 803, units
	Number	Amount	Units					
Alabama	50	$16,583,229	2,944	112		2,552		250
Arizona	5	3,154,398	523			128		395
Arkansas	5	692,000	110			110		
California	99	29,401,013	4,010	156		2,596	58	1,200
Colorado	16	8,737,335	1,016	32		984		
Connecticut	2	2,329,000	209			299		
Delaware	7	9,654,200	1,369			1,369		
District of Columbia	17	13,980,000	1,804			1,804		
Florida	21	13,407,100	2,025			1,025		1,000
Georgia	52	45,908,800	7,116	300		5,991		825
Idaho	2	345,800	46			46		
Illinois	75	50,411,290	6,015			5,015		1,000
Indiana	28	19,410,000	2,533			2,533		
Iowa	15	8,995,400	1,113	12		1,101		
Kansas	20	11,831,239	1,664			1,112		552
Kentucky	11	6,528,100	972	16		556		400
Louisiana	15	16,170,900	1,956	304		1,652		
Maine	1	92,000	23			23		
Maryland	38	46,412,804	6,760			5,079	456	1,195
Massachusetts	9	8,662,618	992			430		562
Michigan	34	16,219,827	2,069		144	1,925		
Minnesota	49	17,840,450	2,188			2,188		
Mississippi	10	7,145,900	1,106			520		580
Missouri	34	33,063,109	4,201			4,081		120
Montana	2	805,000	115			115		
Nebraska	14	4,551,307	648			648		
Nevada	3	537,200	72			72		
New Hampshire	2	174,587	26			26		
New Jersey	103	88,402,732	12,198	76		11,822		300
New Mexico	3	810,200	101			101		
New York	231	201,001,500	34,344	872		33,297		175
North Carolina	26	24,484,400	4,105			3,105		1,000
North Dakota								
Ohio	71	37,328,754	4,885			4,885		
Oklahoma	23	3,799,700	523		141	382		
Oregon	15	11,259,722	1,312			1,312		
Pennsylvania	97	58,907,534	6,941			6,880		52
Rhode Island	1	96,100	12			12		
South Carolina	44	14,121,400	2,528			2,528		
South Dakota	3	4,542,000	549			148		401
Tennessee	61	24,397,959	4,688	60		4,378	250	
Texas	93	72,779,700	10,851	494		7,065		3,292
Utah	9	2,623,500	321	12		309		
Vermont	5	641,300	88	56		32		
Virginia	39	39,271,055	6,010			5,059	310	650
Washington	28	19,008,055	2,335			1,155		1,180
West Virginia	8	939,500	126			126		
Wisconsin	81	17,557,250	2,093	12		2,081		
Wyoming								
Alaska	14	16,361,900	1,431			1,431		
Hawaii	1	60,500	12			12		
Puerto Rico	25	28,274,000	4,947			4,947		
Total	1,626	1,153,804,857	154,124	2,514	285	135,092	1,104	15,129

UNITS IN RENTAL PROJECTS SECURING MORTGAGES INSURED BY FHA. UNDER SECTIONS 207, 213, 608, 608-610 AND 803, DURING 1950

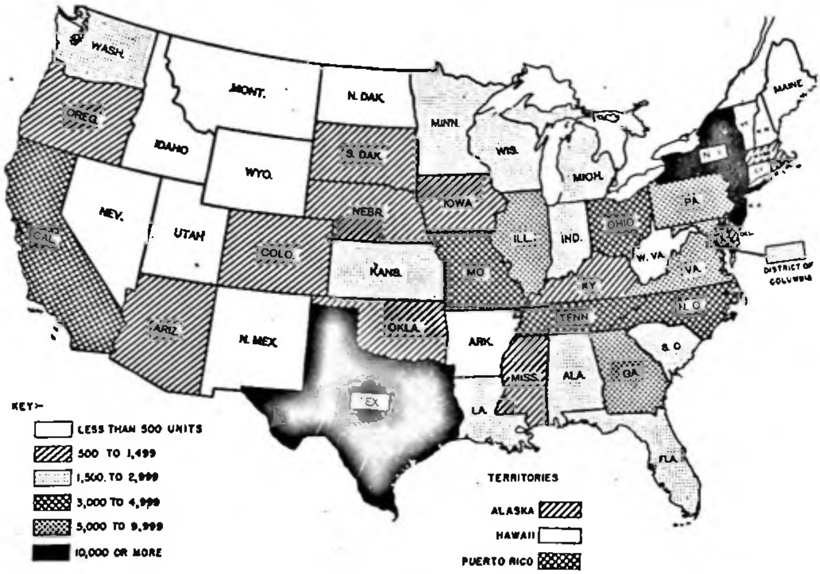

CHART XVII.

insured from 1935 through the end of 1950 under all FHA rental and cooperative housing programs combined, and the cumulative number of units provided under each section separately. Although FHA projects have been built in every State, the District of Columbia, and the Territories of Alaska, Hawaii, and Puerto Rico, nearly 7 of every 10 units are in projects located in nine States and the District of Columbia—the Atlantic Coast States of New York, New Jersey, Pennsylvania, Maryland, the District of Columbia, Virginia, and Georgia; Illinois in the Midwest; Texas in the Southwest; and California on the Pacific Coast.

Section 608 projects have been provided in every State and the three Territories. Projects constructed with FHA mortgage insurance assistance under Section 207 were found at the close of 1950 in every State but nine, with none in the Territories. Insured mortgages during the first 8 months of Section 213 operations were limited to projects in two States—Michigan and Oklahoma.

The public-housing-disposition program under Section 608 pursuant to Section 610 had been confined as of the year end to projects located principally in the States along the Atlantic Coast from New York through Georgia, and in West Virginia, Tennessee, Michigan, Kansas, Louisiana, and California. The military housing projects securing Section 803 insured mortgages were situated in 21 States, with most of the projects in the southern half of the Nation.

TABLE 32.—*State distribution of rental and cooperative project mortgages: Number, face amount and units of FHA-insured mortgages for all project mortgage programs combined, and number of units covered by mortgages insured under each section, cumulative through 1950*

State location of projects	All sections			Sec. 207, units	Sec. 213, units	Sec. 608, units	Sec. 608–610, units	Sec. 803, units
	Number	Amount	Units					
Alabama	207	$50,988,520	10,302	479	--------	9,573	--------	250
Arizona	43	8,357,512	1,407	65	--------	947	--------	395
Arkansas	40	6,887,000	1,131	199	--------	932	--------	--------
California	923	103,403,195	25,590	3,344	--------	20,988	58	1,200
Colorado	63	14,730,635	2,096	251	--------	1,845	--------	--------
Connecticut	48	21,845,800	3,184	328	--------	2,856	--------	--------
Delaware	22	28,858,119	4,048	257	--------	3,771	20	--------
District of Columbia	176	133,605,249	19,804	2,065	--------	17,739	--------	--------
Florida	323	80,263,700	11,962	324	--------	10,638	--------	1,000
Georgia	151	120,107,700	18,745	696	--------	17,074	150	825
Idaho	8	4,558,400	571	--------	--------	571	--------	--------
Illinois	255	125,170,235	16,256	1,593	--------	13,663	--------	1,000
Indiana	110	47,004,242	6,545	667	--------	5,878	--------	--------
Iowa	27	13,248,600	1,710	148	--------	1,562	--------	--------
Kansas	81	25,994,098	4,127	186	--------	3,039	350	552
Kentucky	90	28,962,456	4,193	546	--------	2,247	--------	1,400
Louisiana	83	40,618,997	6,612	640	--------	5,822	150	--------
Maine	14	2,012,661	688	--------	--------	688	--------	--------
Maryland	302	260,922,547	38,681	3,319	--------	33,333	486	1,543
Massachusetts	41	30,008,218	3,975	233	--------	3,180	--------	562
Michigan	239	56,484,704	8,161	792	144	6,725	500	--------
Minnesota	152	40,780,711	5,634	1,182	--------	4,452	--------	--------
Mississippi	39	14,051,800	2,220	12	--------	1,628	--------	580
Missouri	124	63,479,654	8,884	1,280	--------	7,484	--------	120
Montana	4	2,033,000	327	--------	--------	135	--------	192
Nebraska	48	11,022,180	1,049	--------	--------	1,049	--------	--------
Nevada	13	1,576,500	240	--------	--------	240	--------	--------
New Hampshire	7	1,671,840	244	--------	--------	244	--------	--------
New Jersey	503	351,134,074	48,087	2,032	--------	45,755	--------	300
New Mexico	8	1,381,500	185	--------	--------	185	--------	--------
New York	736	700,330,081	88,664	10,953	--------	76,970	560	175
North Carolina	106	66,495,183	11,453	1,249	--------	9,119	85	1,000
North Dakota	2	170,552	31	--------	--------	31	--------	--------
Ohio	256	82,997,734	11,903	526	--------	11,377	--------	--------
Oklahoma	121	22,519,150	3,231	132	141	2,958	--------	--------
Oregon	138	37,520,903	5,153	134	--------	5,019	--------	--------
Pennsylvania	340	159,841,018	20,923	2,206	--------	18,215	450	52
Rhode Island	7	1,032,900	246	36	--------	210	--------	--------
South Carolina	85	39,021,500	6,390	290	--------	6,100	--------	--------
South Dakota	10	5,432,500	705	46	--------	258	--------	401
Tennessee	118	39,917,300	7,185	508	--------	6,427	250	--------
Texas	301	154,433,915	22,752	1,678	--------	17,782	--------	3,292
Utah	18	4,778,400	659	12	--------	647	--------	--------
Vermont	6	1,341,300	180	56	--------	124	--------	--------
Virginia	345	230,374,345	36,600	5,877	--------	29,633	440	650
Washington	115	58,436,790	7,722	315	--------	6,227	--------	1,180
West Virginia	12	3,092,300	730	174	--------	156	400	--------
Wisconsin	152	30,712,181	3,848	172	--------	3,676	--------	--------
Wyoming	5	401,125	71	--------	--------	71	--------	--------
Alaska	17	24,763,300	2,180	--------	--------	2,180	--------	--------
Hawaii	51	4,736,700	850	--------	--------	850	--------	--------
Puerto Rico	25	28,274,600	4,947	--------	--------	4,947	--------	--------
Total	7,218	3,477,907,702	494,590	45,902	285	427,820	3,905	16,669

Terminations

At the close of 1950, FHA insurance contracts had been terminated on 552 project mortgages totaling $214 million in face amount, about 6 percent of the combined amount of mortgages insured under all FHA project mortgage programs since the beginning of operations. Terminated Section 207 and Section 210[3] contracts accounted for about two-thirds of the total amount of terminations, and terminated Section 608 contracts for 33 percent. Three of every four mortgage dollars originally insured under Sections 207 and 210[3] were no longer subject to FHA insurance as of the close of 1950, as against less than 3 percent of the Section 608 insured amount which had been terminated by that time.

TABLE 33.—*Disposition of rental and cooperative project mortgages insured by FHA: Number and amount of mortgages insured, terminated, and in force, all sections combined, and by Secs. 207 and 608, cumulative through Dec. 31, 1950*

[Dollar amounts in thousands]

Disposition	Total, all sections combined [1]		Sec. 207		Sec. 608	
	Projects	Amount	Projects	Amount	Projects	Amount
Mortgages insured	7,218	$3,477,908	403	$186,350	6,731	$3,145,420
Mortgages terminated:						
Prepayments in full [2]	402	158,352	281	115,548	117	41,079
Prepayments by supersession	27	9,953	13	8,032	14	1,921
Matured loans						
Mortgages assigned to FHA [3]	38	13,638	1	3,000	37	10,638
Projects acquired by FHA [4]	65	29,182	17	12,752	48	16,430
Withdrawals	9	1,639	7	1,407	2	232
Other terminations	11	804	8	578	3	226
Total terminations	552	213,568	327	141,317	221	70,526
Mortgages in force	6,666	3,264,340	76	45,033	6,510	3,074,895

[1] Includes mortgages insured under Sec. 213 (6 for $2,690,650); under Sec. 608-610 (22 for $8,324,500); and under Sec. 803 (56 for $135,122,600).
[2] Includes 4 mortgages for $1,725,600 insured under Sec. 608-610.
[3] Includes 1 Sec. 207 mortgage sold with reinsurance, and 1 Sec. 608 mortgage sold without reinsurance.
[4] Under Sec. 207, includes 7 projects sold with reinsurance, 4 projects sold without reinsurance and 6 projects sold with mortgages held by FHA. Under Sec. 608, includes 1 project sold with reinsurance.

As shown in Table 33, prepayment in full prior to maturity was the major reason for termination of FHA project mortgage insurance contracts. These, together with terminations resulting from prepayments with supersession (i. e., original mortgage refinanced with proceeds of a new FHA-insured mortgage) accounted for nearly 80 percent of the total face amount of mortgage insurance terminated. Under Sections 207 and 210, the ratio of prepayments to total terminations was 87 percent, while under the newer Section 608 program 60 percent of all terminations were due to prepayment.

[3] Section 210, which was enacted on February 3, 1938, expired in 1939. Data on the status of the $7,783,000 (2,176 units) of insurance written under this section are combined with Section 207 data in references to cumulative operations of Section 207 throughout this report.

Defaulted mortgage payments had resulted by the end of 1950 in the termination of FHA insurance contracts on 112 project mortgages totaling $44,000,000. These projects constituted only 1.3 percent of the total amount insured and about 20 percent of the amount of all terminations under the combined FHA project mortgage programs. As shown in Table 33, FHA had been assigned the mortgage notes on 38 of these projects and had acquired title to another 65 projects. In 9 other cases, the mortgagees decided to retain title to the projects and forego their rights to debentures.

Section 207 default terminations represented about 9 percent of the aggregate amount of insurance written and about 12 percent of all types of terminations under this section. Under Section 608, mortgages amounting to less than one percent of the total insured amount were terminated because of defaults, but the ratio of these default terminations to all terminations under this section was nearly 39 percent.

Of the 18 Section 207 projects or mortgage notes acquired by FHA, all have been sold. An analysis of the financial experience of these terminated cases is presented in detail in Financial Statement 16 in Section III of this report. No Section 207 mortgages or projects have been acquired by FHA since 1943.

During 1950, there was a net increase of 66 in the number of Section 608 mortgage notes and projects acquired by FHA, 65 of which had been insured under the postwar Veterans' Emergency Housing program. This brought the year-end total of Section 608 mortgage notes assigned to FHA to 37 and the number of Section 608 projects acquired to 48. Of the mortgage notes only one had been sold. Likewise, only one of the acquired projects had been sold.

Defaults of Project Mortgages

At the close of 1950, there were 112 outstanding Section 608 mortgages on which lending institutions had reported defaulted payments, compared with 84 at the end of the previous year. Foreclosure proceedings had been started on 36 of the mortgages, and 12 mortgages were in process of being assigned to the FHA.

Only one Section 207 mortgage was in default at the year end. On this project, as well as on many of the defaulted Section 608 projects, reinstatement to good standing was expected.

Financial Institution Activity

Originations and holdings.—The number and dollar volume of FHA-insured project mortgages originated last year by the different types of lending institutions under the several programs are shown in Table 34. State banks continued in 1950 to maintain an impres-

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sive lead over other types of institutions, originating more than two-fifths of the dollar amount of all insured mortgages. Next in rank, with nearly one-fourth of the originations, were national banks, which moved up from third place in 1949. Mortgages amounting to nearly 14 percent of the total were financed by savings banks, and almost 9

TABLE 34.—*Types of institutions originating rental and cooperative project mortgages: Number and face amount of mortgages insured under Secs. 207, 213, 608, 608–610, and 803, during the year 1950*

[Dollar amounts in thousands]

Type of institution (as classified Dec. 31, 1950)	Number	Amount	Percentage distribution [1]	Number	Amount	Percentage distribution [1]
	All sections			Sec. 207		
National bank	371	$273,061	23.7	7	$4,460	24.7
State bank	493	487,978	42.3	2	2,011	11.1
Mortgage company	264	99,650	8.6	4	1,777	9.8
Life insurance company	264	89,147	7.7	3	1,502	8.3
Other insurance company	25	6,958	.6	1	91	.5
Savings bank	160	156,793	13.6	4	8,119	45.0
Savings and loan association	23	12,502	1.1			
Federal agency	6	5,230	.5			
All other [2]	20	22,477	1.9	1	105	.6
Total	1,626	1,153,805	100.0	22	18,065	100.0
	Sec. 213			Sec. 608		
National bank	1	$1,507	56.0	339	$187,675	18.6
State bank	1	180	6.7	478	458,846	45.5
Mortgage company	3	643	23.9	251	90,551	9.0
Life insurance company	1	361	13.4	250	79,608	7.9
Other insurance company				24	6,867	.7
Savings bank				152	146,244	14.5
Savings and loan association				23	12,502	1.3
Federal agency				6	5,230	.5
All other [2]				18	20,508	2.0
Total	6	2,691	100.0	1,541	1,008,129	100.0
	Sec. 608–610			Sec. 803		
National bank				24	$79,420	64.5
State bank	2	$983	52.6	10	25,958	21.1
Mortgage company				6	6,679	5.4
Life insurance company	6	885	47.4	4	6,700	5.5
Other insurance company						
Savings bank				4	2,430	2.0
Savings and loan association						
Federal agency						
All other [2]				1	1,865	1.5
Total	8	1,868	100.0	49	123,052	100.0

[1] Based on amount of mortgage.
[2] Includes industrial banks, finance companies, investment companies, private and State benefit funds, and endowed institutions.

percent by mortgage companies. The proportion of life insurance company originations fell off sharply to less than 8 percent, from 16 percent in the previous year. Federal agency activity—principally FNMA loans on Alaska housing projects—amounted to less than 1 percent of the total.

As would be expected, with 87 percent of the amount of all insured mortgages insured under Section 608, the relative proportions of the dollar volume of mortgages originated by the different types of institutions under this section were almost the same as for all project mortgages combined.

In the financing of Section 207 mortgages last year, savings banks predominated with mortgages amounting to 45 percent of the total, followed by national banks, which accounted for almost one-fourth of the mortgage amount insured under this section. Nearly two of every three mortgage dollars insured under the Section 803 military housing program were lent by national banks, and one of every $5 was lent by State banks.

Table 35 shows the number and original principal amount of FHA-insured project mortgages held in the portfolios of the several types of financial institutions at the close of 1950. Life insurance company holdings of $970 million were the largest, representing 30 percent of the total. Some $800 million of FHA-insured project mortgages, or 25 percent of the total amount, were held by State banks. Savings banks ranked third, with 650 million dollars, or 20 percent of the total, followed by national banks, which held project mortgages representing slightly over 11 percent of the total. Federal agency (i. e., FNMA) holdings, as reported to and tabulated by FHA at the year end, totaled some $20 million, or less than one percent of the total amount of project mortgages with insurance in force.

Holdings of Section 608 mortgages were distributed by type of institution in almost the same proportions as project mortgages under all sections combined. The major investors in Section 207 mortgages were savings banks, holding 42 percent, and life insurance companies with 22 percent of the total amount of these mortgages. Section 803 military housing mortgages in the portfolios of national banks represented nearly two-thirds of the total amount covered by insurance in force under this section—the same proportion as that originated by this type of institution.

Transfers.—More than half a billion dollars in FHA-insured project mortgages were transferred between financial institutions during 1950. Virtually all the mortgages were insured under Section 608.

As indicated in Table 36, savings banks led in the dollar volume of purchases of project mortgages last year, accounting for about 34 percent of the total amount. Second in rank, with 29 percent of total dollar purchases, were life insurance companies. Because of the large volume of purchases by the Institutional Securities Corporation (organized and sponsored jointly by the savings banks of New York and classified by FHA as a mortgage company), mortgage companies

Table 35.—*Types of institutions holding rental and cooperative project mortgages: Number and face amount of mortgages insured under Secs. 207, 213, 608, 608–610, and 803, held in portfolios as of Dec. 31, 1950*

[Dollar amounts in thousands]

Type of institution (as classified Dec. 31, 1950)	Number of institutions	Number of mortgages	Amount	Percentage distribution [1]	Number of institutions	Number of mortgages	Amount	Percentage distribution [1]
	All sections [2]				Sec. 207			
National bank	(3)	688	$357, 194	11. 2	9	10	$4, 521	10. 0
State bank	(3)	906	804, 725	25. 2	6	9	4, 524	10. 1
Mortgage company	(3)	375	178, 622	5. 6	3	5	2, 208	4. 9
Life insurance company	(3)	2, 857	970, 256	30. 3	12	29	9, 757	21. 7
Other insurance company	(3)	290	87, 006	2. 7	1	1	91	. 2
Savings bank	(3)	1, 125	650, 292	20. 3	7	12	18, 925	42. 0
Savings and loan association	(3)	106	35, 134	1. 1	1	1	64	. 1
Federal agency	(3)	41	20, 416	. 6	1	1	91	. 2
All other [4]	(3)	180	96, 387	3. 0	4	8	4, 852	10. 8
Total	(3)	6, 568	3, 200, 123	100. 0	44	76	45, 033	100. 0
	Sec. 213				Sec. 608 [2]			
National bank	1	1	$1, 507	56. 0	104	648	$263, 647	8. 8
State bank	1	1	180	6. 7	80	883	772, 775	25. 7
Mortgage company	2	3	643	23. 9	73	361	169, 092	5. 6
Life insurance company	1	1	361	13. 4	93	2, 811	946, 892	31. 4
Other insurance company					28	289	87, 005	2. 9
Savings bank					66	1, 106	626, 812	20. 8
Savings and loan association					42	105	35, 070	1. 2
Federal agency					1	38	19, 715	. 6
All other [4]					18	171	89, 670	3. 0
Total	5	6	2, 691	100. 0	514	6, 412	3, 010, 678	100. 0
	Sec. 608–610				Sec. 803			
National bank					14	29	$87, 520	64. 8
State bank	2	3	$1, 288	19. 5	6	10	25, 958	19. 2
Mortgage company					3	6	6, 679	4. 9
Life insurance company	5	10	2, 576	39. 0	3	6	10, 671	7. 9
Other insurance company								
Savings bank	3	3	2, 124	32. 2	1	4	2, 430	1. 8
Savings and loan association								
Federal agency	1	2	611	9. 3				
All other [4]					1	1	1, 865	1. 4
Total	11	18	6, 599	100. 0	28	56	135, 123	100. 0

[1] Based on amount of mortgage.
[2] Less than face amount in force due to lag in tabulation.
[3] Not available.
[4] Includes industrial banks, finance companies, investment companies, private and State benefit funds, and endowed institutions.

ranked third among project mortgage purchasers, accounting for almost 17 percent of the total.

According to reports received and tabulated by FHA during 1950, Federal agency purchases—by FNMA—amounted to only a little over $4½ million, or less than 1 percent of the total amount of mortgages transferred.

Table 36 also shows the number and original principal amounts of FHA project mortgages sold by the several types of financial institutions last year. State banks were by far the most active sellers, accounting for more than 45 percent of the total amount of mortgage

TABLE 36.—*Types of institutions purchasing and selling rental and cooperative project mortgages: Number and face amount of project mortgages transferred (including resales) under all sections, and Sec. 608 separately, for the year 1950*

[Dollar amounts in thousands]

Type of institution (as classified Dec. 31, 1950)	Mortgages purchased			Mortgages sold		
	Number	Amount	Percentage distribution [1]	Number	Amount	Percentage distribution [1]
	All sections					
National bank	41	$10,850	2.1	258	$111,427	21.5
State bank	53	19,625	3.8	315	230,270	45.6
Mortgage company	129	85,663	16.5	208	72,271	13.9
Life insurance company	333	148,154	28.6	21	12,640	2.5
Other insurance company	63	19,942	3.8	33	9,392	1.8
Savings bank	317	174,521	33.6	37	22,415	4.3
Savings & loan association	13	1,897	.4	51	11,885	2.3
Federal agency	21	4,574	.9	64	17,758	3.4
All other [2]	71	53,396	10.3	54	24,565	4.7
Total	1,041	518,622	100.0	1,041	518,622	100.0
	Section 608					
National bank	40	$10,407	2.0	258	$111,427	21.6
State bank	51	19,279	3.7	313	235,287	45.5
Mortgage company	120	85,663	16.6	206	71,832	13.9
Life insurance company	333	148,154	28.7	21	12,640	2.4
Other insurance company	63	19,912	3.8	33	0,302	1.8
Savings bank	316	173,981	33.7	37	22,416	4.3
Savings & loan association	13	1,897	.4	51	11,885	2.3
Federal agency	10	4,135	.8	62	17,412	3.4
All other [2]	71	53,396	10.3	54	24,565	4.8
Total	1,035	516,854	100.0	1,035	516,854	100.0

[1] Based on amount of mortgage.
[2] Includes industrial banks, finance companies, investment companies, private and State benefit funds, and endowed institutions.

transfers. Next in rank, but with only 22 percent of total sales, were the national banks. These were followed by mortgage companies, which sold project mortgages representing nearly 14 percent of the total amount.

Characteristics of Rental and Cooperative Projects

The characteristics of rental and cooperative projects covered by commitments for FHA mortgage insurance issued during 1950 are described in the following pages. In this analysis, projects have been arranged into three major groups: first, the new rental projects approved under Section 207, the Veterans' Emergency Housing provisions of Section 608, and the Section 803 military housing program; second, the cooperative housing projects approved under Section 213 or insured under the Section 207 cooperative housing provisions which were repealed on April 20, 1950; and third, the existing projects originally constructed with Federal funds and purchased by private investors with the assistance of FHA mortgage insurance under Section 608 pursuant to Section 610.

The principal characteristics of the loans, projects, and dwelling units covered by FHA project mortgage commitments issued in 1950 are summarized in the following table.

TABLE 37.—*Summary of characteristics of FHA rental and cooperative projects covered by FHA commitments issued during 1950*

Program	Percent distribution of units by type of structure [1]			Size of project (units)		Median			
	Walk-up	Elevator	One-family	Median	Average	Size of unit (rooms) [2]	Monthly rental per unit [2]	Mortgage per unit [2 3]	Ratio of mortgage to replacement cost
All new rental housing	40.0	30.8	29.2	48.6	97.6	4.2	$78.87	$7,706	88.6
Section 207 projects	59.1	7.1	33.8	31.3	66.9	4.3	71.13	6,366	82.9
Section 608 VEH [4] projects	41.4	37.8	20.8	45.8	87.7	4.1	81.12	7,610	88.2
Section 803 military projects [5]	28.0	.7	71.3	312.5	309.6	5.2	73.47	8,088	89.6
Cooperative housing: Sec. 213 new projects [6]	79.9	3.4	16.7	31.5	173.6	5.1	[7] 72.41	8,755	84.9
Existing housing built with Federal funds: Sec. 608-610 projects [5]	47.8	....	52.2	150.0	163.5	4.3	$36.22	$2,080	[8] 90.0

[1] Units in projects classified by predominant type of structure. One-family structures include row, semidetached and detached structures.
[2] Exclusive of data for projects in Alaska covered by commitments issued under the Alaska Housing Act.
[3] Amount of mortgage allocable to dwelling use.
[4] Veterans' Emergency Housing program.
[5] Includes projects covered by commitments issued prior to 1950.
[6] Includes projects securing mortgages insured under the Sec. 207 cooperative housing provisions repealed Apr. 20, 1950.
[7] Based on total monthly charges to members of cooperative groups sponsoring projects.
[8] Ratio of mortgage amount to FHA estimate of value.

It should be noted that, in addition to commitments issued last year under the several sections of the act, the characteristics data cover Section 803 commitments issued since the inception of that program in August 1949, the Section 207 cases insured under the cooperative housing provisions in effect from August 1948 to April 1950, and the Section 608–610 commitments issued since the enactment of Section 610 in August 1947. The light volume of operations under these sections in previous years did not warrant presentation of characteristics data in earlier reports.

Yearly trends.—New rental housing projects insured under Sections 207, 608, and 803 accounted for 99 percent of the units in FHA project mortgage commitments during 1950. The great bulk—82 percent—of the new rental units were in Section 608 projects, 14 percent were in Section 803 military housing projects, and the remainder were in Section 207 projects. Table 38 compares selected characteristics of the 1950 new rental projects with those of previous years, and Chart XVIII shows trends for several characteristics since the beginning of FHA rental project operations.

TABLE 38.—*Trend of characteristics of FHA new rental projects and dwelling units, 1935–50*

Year [1]	Number of units per project: Median	Number of units per project: Average	Number of rooms per dwelling unit: Median	Number of rooms per dwelling unit: Average	Monthly rental: Per unit [2]	Monthly rental: Per room [2]	Mortgage allocable to dwelling use: Per unit [3]	Mortgage allocable to dwelling use: Per room [3]
1935–41	72.2	121.1	3.9	3.7	$53.09	$14.54	$3,725	$1,009
1942–46	41.0	75.9	4.0	3.7	56.45	15.10	4,427	1,187
1947	20.3	39.8	4.7	4.4	84.13	[4] 19.00	7,505	1,724
1948	22.5	51.1	4.7	4.3	87.56	20.13	7,645	1,769
1949	41.6	78.4	4.0	3.7	82.49	22.22	7,190	1,940
1950	48.6	97.6	4.2	3.9	78.87	20.06	7,140	1,835

Year [1]	Percent of projects with: Walk-up structures	Percent of projects with: Elevator structures	Percent of projects with: 1-family [5] structures	Percent of dwelling units in: Walk-up structures	Percent of dwelling units in: Elevator structures	Percent of dwelling units in: 1-family [5] structures
1935–41	87.0	9.9	[6] 3.1	84.4	14.0	[6] 1.6
1942–46	81.6	—	18.4	79.4	—	20.6
1947	85.9	1.1	13.0	83.6	2.7	13.7
1948	84.4	3.1	12.5	76.7	13.1	10.2
1949	68.8	14.0	17.2	58.2	26.7	15.1
1950	59.0	18.0	23.0	40.0	30.8	29.2

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

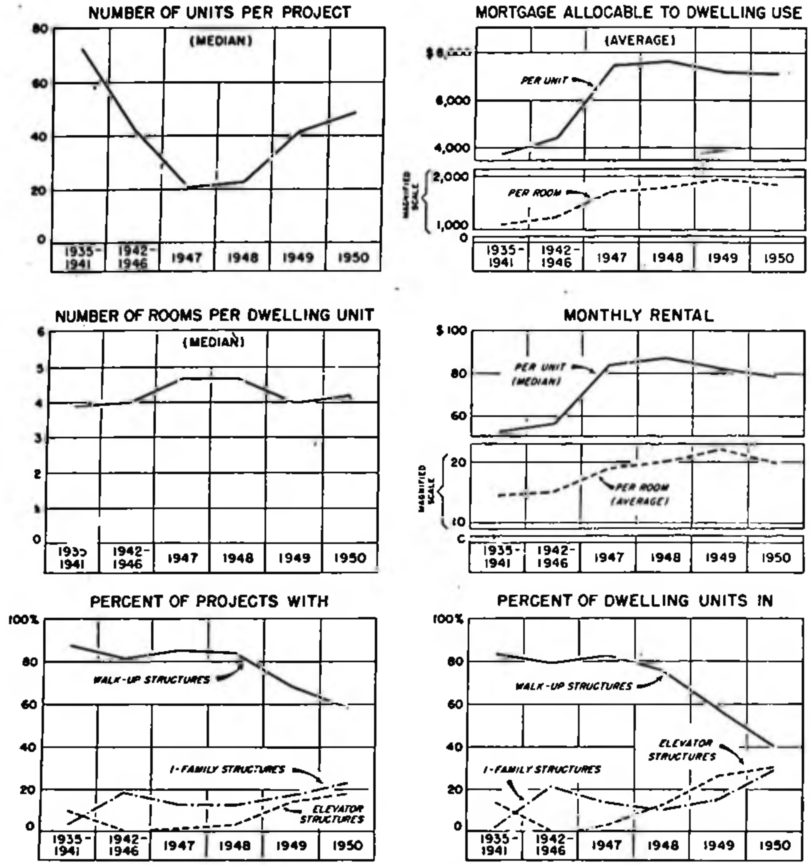
New rental projects approved in 1950 were larger than those of 1949. The typical 1950 project comprised nearly 50 units—the largest since the prewar Section 207 projects. Influencing the increase in project size, the proportion of dwelling units in elevator structures also rose, reaching almost 31 percent—a new high in FHA history. Nearly all these elevator apartments were in Section 608 projects.

The record-high proportion of projects composed of single-family structures also had a bearing on the larger size of the 1950 projects. Nearly 30 percent of new rental units were in this type of structure—about double the 1949 proportion. More than half (58 percent) of the single-family dwellings were in Section 608 projects, and over a third (38 percent) in Section 803 military housing projects.

Two of every five units were provided by walk-up projects, a decline from the three of every five accounted for by this type of project in 1949. Most of the walk-up units were in Section 608 projects, one-ninth in Section 803 military housing projects, and approximately 5 percent in Section 207 projects.

Dwelling units in the 1950 new rental projects were somewhat larger than those in the war and prewar projects and in the 1949 projects, but about one-half room smaller than those in postwar projects approved in 1947 and 1948. (See Table 38 and Chart XVIII.) Despite a rise of 4 percent in the proportion of elevator units from 1949 to 1950, the proportion of units of 4 rooms or more in all types of new rental projects rose from 50 to 60 percent. This increase was principally due to the marked rise (from 15 to 29 percent) in the proportion of units in single-family structure projects. More than nine-

TREND OF CHARACTERISTICS OF FHA NEW RENTAL PROJECTS AND DWELLING UNITS, 1935 - 1950 *



* SEE TABLE 3*, FOOTNOTE 1 FOR BASES OF DATA.

CHART XVIII.

tenths of the units in this type of project had 4 rooms or more, and 55 percent had 4½ rooms or more. (See Chart XXII.) Even the typical elevator unit registered a slight increase in size—from 3.4 rooms in 1949 to 3.6 rooms in 1950.

Table 38 shows that the 1950 median monthly rental—$79—was the lowest reported for new rental units approved during the postwar period. On an average per-room basis, the 1950 rental of $20.06 was about $2 less than in 1949, about the same as in 1948, and a dollar more than the average room rental in 1947. Compared with Section 207 prewar rental projects, the monthly rental for the 1950 units averaged about $5 more per room.

The proportion of new rental units with monthly rentals of less than $80 increased to 52 percent in 1950 from 46 percent the year before. Here again the effect of the larger proportion of single-family structure is evident, since nearly 84 percent of these units were approved for rentals of less than $80, and 44 percent for rentals of less than $60. (See Chart XXIII.)

The average amounts of mortgage allocable to dwelling purposes on a per-unit and per-room basis, shown in Table 38 and Chart XVIII, reflect the influence of construction costs on mortgage financing. The average mortgage amount per room—a more accurate barometer of the general trend than the average per unit, because of variation in the sizes of typical units from year to year—rose from slightly more than $1,000 during the prewar period to a peak of $1,940 in 1949—an increase of more than 90 percent.

In this connection, it should be noted that under the prewar Section 207 provisions the mortgage amount could not exceed 80 percent of the long-term value of the property, contrasted with the maximum of 90 percent of replacement cost applicable to the bulk of the postwar units.

Table 38 indicates a slight decrease in 1950 from 1949 in the average mortgage per unit and about a 5 percent decrease in the average per room. On the other hand, the median mortgage per unit for the 1950 new rental projects was $7,706—about $100 more than the median amount for the previous year. This somewhat contradictory situation is explained by the shift of the unit mortgage amounts from the middle ranges in 1949 to both the lower and higher ranges in 1950 as indicated in the table below:

Mortgage per unit:	Percent distribution of units 1949	1950
Less than $6,000	13.7	18.7
$6,000 to $7,999	53.4	41.8
$8,000 to $8,100	32.9	39.5
Total	100.0	100.0
Median	$7,608	$7,706
Average	7,190	7,140

Type of project.—Walk-up structures—principally two-story buildings—were predominant in about three of every five new rental projects of various sizes approved by FHA in 1950, but accounted for only 40 percent of the total number of dwelling units. See Table 39 and Chart XIX.

Elevator structure projects constituted about 30 percent of the new rental units, and almost the same proportion of dwellings were in projects consisting principally of single-family structures (row, semidetached, and detached houses).

Most of the new rental units approved under Section 207 (nearly 60 percent) were in walk-up projects, one-third were in single-family structure projects, and only 7 percent were in elevator projects. Of the Section 608 units, on the other hand, almost 38 percent were provided by elevator projects, with 41 percent in walk-up projects.

TABLE 39.—*Type of project by predominant type of structure: Percentage distributions based on FHA commitments to insure rental and cooperative project mortgages, 1950*

Type of project by predominant type of structure	New rental housing								Cooperative housing		Existing housing built with Federal funds	
	All new rental projects		Sec. 207 projects		Sec. 608 VEH projects		Sec. 803 military projects[1]		Sec. 213 new projects[2]		Sec. 608-610 projects[1]	
	Projects	Units	Projects	Units	Projects	Units	Projects	Units	Projects[3]	Units	Projects	Units
Walk-up total	59.0	40.0	74.7	59.1	59.7	41.4	29.5	28.0	------	79.9	62.5	47.8
1- and 2-story combined	1.0	1.3	------	------	.9	.7	2.6	4.5	------	------	4.2	3.8
2-story	49.1	30.9	67.5	55.0	49.3	31.3	26.9	23.5	------	79.9	54.1	33.8
2- and 3-story combined	1.7	3.2	1.2	1.1	1.8	3.9	------	------	------	------	4.2	10.2
3-story	7.2	4.6	6.0	3.0	7.7	5.5	------	------	------	------	------	------
Elevator	18.0	30.8	2.4	7.1	19.8	37.8	1.3	.7	------	3.4	------	------
One-family total	23.0	29.2	22.9	33.8	20.5	20.8	69.2	71.3	------	16.7	37.5	52.2
Row house	14.6	14.0	14.5	21.2	13.9	11.9	28.2	26.6	------	------	16.7	20.0
Semidetached	7.6	12.8	4.8	8.6	6.6	8.9	28.2	34.3	------	------	12.5	25.4
Detached	.8	1.8	3.6	4.0	------	------	12.8	10.4	------	16.7	8.3	6.8
All types	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	------	100.0	100.0	100.0

[1] Includes projects covered by commitments issued prior to 1950.
[2] Includes projects securing mortgages insured under Sec. 207 cooperative housing provisions repealed Apr. 20, 1950.
[3] Percentage distribution not significant.

Section 803 military housing was marked by the extremely high proportion of the units (71 percent) which were in single-family structure developments. Practically all the Section 803 projects are located on military installations where sizable tracts of land are readily available at nominal ground rents for dwelling projects. Since neither availability nor cost of land is a problem, and since most of the dwellings are intended for military personnel with families, the more spacious single-family structure has almost invariably been selected by military officials as the type of structure to be erected.

In cooperative housing developments approved by FHA through the end of 1950, members have indicated a preference for walk-up structures, with nearly 80 percent of the dwelling units in this type of project. The high proportion of walk-ups is due to the fact that nearly 85 percent of the surveyed cooperative project units were in management projects—the units of which are leased to members of the cooperative group sponsoring the project—and 94 percent of the units in these management projects were in walk-up structures. All units in the sales type of cooperative housing projects were in single-family

DISTRIBUTION OF PROJECTS AND DWELLING UNITS BY TYPE OF PROJECT, 1950
FHA COMMITMENTS TO INSURE NEW RENTAL PROJECT MORTGAGES
UNDER SECTIONS 207, 608 & 803

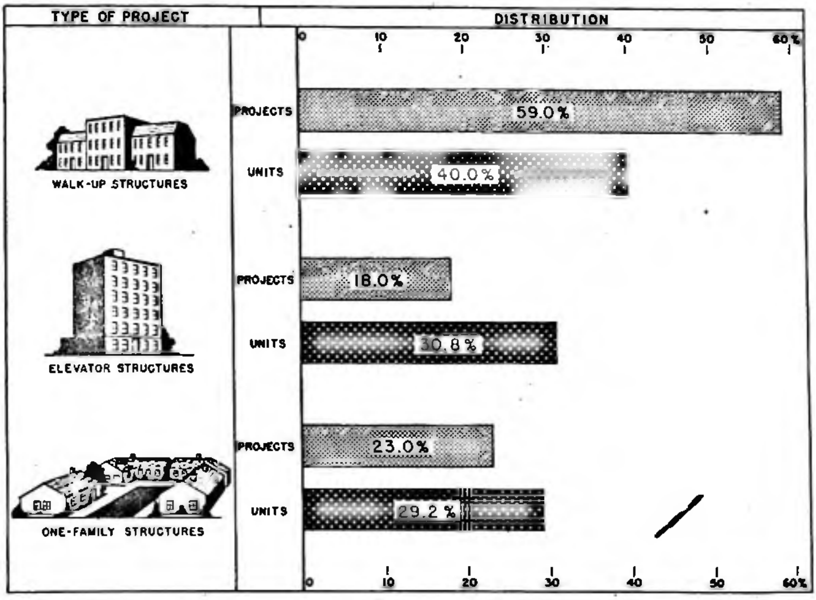


CHART XIX.

structures, since this type of cooperative housing venture is organized specifically for the purpose of building single-family homes which are to be sold to participating members on completion.

Units provided in the existing-structure projects approved under Section 608–610 by the end of 1950 were evenly divided between walk-up structures and projects consisting of single-family structures.

Size of project.—Table 40 presents percentage distributions by project size (measured in dwelling units) under each program during 1950. Both the median and average (arithmetic mean) number of units per project are shown, but, since the averages are greatly affected by the larger projects, for analytical purposes the median is considered more significant.

TABLE 40.—*Size of project: Percentage distributions based on FHA commitments to insure rental and cooperative project mortgages, 1950*

Number of dwelling units per project	All new rental projects		Sec. 608 VEH new rental projects by predominant type of structure							
			All Sec. 608 projects		Walk-up		Elevator		One-family [1]	
	Projects	Units	Projects	Units	Projects	Units	Projects	Units	Projects	Units
8 to 9	5.5	0.4	6.2	0.6	8.3	1.1	-------	-------	5.9	0.5
10 to 24	27.8	4.6	28.3	5.2	38.8	10.2	-------	-------	25.2	4.5
25 to 49	17.6	6.6	18.5	7.7	21.4	12.4	10.7	2.7	17.9	7.4
50 to 99	18.8	13.3	19.2	15.2	14.6	16.3	32.9	14.0	19.7	15.2
100 to 149	9.4	11.6	9.5	13.1	5.7	11.1	22.5	16.5	8.3	11.1
150 to 199	5.3	9.5	5.0	9.9	4.0	11.7	6.8	7.2	5.9	11.3
200 to 299	8.0	19.2	7.9	21.3	4.4	17.4	12.1	17.9	13.7	34.9
300 to 399	2.7	9.7	2.1	8.1	1.5	9.0	3.9	8.1	1.7	6.4
400 to 499	2.0	8.8	1.3	6.6	.5	3.4	3.9	10.0	1.4	6.8
500 or more	2.9	16.3	2.0	12.3	.8	7.4	7.2	23.6	.3	1.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Median	Average	Median	Average	Median	Average	Median	Average	Median	Average
Units per project	48.6	97.6	45.8	87.7	28.1	60.9	112.5	167.2	51.7	89.0

Number of dwelling units per project	New rental housing				Cooperative housing		Existing housing built with Federal funds	
	Sec. 207 projects		Sec. 803 military projects [2]		Sec. 213 new projects [3]		Sec. 608-610 projects	
	Projects	Units	Projects	Units	Projects [4]	Units	Projects	Units
8 to 9	-------	-------	-------	-------	-------	-------	4.2	0.2
10 to 24	45.8	11.9	-------	-------	-------	2.6	25.0	2.2
25 to 49	15.7	8.4	2.5	0.4	-------	7.9	4.2	1.1
50 to 99	19.3	19.0	9.0	1.9	-------	3.4	12.5	5.8
100 to 149	8.4	14.6	7.7	3.2	-------	6.9	-------	-------
150 to 199	2.4	6.1	14.1	8.3	-------	-------	16.6	15.6
200 to 299	2.4	7.9	15.4	11.2	-------	-------	20.8	30.8
300 to 399	4.8	23.1	12.8	15.0	-------	-------	4.2	8.9
400 to 499	-------	-------	16.7	22.0	-------	-------	8.3	22.6
500 or more	1.2	9.0	21.8	38.0	-------	79.2	4.2	12.8
Total	100.0	100.0	100.0	100.0	-------	100.0	100.0	100.0
	Median	Average	Median	Average	Median	Average	Median	Average
Units per project	31.3	66.9	312.5	309.6	31.5	173.6	150.0	163.5

[1] Includes row house, semidetached, and detached structures.
[2] Includes projects covered by commitments issued prior to 1950.
[3] Includes projects securing mortgages insured under Sec. 207 cooperative housing provisions repealed Apr. 20, 1950.
[4] Percentage distribution not significant.

The median size of all FHA new rental projects was slightly less than 50 units, compared with 30 units for the cooperative projects and 150 units for the existing Section 608–610 units. Section 803 military housing projects were decidedly the largest, having a median size of 313 units, nearly 7 times as large as the median Section 608 projects (46 units) and 10 times the size of the typical Section 207 project.

Only in Section 608 was the volume of units covered by commitments issued in 1950 large enough to justify classifying the data by type of project. Table 40 shows that the size of the typical Section

608 elevator project (113 units) was about twice that of the median one-family structure project (52 units) and four times that of the median walk-up project (28 units).

Chart XX, combining all new rental housing projects without reference to their legislative authority, reveals that, although in number the smaller projects (less than 50 units) predominated in 1950, the major portion of the units (75 percent) were in projects of 100 units

DISTRIBUTION OF PROJECTS AND UNITS BY SIZE OF PROJECT, 1950

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

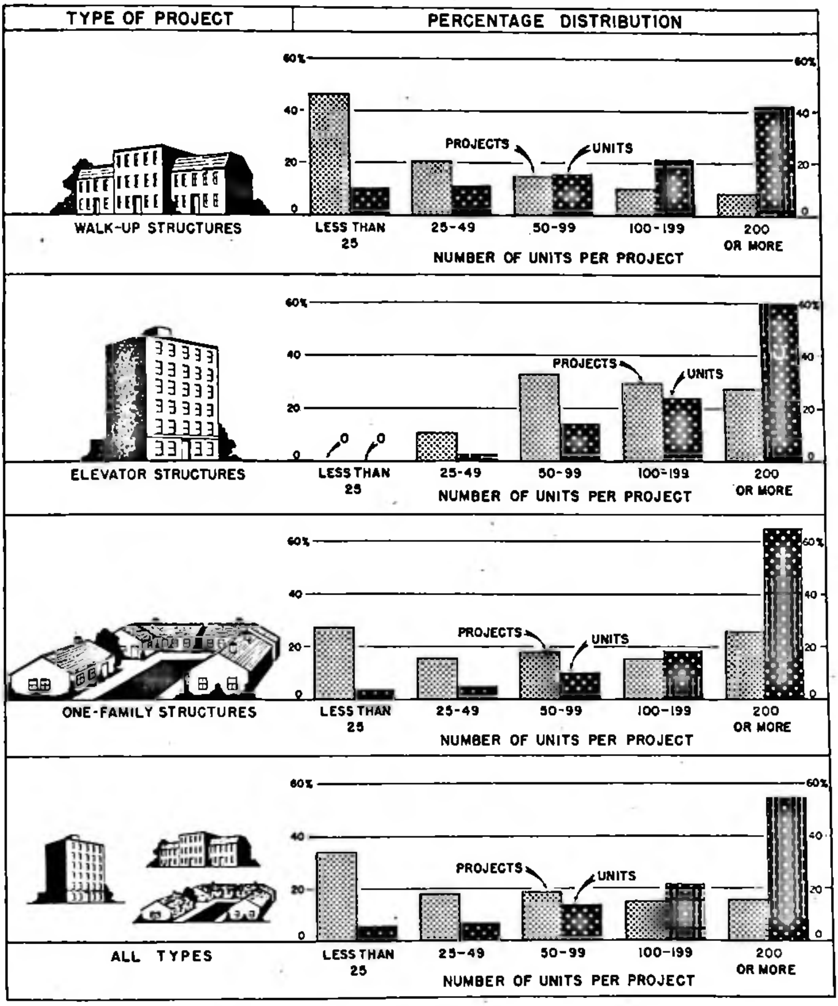


CHART XX.

or more. This situation was most pronounced for the walk-up structure projects. Elevator projects tended to be considerably larger—only 10 percent had fewer than 50 units, while about 55 percent were in the 100-or-more unit size class. Three-fifths of the elevator apartment units were in projects containing 200 or more units.

Mortgage allocable to dwellings.—About one-third of FHA's new rental units approved in 1950 were in projects where the amount of mortgage allocable to dwellings averaged less than $7,000 per unit, and nearly 30 percent had mortgages averaging between $7,000 and $7,999. (See Table 41.) Almost the same proportions of the Section 608 units were in these ranges, but Section 207 units were more concentrated in the lower mortgage amount ranges, with three of every four covered by a mortgage of less than $7,000 per unit. In Section 803

TABLE 41.—*Mortgage allocable to dwellings, new rental projects: Percentage distributions based on FHA commitments to insure rental project mortgages, 1950* [1]

Average amount of mortgage per dwelling unit [2]	All new rental projects		Section 207 projects		Section 803 [3] military projects	
	Projects	Units	Projects	Units	Projects	Units
Less than $4,000	2.5	2.1	5.1	3.4	-----	-----
$4,000 to $4,999	5.1	4.8	7.7	7.4	1.3	0.3
$5,000 to $5,490	7.0	6.4	5.1	5.4	1.3	1.0
$5,500 to $5,999	7.1	5.4	11.5	15.0	3.8	2.0
$6.000 to $6,499	9.4	6.8	24.4	25.7	1.3	1.6
$6,500 to $6,999	8.5	6.8	24.4	20.0	3.8	1.4
$7,000 to $7,499	9.7	10.3	16.7	20.0	10.2	11.1
$7,500 to $7,999	17.2	17.9	3.8	2.7	12.9	15.7
$8,000 to $8,099	16.7	22.1	-----	-----	16.7	19.2
$8,100	16.8	17.4	1.3	.4	48.7	47.7
Total	100.0	100.0	100.0	100.0	100.0	100.0
Median mortgage amount [4]	$7,706		$6,366		$8,088	

Average amount of mortgage per dwelling unit [2]	Section 608 VEH new rental projects by predominant type of structure							
	All Section 608 projects		Walk-up		Elevator		One-family [5]	
	Projects	Units	Projects	Units	Projects	Units	Projects	Units
Less than $4,000	2.5	2.5	2.4	3.5	-----	-----	5.1	4.7
$4,000 to $4,900	5.2	5.6	4.4	3.4	-----	-----	12.1	20.0
$5,000 to $5,499	7.4	7.5	5.8	4.3	0.7	0.8	18.3	25.8
$5,500 to $5,999	7.0	5.7	9.3	9.0	-----	-----	7.2	0.5
$6,000 to $6,499	9.0	7.0	9.2	9.5	1.5	.9	15.9	13.2
$6,500 to $6,999	7.9	7.4	9.9	12.3	2.2	1.7	7.6	7.6
$7,000 to $7,499	9.3	9.8	9.1	8.9	10.1	12.0	9.3	7.8
$7,500 to $7,999	18.2	19.0	18.9	20.6	28.3	24.2	7.2	6.4
$8,000 to $8,099	17.6	23.4	13.2	15.0	38.4	41.5	9.7	2.3
$8,100	15.9	12.1	17.8	13.5	18.8	15.9	7.6	2.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median mortgage amount [4]	$7,619		$7,444		$8,023		$5,491	

[1] Exclusive of projects in Alaska covered by commitments issued under Alaska Housing Act.
[2] Dwelling units and rooms not producing income, e. g. janitor units, are included in the computation of this average.
[3] Includes projects covered by commitments issued prior to 1950.
[4] Based on dwelling unit distribution.
[5] Includes row houses, semi-detached, and detached structures.

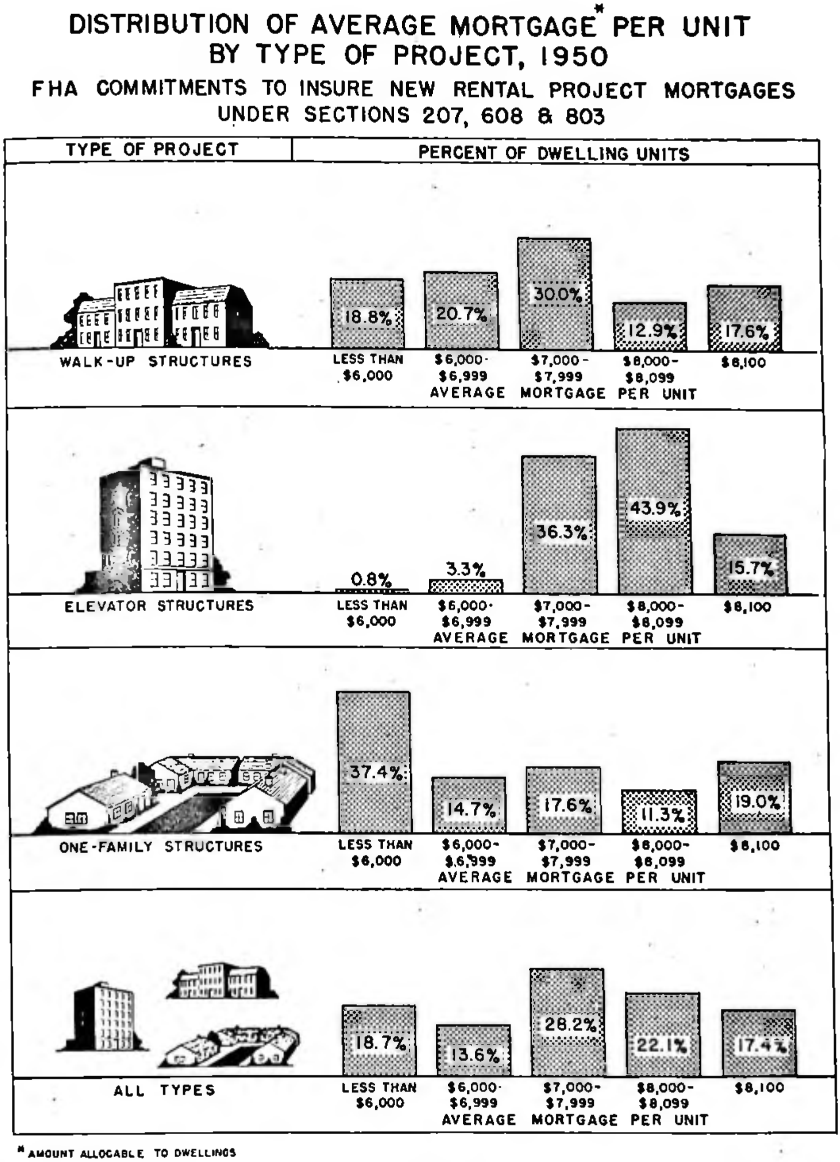


CHART XXI.

military housing, higher construction costs (reflecting the larger size of the dwellings) have resulted in mortgage amount averages markedly higher than for other rental units—more than two-thirds of the Section 803 units having mortgage amounts between $8,000 and $8,100. No Section 803 projects with dwelling mortgages exceeding $8,100 per unit had been reported as approved through the end of 1950, although a maximum of $9,000 for single-family structures is permitted by the law in specified circumstances.

How the amount of dwelling mortgage varies by type of project is revealed in Chart XXI. In walk-up projects, more than half the units had mortgages averaging from $6,000 to $7,999, compared with 30 percent in the $8,000 to $8,100 bracket and nearly 20 percent in the less-than-$6,000 group. In contrast, nearly 60 percent of the elevator apartments were in projects with mortgages of $8,000 to $8,100 per unit, while less than one percent averaged less than $6,000.

Projects consisting of single-family structures are at the other end of the mortgage amount scale. In such projects, three of every eight dwelling units averaged less than $6,000 mortgage per unit and more than half (52 percent) averaged less than $7,000. Of the 30 percent of the units in one-family structure projects having mortgages of $8,000 to $8,100, almost all were Section 803 military housing dwellings.

In cooperative housing projects under Sections 213 and 207, more than four-fifths of the units were in the $8,500 to $8,999 mortgage range, as is indicated in the following table:

Mortgage per unit:	Percent distribution
Less than $8,000	2.9
$8,000 to $8,499	5.7
$8,500 to $8,999	81.7
$9,000 or more	9.7
Total	100.0

The median mortgage amount for cooperative housing units was $8,750 in the management type projects, while the median for dwellings in the sales type projects was almost $9,250.

Mortgage amounts in existing Section 608–610 projects were appreciably lower than for projects under other sections of the National Housing Act. In no case did the average amount of dwelling mortgage exceed $3,500 per unit, while the bulk of the units (58 percent) were in the $1,500 to $2,499 class, as indicated in the following table:

Mortgage per unit:	Percent distribution
Less than $1,500	12.4
$1,500 to $1,999	29.8
$2,000 to $2,499	28.7
$2,500 to $2,999	18.4
$3,000 to $3,500	10.7
Total	100.0

Section 608–610 mortgages are lower because they may not exceed an amount equal to 90 percent of the FHA estimate of the project's long-term value, which takes into account the depreciation that has already taken place in the existing structures.

Credit control restrictions had only a limited effect on the amounts of project mortgages committed for FHA insurance in 1950, because they did not apply to applications received before July 19, 1950, and because military housing was excepted. Included in these exceptions were all Section 608 new projects, all Section 803 projects, and nearly 60 percent of the Section 207 projects committed during 1950.

Ratio of mortgage amount to replacement cost.—Table 42 shows that, for the typical new rental unit, the mortgage was almost 89 percent of the estimated replacement cost. More than 7 of every 10

TABLE 42.—*Ratio of mortgage amount to replacement cost: Percentage distributions based on FHA commitments to insure rental and cooperative project mortgages, 1950*

Mortgage as a percent of replacement cost	New rental housing								Cooperative housing	
	All new rental projects		Sec. 207 projects		Sec. 608 VEH projects		Sec. 803 military projects [1]		Sec. 213 new projects [2]	
	Projects	Units	Projects	Units	Projects	Units	Projects	Units	Projects [3]	Units
Less than 70	2.0	1.1	14.5	12.5	1.4	0.9	-------	-------	-------	-------
70 to 79.9	9.7	5.5	43.4	25.4	7.9	4.8	7.7	4.5	-------	-------
80 to 82.4	10.3	11.7	9.6	9.6	10.8	13.8	2.6	1.4	-------	3.4
82.5 to 84.9	11.1	9.8	12.1	14.3	11.5	10.9	3.9	3.0	-------	79.2
85 to 87.4	13.7	12.1	7.2	5.8	14.5	13.9	5.1	4.5	-------	6.9
87.5 to 89.9	30.6	34.9	8.4	16.4	30.7	31.9	51.3	54.3	-------	2.2
90	22.0	24.9	4.8	16.0	23.2	23.8	29.4	32.3	-------	[4] 8.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	-------	100.0
Median ratio [5]	88.6		82.9		88.2		89.6		84.9	

[1] Includes projects covered by commitments issued prior to 1950. FHA estimate of market price of land excluded from replacement cost estimates for leasehold estate projects representing 87 percent of the projects and 84 percent of the units; for projects with land price included in cost, mortgage-to-cost ratio averages 89.7 percent.
[2] Includes projects securing mortgages insured under the Sec. 207 cooperative housing provisions repealed Apr. 20, 1950.
[3] Percentage distribution not significant.
[4] About 7 percent of the Sec. 213 units were in projects with mortgage-to-cost ratios ranging from 93 to 94.9 percent.
[5] Based on dwelling unit distribution.

new rental units were in projects where the ratio of mortgage amount to replacement cost ranged from 85 to 90 percent. In only 7 percent of the units were the ratios less than 80 percent.

The highest median mortgage-to-cost ratio—89.6 percent—was reported for the Section 803 military housing projects. Almost a third of the Section 803 units were covered by mortgages representing the full 90 percent maximum of the replacement cost.

Nearly 7 of every 10 Section 608 mortgages ranged from 85 to 90 percent of replacement cost. About 6 percent of the units had ratios of less than 80 percent. The median mortgage-to-cost ratio for all Section 608 units was 88 percent.

Section 207 mortgages represented appreciably smaller proportions of replacement cost than did the mortgages approved under Sections 608 and 803. Nearly five of every eight Section 207 projects had mortgage-to-cost ratios of less than 85 percent, three of eight were in projects with ratios of less than 80 percent, and one in eight had a ratio of less than 70 percent.

Under the Housing Act of 1950, the maximum ratio of loan to value for Section 207 projects was established at 90 percent of the first $7,000 of value plus 60 percent of the next $3,000. These percentages were reduced to 85 and 55, respectively (of value in excess of $7,000), by the July 19 credit restrictions described in Section I of this report. Since value may not exceed replacement cost in any case, the ratios of mortgage to cost must average less than ratios of mortgage to value for the same commitments.

In the following table the dwelling units covered by Section 207 commitments issued in 1950 are distributed by the ratio of mortgage amount to FHA estimate of project value:

Mortgage as a percentage of value:	*Percent distribution*
Less than 70.0	——
70 to 79.9	17.1
80 to 84.9	24.3
85 to 89.9	38.6
90	20.0
Total	100.0

median mortgage-to-value ratio for 1950 Section 207 projects was 86 percent, about 3 points higher than the median mortgage-to-replacement cost ratio for the same projects.

Mortgages on cooperative housing projects averaged about 85 percent of replacement cost. For management type cooperatives the median ratio was slightly less—about 84 percent—compared with a 91 percent ratio for the typical dwelling in the sales type project. Until the imposition of the July 19, 1950, credit controls, the ratio of mortgage amount to replacement cost for cooperatives could be as high as 95 percent, depending upon the proportion of World War II veterans in the membership of the cooperative group. Some 7 percent of the cooperative housing units were in projects with mortgage-to-cost ratios averaging between 93 and 94.9 percent. The July 19 limitations reduced the maximum ratio to 90 percent for cooperative groups in which at least 65 percent of the membership were World War II veterans, and to 85 percent for sponsoring groups without any veteran members.

For existing structures in Section 608–610 projects, mortgages typically averaged about 40 percent of the replacement cost on a unit basis, while the median ratio of mortgage to FHA estimate of value was 90 percent (the statutory maximum).

Size of dwelling unit.[4]—Four or more rooms were provided in 60 percent of dwelling units in the new rental projects approved by FHA in 1950. About 30 percent had 3 or 3½ rooms, while units with less than 3 rooms accounted for the remaining 10 percent. As would be expected, most of the smaller units were in the elevator projects, where three of every four apartments had 3½ rooms or less. (See Chart XXII). On the other hand, the larger size dwellings predominated in the single-family structure projects—over 90 percent of these units having 4 rooms or more and nearly 40 percent having 5 rooms or more. About half the walk-up project units contained 4 or 4½, over 30 percent had 3 or 3½, and 15 percent provided 5 or more rooms.

Table 43 shows that more than half (54 percent) of the units approved under Section 608 in 1950 had 4 rooms or more. The other 46 percent were apartments with 3½ rooms or less, reflecting the large proportion of elevator units in the Section 608 projects. Distributions of the number of Section 608 units in walk-up, elevator, and single-family structure projects by size of unit are also presented in Table 43.

The most popular apartment sizes in Section 207 projects were 4 and 4½ rooms, together accounting for six of every ten units. About three of ten Section 207 units contained 3½ rooms or less, and one-tenth of the units had 5 rooms or more.

Reflecting the predominance of single-family structures in Section 803 military housing projects, nearly 94 percent of the military housing units had 4 or more rooms; 60 percent had 5 or more rooms.

In the FHA cooperative housing projects, the more spacious dwellings were by far more prevalent. Units with 4½, 5, and 6 rooms together accounted for more than 90 percent of the total. The typical apartment in management-type projects contained 5 rooms, compared with a median of 6 rooms in sales-type dwellings.

Two-thirds (64 percent) of the total number of units in the existing-structure Section 608–610 projects were 4-room apartments, with 5

[4] Typical unit compositions are as follows:

Less than 3 rooms—Combination living and sleeping room with dining space or dining alcove and kitchen or kitchenette.

3 rooms—Living room, 1 bedroom, and kitchen, with dining space either in living room or kitchen.

3½ rooms—Living room, 1 bedroom, dining alcove, and kitchen.

4 rooms—Living room, 2 bedrooms, with dining space either in living room or kitchen; or (less frequently) living room, 1 bedroom, dining room, and kitchen.

4½ rooms—Living room, 2 bedrooms, dining alcove, and kitchen.

5 rooms—Living room, 2 bedrooms, dining room, and kitchen; or (less frequently) living room, 3 bedrooms, and kitchen with dining space either in living room or kitchen.

5½ rooms—Living room, 3 bedrooms, dining alcove, and kitchen.

6 rooms—Living room, 3 bedrooms, dining room, and kitchen.

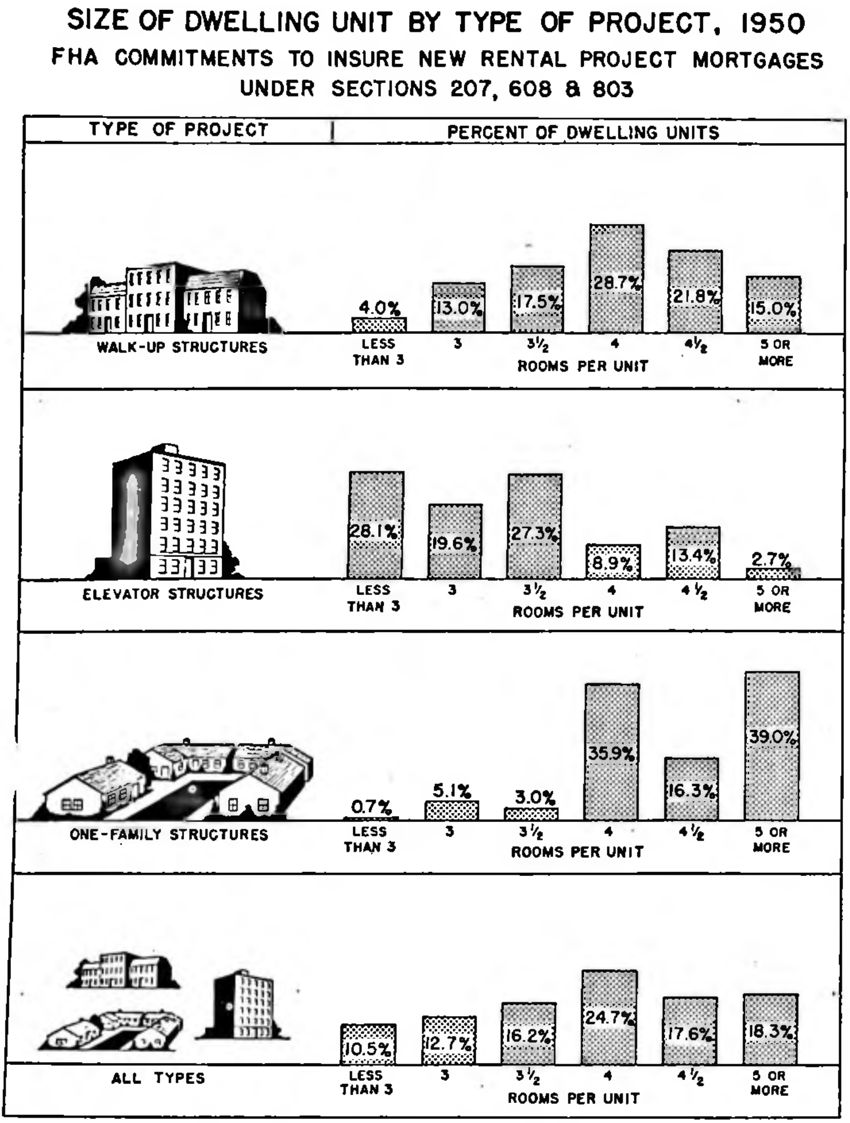


CHART XXII.

rooms provided in nearly one-fifth of the units, and 3 rooms in one-ninth.

Monthly rental.—The data shown in Chart XXIII and Table 44 are based on the monthly rental estimates used in the FHA underwriting analysis of project mortgage cases. These estimates generally reflect the rentals actually charged by the sponsors upon completion of the projects, although adjustments in rental schedules may be made,

TABLE 43.—*Size of dwelling unit: Percentage distributions based on FHA commitments to insure rental and cooperative project mortgages, 1950* [1]

Number of rooms per unit [2]	New rental housing: All new rental projects	New rental housing: Sec. 608 VEH projects by type of structure: Total	Sec. 608 VEH projects: Walk-up	Sec. 608 VEH projects: Elevator	Sec. 608 VEH projects: 1 family [3]	New rental housing: Sec. 207 projects	New rental housing: Sec. 803 military projects [4]	Cooperative housing: Sec. 213 new projects [5]	Existing housing built with Federal funds: Sec. 608-610 projects [4]
Less than 3	10.5	12.4	4.2	27.7	1.2	13.2	0.1	0.8	----------
3	12.7	14.8	14.2	19.8	7.1	12.1	2.0	1.9	11.2
3½	16.2	19.0	19.3	27.4	3.3	5.7	4.2	2.7	----------
4	24.7	26.7	31.6	9.0	48.9	30.5	13.4	1.3	63.5
4½	17.6	16.7	20.1	13.4	15.8	27.6	20.4	34.8	4.5
5	13.2	9.7	10.0	2.6	21.7	6.0	32.4	36.8	19.3
More than 5	5.1	.7	.6	.1	2.0	5.9	27.5	21.7	1.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median (rooms)	4.2	4.1	4.2	3.6	4.4	4.3	5.2	5.1	4.3

[1] Exclusive of projects in Alaska covered by commitments issued under the Alaska Housing Act.
[2] FHA room count excludes bathrooms, closets, halls, and similar spaces.
[3] Includes row house, semidetached, and detached structures.
[4] Includes projects covered by commitments issued prior to 1950.
[5] Includes projects securing mortgages insured under the Sec 207 cooperative housing provisions repealed Apr. 20, 1950.

TABLE 44.—*Monthly rental: Percentage distributions based on FHA commitments to insure rental and cooperative project mortgages, 1950* [1]

Monthly rental per unit	New rental housing: All new rental projects	New rental housing: Sec. 608 VEH projects by type of structure: Total	Sec. 608 VEH projects: Walk-up	Sec. 608 VEH projects: Elevator	Sec. 608 VEH projects: 1-family [2]	New rental housing: Sec. 207 projects	New rental housing: Sec. 803 military projects [3]	Cooperative housing: Sec. 213 new projects [4]	Existing housing built with Federal funds: Sec. 608-610 projects [3]
Less than $50	9.8	11.5	6.2	--------	42.5	3.3	2.2	3.4	96.1
$50 to $59.99	9.0	7.6	8.8	(5)	19.1	12.8	15.3	8.6	3.7
$60 to $69.99	13.9	11.5	15.6	4.2	16.0	31.3	23.0	20.2	.2
$70 to $79.99	19.4	17.4	22.0	15.2	12.4	20.3	29.6	57.9	----------
$80 to $89.99	17.9	17.6	20.7	20.1	6.6	20.0	18.7	5.9	----------
$90 to $99.99	13.9	15.6	12.3	26.7	2.3	5.1	7.2	1.0	----------
$100 to $109.99	7.0	7.9	9.4	10.5	.3	2.1	3.0	1.8	----------
$110 to $124.99	6.9	8.2	4.5	16.8	.2	3.6	.9	.1	----------
$125 or more	2.2	2.7	.5	6.5	--------	.6	.1	1.1	----------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median rental	$78.87	$81.12	$78.81	$95.42	$53.90	$71.13	$73.47	$72.41	$36.22

[1] Exclusive of projects in Alaska covered by commitments issued under the Alaska Housing Act.
[2] Includes row house, semidetached, and detached structures.
[3] Includes projects covered by commitments issued prior to 1950.
[4] Includes projects securing mortgages insured under the Sec. 207 cooperative housing provisions repealed Apr. 20, 1950. Data are based on monthly charges to members of cooperative groups sponsoring projects.
[5] Less than 0.05 percent.

with the approval of FHA, if justified by actual development or other costs, or changes in structural plans.

More than half (52 percent) the dwellings in new FHA rental projects approved in 1950 had estimated monthly rentals of less than $80; one-third reported rentals in the $80 to $99 range, and one-sixth, rentals of $100 or more. Rents of less than $60 monthly were reported for just under one-fifth (19 percent) of new rental units.

As shown in Chart XXIII, the higher rents were more common in elevator projects, with a third of the units approved for rents of $100 or more and slightly less than a half (47 percent) in the $80 to $99 bracket. The high level of elevator-project rentals reflects higher production costs and more equipment, services, and utilities furnished to the tenant and included in the rent. For 99 percent of the elevator units, rentals covered a full complement of range, refrigerator, laun-

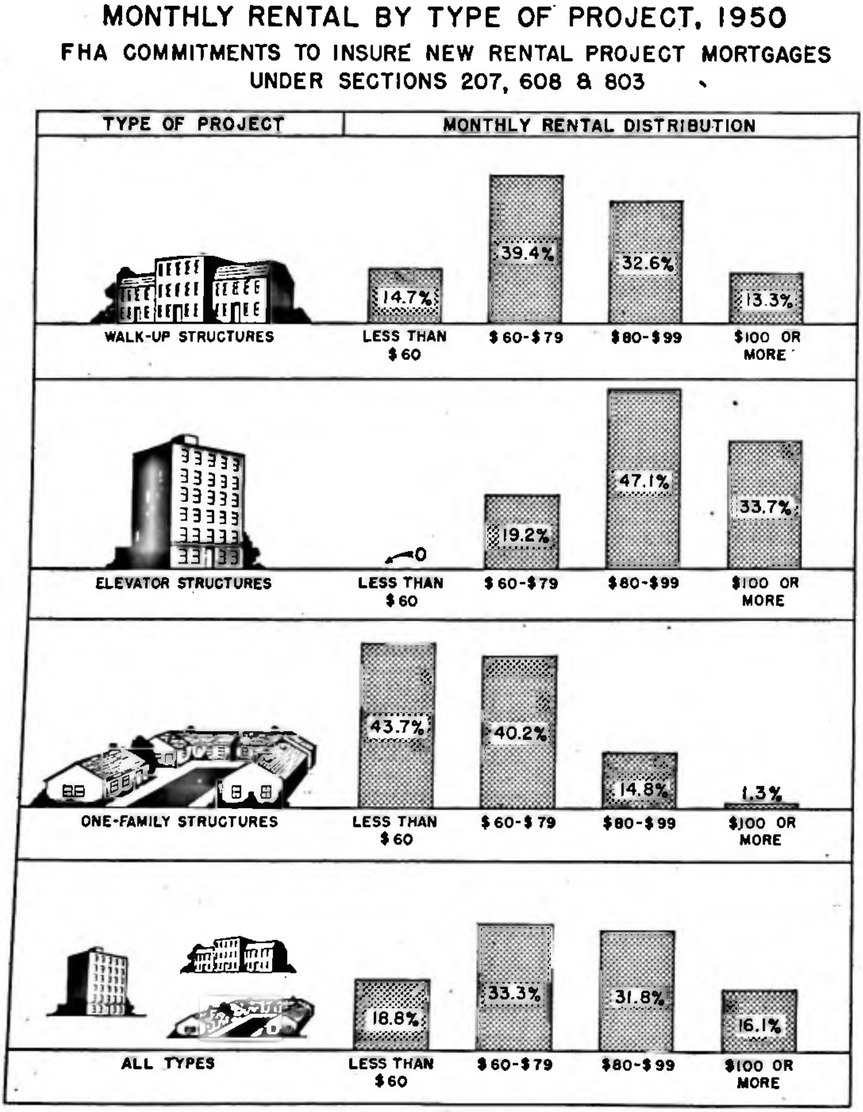


CHART XXIII.

dry facilities, heat, hot and cold water, janitor service, and grounds maintenance. Current for lighting, gas or electricity for cooking and refrigeration, and frequently air conditioning were included in the rentals of more than one-sixth of the elevator units.

In marked contrast, the rentals for dwellings in single-family structure projects were substantially lower. Nearly 84 percent of these units reported monthly rentals of less than $80, including 44 percent with rentals of less than $60. The lower rent level for single-dwelling structures was principally due to the location of most (70 percent) of the projects in the South and Southwest, where less costly types of construction can be utilized, and to the fact that only a minimum amount of equipment, services, and utilities is generally provided for single-family units. Heat and hot water, which are commonly covered by rentals of apartment units, were excluded from the rentals of 88 percent of the dwellings in single-family structure projects.

Rentals of walk-up project units were principally in the middle ranges, with 2 of every 5 units having estimated rents of $60 to $79 and nearly one-third in the $80 to $99 bracket. Rentals of less than $60 per month were reported for one of every seven walk-up apartments, and almost the same proportion had rents of $100 or more.

Cooking range, refrigerator, heat, hot and cold water, laundry facilities, and janitor and grounds maintenance service were included in the rental for about four-sevenths of the walkup project units. In another 30 percent of these units, either a range and refrigerator or heat and hot water, but not both combinations, were covered in the rent in addition to cold water, laundry facilities, and janitor and grounds maintenance services, which were included in all walk-up projects.

Section 608 units fell into three almost evenly divided monthly rental groups—35 percent in the $70 to $89 range, 34 percent in the $90 or more bracket, and 31 percent with rents of less than $70 (Table 44). That type of project was a factor in the distribution of Section 608 rentals is evidenced by the fact that rents in the $60 to $89 range were reported for most (58 percent) of the walk-up units; that $80 to $109 rents predominated in elevator projects, while rents of less than $60 were reported for more than three-fifths of the dwellings in the one-family structure projects.

Rentals reported for Section 207 units were generally lower than those for the units in the new rental projects approved under either Section 608 or 803. Nearly half (47 percent) of the Section 207 units were scheduled to rent for less than $70 per month, and another two-fifths for $70 to $89 per month. More than half of the Section 803 military housing units were concentrated in the $60 to $79 rental range, compared with one-fourth having estimated rents of $80 to

$99, and slightly less than one-fifth with rentals of less than $60. Only 4 percent had rents of $100 or more.

In lieu of the monthly rentals to be paid by tenants in the Sections 608, 207, and 803 projects, estimates are made of monthly charges to be paid by members of cooperative groups in cooperative housing projects. The items composing the monthly charges vary, depending upon whether the project is a sales or management type. In a sales type project, the monthly charge estimates are summarized only on the basis of the period preceding the sale of separate properties to the individual members, and cover pro rata payments for amortization and interest on the mortgages, FHA mortgage insurance premium, real estate taxes and special assessments, and hazard insurance. In addition to these items, the monthly charges in management type cooperative projects usually include pro rata payments for project operating expenses, reserves for replacements, management costs, and general operating reserve. Generally excluded are the costs of cooking and lighting utilities, and minor repairs and maintenance, which are usually borne by the occupants of the dwelling units themselves.

As indicated in Table 44, monthly charges for approximately three-fifths of the cooperative housing units were between $70 and $79, one-fifth were between $60 and $69, and 12 percent reported charges of less than $60. Thus, monthly charges of less than $80 were reported for nine-tenths of the cooperative housing units, while only one-half of the units in new rental projects reported rentals of less than that amount. The median monthly charge payments for sales type cooperative projects averaged $58, compared with $73 for the management type.

As would be expected, the rentals reported for the units in the Section 608–610 projects were substantially less than those reported under the other programs, not only because these existing units were generally low-cost units and had been occupied for several years, but also because many of them were subject to rent control. Table 44 shows that virtually all these units had rents of less than $60, and 96 percent had rents of less than $50. The following table presents a more detailed distribution of the lower rentals of the Section 608–610 units:

Mortgage per unit:	*Percent distribution*
Less than $25	0.3
$25 to $29.99	9.7
$30 to $34.99	34.5
$35 to $39.99	22.6
$40 to $44.99	22.9
$45 to $49.99	6.1
$50 or more	3.9
Total	100.0

Property Improvement Loans Insured Under Title I

In 1950, insurance was written under two sections of Title I of the National Housing Act—Section 2 and Section 8. Section 2 provides for one of FHA's major activities—the insurance of property improvement loans. A statistical analysis of operations under this section is presented in detail on the following pages. Section 8, in effect since April 20, 1950, provides for the insurance of mortgages on new single-family homes for families of low and moderate incomes. A statistical analysis of operations under Section 8 is presented in the home mortgage section of this report.

Title I property improvement loans are primarily small, short-term, unsecured loans financing the repair, alteration, and improvement of existing residential structures. Section I of this report outlines terms, financing charges, types of improvement, and scope of operations under this program.

Volume of Business

Yearly trends.—After leveling off in 1949, the annual volume of insurance written by FHA on Title I property improvement loans resumed a 7-year climb in 1950 to an all-time high of 1,449,000 loans insured with cash proceeds to borrowers exceeding $700,000,000 (see Table 45 and Chart XXIV). Because of the lag in recording the loans in Washington, the effects of Federal Reserve Board and FHA

TABLE 45.—*Trend of FHA property improvement loans insured and claims paid: Annual volume of loans insured and claims paid with ratios of claims to loans, of recoveries to claims, and of net claims after recoveries to loans, Title I, 1934–50*

[Dollar amounts in thousands]

Period	Loans insured		Claims paid		Percent of claims paid to loans insured	Percent of recoveries made to claims paid [1]	Percent of net claims paid to loans insured
	Number	Net proceeds	Number	Amount	Based on cumulative data		
1934	72,658	$27,406					
1935	635,747	201,258	1,288	$447	0.20	2.22	0.19
1936	617,697	221,535	25,315	5,885	1.41	4.79	1.34
1937 [2]	124,758	54,344	28,824	6,891	2.62	9.42	2.37
1938 [2]	382,325	150,709	29,433	6,016	2.94	14.54	2.51
1939	513,091	203,995	18,566	4,728	2.79	19.78	2.24
1940	662,948	241,735	18,672	6,544	2.77	21.77	2.17
1941	687,837	248,639	21,900	7,265	2.80	24.31	2.12
1942	432,755	141,163	22,091	7,132	3.01	26.75	2.21
1943	308,161	87,104	15,243	3,719	3.08	33.28	2.08
1944	389,592	113,939	8,009	1,930	2.99	39.12	1.82
1945	501,401	170,824	6,701	1,589	2.80	43.39	1.58
1946	799,284	320,593	9,254	2,436	2.50	47.06	1.32
1947	1,247,590	533,604	17,511	5,830	2.22	46.40	1.19
1948	1,359,776	621,612	38,482	14,346	2.24	40.85	1.32
1949	1,249,538	607,024	50,950	17,494	2.34	36.80	1.48
1950	1,448,651	700,225	56,453	18,168	2.38	35.46	1.53
Total	11,433,800	4,645,799	309,382	110,429			

[1] For annual series of recoveries made, see Statement 4 in Sec. III.
[2] Title I expired Apr. 1, 1937, and was renewed by amendments of Feb. 3, 1938.

TREND OF FHA TITLE I LOANS INSURED AND CLAIMS PAID
WITH RATIO OF CLAIMS PAID TO LOANS INSURED
1934 - 1950

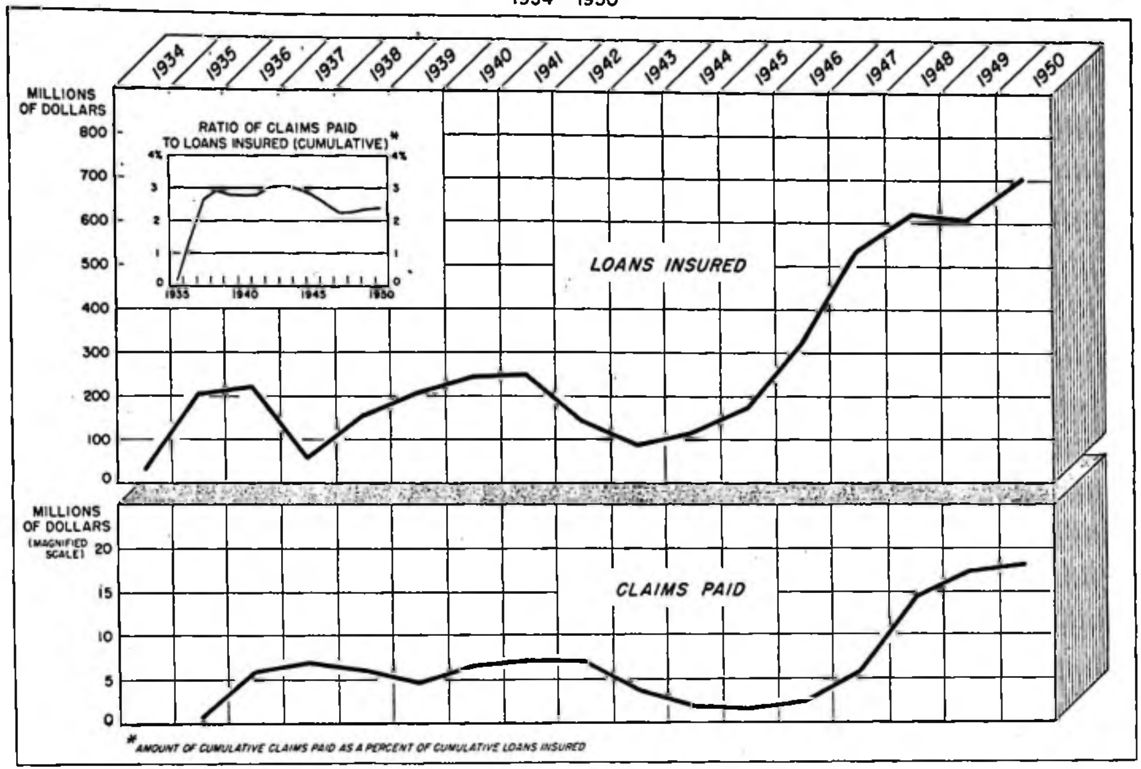


CHART XXIV.

credit restrictions on Title I operations were not fully reflected in the national totals through the end of the year. The 1950 dollar volume of insurance was 15 percent above 1949 and some 13 percent above the previous record year of 1948.

Benefiting substantially more than 11 million American families—one in every four in the Nation—insurance written under this program from the beginning of operations in 1934 through the close of 1950 totaled $4,646,000,000. This represented about one-fifth of the aggregate amount of insurance written by FHA under all programs during this 16½-year period.

Net disbursements made by FHA from the Title I Insurance Fund on account of claims paid to financial institutions which have suffered losses have been low—not much more than 1 cent on every dollar of insurance written. (For more detailed discussions of losses, including the analysis of the series shown in Table 45 and Chart XXIV, see "Claims and Defaults" near the end of this section.)

State distribution.—During 1950, properties in every State and in almost every one of the 3,100 counties in the United States were improved with Title I loans. There was, however, fairly high geographic concentration of Title I business during the year (see Table 46 and Chart XXV) as well as on a cumulative basis. Three States accounted for one-third of the total, and six States for half.

Specifically, properties located in the three leading States of New York (with $97.7 million of insurance), California (with $88.2 million), and Michigan (with $60.5 million) accounted for approximately 35 percent of the $700 million insured during 1950 throughout all the States and Territories. When three other States—Illinois, Texas, and Ohio—are included with the first three, the six highest-volume States represent over half the national total. It should be noted that these State data pertain to the location of the property improved and do not necessarily refer to the location of the institutions making the loans.

Claims paid during the year—on notes insured mostly in prior years—are also shown in Table 46. Over $2 million of claims were paid by FHA to institutions on defaulted notes made to improve properties in New York State, another $2 million on defaulted notes in California, and almost $1.5 million was paid on Michigan notes.

On a cumulative basis the 16½-year total of operations by State location of property (see Table 47) showed about the same geographic concentration as the total for the single year 1950. The same three leading States of New York, California, and Michigan, with insurance totaling $1½ billion, accounted for one-third of all Title I insurance written during the 16½-year period; and, when the six leading States—Illinois, Pennsylvania, Ohio, and the three mentioned

TABLE 46.—*State distribution of property improvement loans insured and claims paid: Number and amount of loans insured and claims paid, Title I, 1950*

Location of property	Loans insured		Claims paid		Average	
	Number	Net proceeds (000)	Number	Amount (000)	Loans insured	Claims paid
Alabama	26, 433	$10, 305	1, 108	$255	$393	$230
Arizona	10, 457	5, 698	339	143	545	421
Arkansas	7, 317	3, 483	764	211	476	277
California	213, 465	88, 188	5, 910	2, 095	413	354
Colorado	13, 674	5, 820	323	126	426	390
Connecticut	8, 961	4, 847	829	291	541	351
Delaware	339	226	50	12	667	247
District of Columbia	5, 848	2, 957	458	115	506	250
Florida	24, 080	13, 500	1, 395	556	561	398
Georgia	17, 482	7, 581	725	197	434	272
Idaho	9, 084	5, 125	351	159	564	453
Illinois	88, 477	48, 081	2, 875	913	543	317
Indiana	46, 733	20, 586	2, 332	640	441	274
Iowa	21, 039	10, 975	760	257	522	338
Kansas	13, 031	5, 344	498	129	410	259
Kentucky	16, 788	6, 834	567	149	407	263
Louisiana	13, 268	5, 554	622	125	419	201
Maine	5, 463	2, 522	581	173	462	297
Maryland	29, 124	12, 452	1, 210	309	428	256
Massachusetts	25, 805	13, 137	1, 483	495	509	334
Michigan	142, 424	60, 534	4, 681	1, 466	425	313
Minnesota	31, 421	14, 532	976	324	462	332
Mississippi	11, 336	4, 638	898	231	409	257
Missouri	39, 909	16, 545	1, 252	372	415	297
Montana	3, 896	2, 138	213	93	549	435
Nebraska	8, 020	3, 901	306	111	486	301
Nevada	1, 917	1, 248	64	34	651	539
New Hampshire	3, 006	1, 467	381	116	488	304
New Jersey	39, 107	25, 419	1, 774	681	650	384
New Mexico	2, 638	1, 696	90	45	643	495
New York	148, 271	97, 719	4, 706	2, 157	659	453
North Carolina	10, 335	5, 030	667	173	487	260
North Dakota	2, 681	1, 284	262	107	479	407
Ohio	84, 544	36, 961	3, 509	1, 068	437	304
Oklahoma	18, 486	8, 401	728	188	454	258
Oregon	20, 854	10, 396	789	278	499	353
Pennsylvania	61, 778	30, 319	3, 772	1, 003	491	266
Rhode Island	3, 290	1, 560	98	26	474	269
South Carolina	4, 650	2, 157	313	74	464	237
South Dakota	2, 920	1, 612	127	57	552	452
Tennessee	28, 555	11, 739	988	222	411	224
Texas	84, 590	38, 319	2, 692	657	453	244
Utah	14, 250	6, 969	534	171	489	321
Vermont	1, 194	555	282	118	465	419
Virginia	16, 494	7, 715	792	210	468	265
Washington	35, 370	17, 244	971	365	488	376
West Virginia	5, 567	3, 006	460	153	540	333
Wisconsin	17, 793	8, 793	808	284	494	352
Wyoming	1, 419	1, 082	80	35	762	432
Alaska	2	4			1, 925	
Hawaii						
Puerto Rico	5, 482	4, 094			747	
Canal Zone						
Virgin Islands						
Adjustments	−425	−159				
United States total	1, 448, 051	700, 225	56, 453	18, 108	483	322

TABLE 47.—*State distribution of property improvement loans insured and claims paid: Number and amount of loans insured and claims paid, and gross loss ratio, Title I, cumulative 1934–60*

Location of property	Loans insured		Claims paid		Amount of claims paid as percent of loans insured	Average	
	Number	Net proceeds (000)	Number	Amount (000)		Loans insured	Claims paid
Alabama	108,427	$55,297	5,800	$1,314	2.38	$328	$226
Arizona	71,331	34,771	1,990	713	2.05	487	358
Arkansas	82,210	28,086	4,367	1,072	3.70	353	245
California	1,278,483	496,027	35,824	12,028	2.42	388	336
Colorado	82,230	31,586	1,821	558	1.77	384	306
Connecticut	142,468	60,505	4,855	1,698	2.81	425	350
Delaware	13,616	5,996	525	190	3.17	440	362
District of Columbia	60,493	27,786	2,426	760	2.74	450	313
Florida	197,734	88,956	9,073	3,085	3.47	450	340
Georgia	146,309	52,487	5,796	1,433	2.73	359	247
Idaho	61,666	26,023	1,972	626	2.41	422	318
Illinois	714,937	295,408	16,746	4,806	1.65	413	291
Indiana	399,648	136,504	14,739	3,733	2.73	342	253
Iowa	101,571	59,765	4,395	1,285	2.15	370	292
Kansas	98,103	31,190	3,005	709	2.27	318	236
Kentucky	122,264	42,889	4,033	1,129	2.63	351	280
Louisiana	101,842	35,510	3,948	844	2.38	349	214
Maine	48,412	19,669	2,228	737	3.75	406	331
Maryland	206,861	82,970	6,372	1,703	2.16	401	281
Massachusetts	326,836	132,166	11,787	3,756	2.84	404	319
Michigan	955,303	360,803	30,738	8,604	2.38	378	280
Minnesota	249,526	90,769	5,534	1,669	1.84	364	302
Mississippi	80,959	30,245	4,451	1,111	3.67	374	250
Missouri	298,674	100,329	9,472	2,373	2.36	336	250
Montana	29,376	13,240	971	334	2.53	451	384
Nebraska	67,515	25,531	1,959	585	2.29	378	290
Nevada	15,062	7,581	333	142	1.88	503	427
New Hampshire	31,811	13,188	1,777	564	4.27	415	318
New Jersey	453,384	227,396	19,688	5,910	2.60	502	300
New Mexico	18,505	9,288	959	338	3.64	502	353
New York	1,272,135	700,006	42,428	16,164	2.31	550	38[illegible]
North Carolina	100,937	37,978	4,256	1,081	2.85	376	25[illegible]
North Dakota	21,622	8,923	768	247	2.77	413	32[illegible]
Ohio	609,671	252,100	19,554	5,792	2.30	360	29[illegible]
Oklahoma	159,542	54,894	5,104	1,213	2.21	344	23[illegible]
Oregon	145,315	57,140	4,326	1,284	2.25	393	29[illegible]
Pennsylvania	696,261	273,764	23,456	6,534	2.39	393	279
Rhode Island	51,033	21,086	1,487	452	2.14	413	304
South Carolina	55,180	20,344	2,771	626	3.08	369	226
South Dakota	17,952	7,478	532	176	2.35	417	331
Tennessee	219,999	72,060	6,525	1,870	2.60	328	287
Texas	515,910	195,051	17,059	3,569	1.83	378	209
Utah	98,685	35,094	2,322	652	1.81	365	281
Vermont	15,874	6,839	1,130	430	6.29	431	381
Virginia	142,107	66,797	4,598	1,702	2.55	470	370
Washington	276,812	105,787	8,167	2,189	2.07	382	268
West Virginia	51,069	21,934	1,937	701	3.20	425	362
Wisconsin	185,098	74,585	4,847	1,621	2.17	403	334
Wyoming	11,795	6,206	287	112	1.78	534	391
Alaska	373	350	23	7	1.88	937	285
Hawaii	915	469	6	3	.61	512	474
Puerto Rico	5,503	4,113				747	
Canal Zone	3	4				1,180	
Virgin Islands							
Adjustments	3,853	−1,068	315	45			
Total	11,433,809	4,645,799	369,382	110,429	2.38	406	299

NUMBER OF PROPERTY IMPROVEMENT LOANS INSURED BY FHA UNDER TITLE I DURING 1950

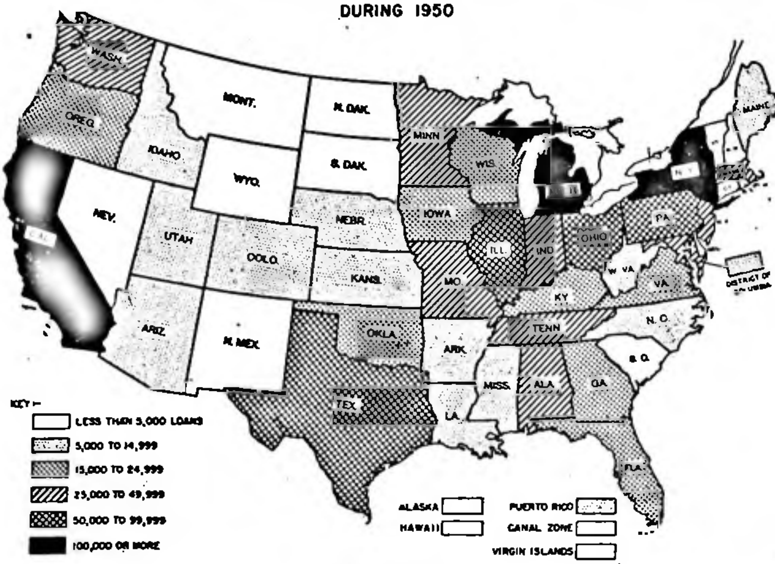


CHART XXV.

above—are grouped together, they also account for over half of the national total.

FHA paid, from 1934 through 1950, almost $16.2 million in claims to institutions on defaulted loans on properties in New York State, $12.0 million on California properties, and almost $8.6 million on Michigan properties—one-third of the total for all States and Territories. The next three States included Pennsylvania, New Jersey, and Ohio; and they accounted for a combined total of $18.2 million. The six leading States represented half of all claims paid. The percent of claims paid to loans insured for these six States did not differ substantially from the United States average of 2.38 percent. Illinois constituted an exception, ranking fourth in volume of loans insured, but seventh in claims paid, with a claims ratio of only 1.65 percent.

Class 3 new construction.—Although practically all loans insured under Section 2 of Title I of the National Housing Act have been for the repair, alteration, and improvement of existing properties, regulations under Section 2 from February 3, 1938, through June 30, 1944, and again from March 28, 1946, through February 28, 1950, were designed to encourage the insurance of loans for the construction of new low-cost single-family homes. During these periods, mortgages totaling $126,700,000 on 46,100 new homes were insured by FHA. Properties in California accounted for one-third of the total amount insured, New York properties for one-seventh, and Texas properties for one-tenth of the total. The program was replaced in April 1950 by the Section 8 program discussed in the home mortgage part of this report.

Financial Institution Activity

Volume of insurance.—Banks and finance companies made about 95 percent of all Title I property improvement loans insured in 1950 (see upper portion of Table 48). National banks financed 53 percent of the total; State chartered banks, 32 percent; and finance companies, the additional 10 percent.

In the approximately 2½ years during which the 1947 Reserve was operative, banks made about three-fourths of all loans insured, and finance companies about one-fifth (see middle portion of Table 48). As Table 49 shows, there has been a constant trend toward decreasing finance-company participation in Title I operations. This has resulted from the complete withdrawal of many of these institutions

TABLE 48.—*Types of institutions originating property improvement loans and receiving claim payments: Number and amount of loans insured and claims paid by FHA, Title I, year 1950, July 1, 1947–Feb. 28, 1950, and 1934–50*

Type of institution as classified Dec. 31, 1950	Number of institutions	Loans insured				Number of institutions	Claims paid through Dec. 31, 1950				Gross claims ratio [1]
		Number	Net proceeds (000)	Percent of net proceeds	Average net proceeds		Number	Amount (000)	Percent of amount	Average claim	
	Year 1950 (all reserves)										
National bank	(2)	702, 824	$368, 827	52. 7	$465	(2)	21, 405	$7, 355	40. 5	$344	(3)
State chartered bank [4]	(2)	463, 866	224, 741	32. 1	484	(2)	12, 256	4, 247	23. 4	340	(3)
Finance company	(2)	122, 911	71, 764	10. 2	584	(2)	21, 462	6, 068	33. 4	283	(3)
Savings and loan association	(2)	65, 348	32, 975	4. 7	505	(2)	958	416	2. 3	434	(3)
Other	(2)	3, 702	1, 918	. 3	518	(2)	372	82	. 4	220	(3)
Total	(2)	1, 448, 651	700, 225	100. 0	483	(2)	56, 453	18, 168	100. 0	322	(3)
	July 1, 1947–Feb. 28, 1950 (1947 reserve)										
National bank	1, 710	1, 725, 476	$772, 914	47. 4	448	903	33, 439	$12, 687	37. 0	$379	1. 64
State chartered bank [4]	1, 792	993, 399	476, 604	29. 2	480	861	19, 120	7, 531	22. 0	394	1. 58
Finance company	68	662, 149	321, 614	19. 7	486	33	33, 206	13, 420	29. 2	403	4. 17
Savings and loan association	658	104, 273	56, 889	3. 5	546	166	1, 352	[illegible]	1. 6	418	. 99
Other	53	7, 660	3, 715	. 2	485	13	156	65	. 2	420	1. 70
Total	4, 281	3, 492, 957	1, 631, 736	100. 0	467	1, 976	87, 363	34, 269	100. 0	392	2. 10
	1934–50 (all reserves)										
National bank	(2)	4, 874, 101	$2, 025, 330	43. 6	416	(2)	127, 820	$39, 082	35. 4	$306	1. 93
State chartered bank [4]	(2)	3, 107, 004	1, 320, 809	28. 4	425	(2)	89, 238	25, 958	23. 5	291	1. 97
Finance company	(2)	3, 232, 361	1, 179, 021	25. 4	365	(2)	149, 244	43, 943	30. 8	294	3. 73
Savings and loan association	(2)	195, 413	100, 760	2. 2	516	(2)	2, 150	839	. 8	390	. 83
Other	(2)	24, 030	19, 879	. 4	827	(2)	930	607	. 5	652	3. 05
Total	(2)	11, 433, 809	4, 645, 799	100. 0	406	(2)	369, 382	110, 429	100. 0	299	2. 38

[1] Cumulative amount of claims paid as a percent of cumulative amount of loans insured.
[2] Not available.
[3] Relative data not significant.
[4] Includes State banks, industrial banks, and savings banks.

from this program. From 1947 through 1950, the share of total Title I operations accounted for by banks rose from 65 percent to 85 percent, while the share accounted for by finance companies fell from 34 percent to 10 percent.

TABLE 49.—*Types of institutions originating property improvement loans: Percentage distribution of net proceeds of loans by type of institution, Title I, by years, 1947–50*

Type	1950	1949	1948	1947
National bank	52.7	49.0	46.1	41.1
State chartered bank	32.1	31.9	26.5	23.5
Finance company	10.2	13.3	24.9	34.4
Savings and loan association	4.7	5.2	2.3	.8
Other	.3	.6	.2	.2
Total	100.0	100.0	100.0	100.0

For the 16½-year period from mid-1934 through 1950, banks financed about 72 percent of the total, while finance companies financed about 25 percent. (See Chart XXVI and lower portion of Table 48.)

Exclusive of about 2,300 branch offices, almost 4,300 institutions were active under the 1947 Reserve. Of the types of institutions doing the greatest volume of business under this reserve, there were 1,700 national banks, 1,800 State chartered banks, and 68 finance companies.

TYPE OF INSTITUTION FINANCING PROPERTY IMPROVEMENT LOANS AND RECEIVING CLAIM PAYMENTS

WITH RATIO OF CLAIMS PAID TO LOANS INSURED
TITLE I, 1934 - 1950

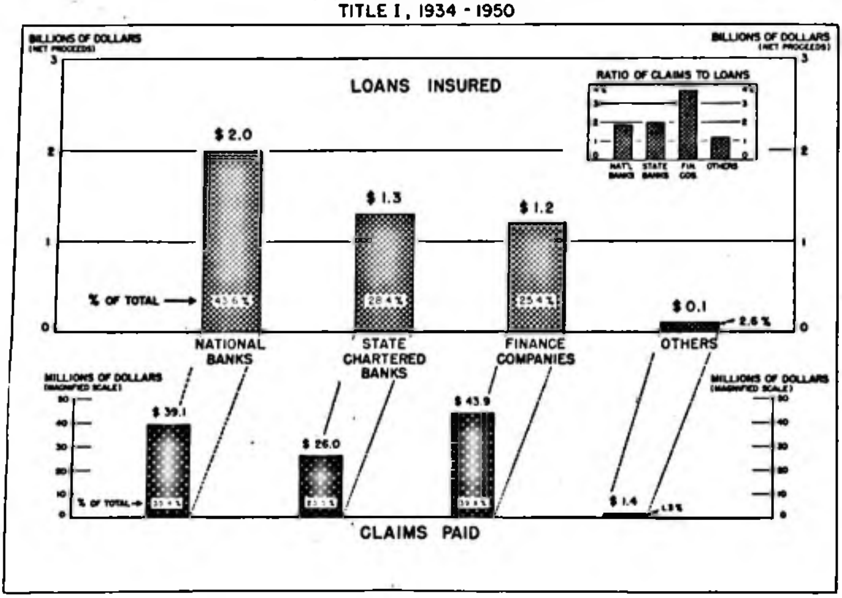


CHART XXVI.

Gross claims ratio.—Claims paid through the end of 1950 on loans insured under the 1947 Reserve totaled $34 million—2.10 percent of the $1.6 billion insured. Nearly 2,000 institutions received claim payments from FHA—almost half of all the institutions active during this period. As indicated in Table 48, finance companies showed the highest loss experience, receiving claim payments which amounted to 4.17 percent of their loans. The gross claims ratios for banks were substantially lower—1.64 percent for national banks and 1.58 percent for State chartered banks. For the period 1934 through 1950, with a ratio for all institutions of 2.38 percent, finance companies showed 3.73 percent, and banks a ratio of less than 2 percent.

Loan Characteristics

In 1950, as in 1949, the typical loan insured under the Title I property improvement program provided the borrower with $354 in net proceeds and had a maturity of about 36 months. As in other recent years, the principal type of property improved was a single-family dwelling and the principal types of improvement were heating, exterior finish, insulation, and additions and alterations.

Size of loan.—About 97 percent of the number of all Title I loans insured in 1950 (93 percent of the total amount insured) were made to improve existing structures exclusive of multifamily buildings. (See Table 50.) These loans were predominantly small in size, the typical loan providing the borrower with $347 in net proceeds. Larger loans for other types of property brought the median for all loans to $354—approximately the same as in 1949. As Table 51 shows, there was no substantial shift in the percentage distributions from the previous year. About 67 percent of the loans in 1950 were for amounts of less than $500, as compared with 68 percent the year before. In both years, 42 percent of the loans were for less than $300, and only 10 or 11 percent were for amounts of $1,000 or more.

Duration of loan.—The great bulk of Title I insurance in 1950 covered relatively short-term credit, although a few loans had maturities of more than 20 years. The typical loan had a duration of 36.4 months—about the same as in 1948 and 1949 (see Tables 52 and 53). Over one-fourth of all 1950 loans had maturities of 26 months or less, and practically all loans had maturities of less than 3½ years. The percentage of loans in the 2½-year interval increased somewhat in 1950, while the proportion declined in all other intervals below 3½ years.

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TABLE 50.—*Size of FHA-insured property improvement loans: Percentage distribution of total number and of aggregate net proceeds of all loans by size of individual loans, Title I, 1950*

Net proceeds of individual loan	Total [1]	Class 1a	Class 1b	Class 2a	Class 2b	Class 3
		Existing structures	Existing structures, multifamily	New structures, nonfarm and nonresidential	New structures, farm and nonresidential	New structures, one-family
	Percentage distribution of number of loans					
Less than $100	2.5	2.5	0.3	0.2	0.7	----------
$100 to $199	18.7	19.2	2.5	2.8	2.3	----------
$200 to $299	20.5	20.9	4.5	6.2	4.7	----------
$300 to $399	15.4	15.6	4.7	11.5	7.4	----------
$400 to $499	9.6	9.6	4.1	14.7	6.2	----------
$500 to $599	8.0	7.9	4.5	17.6	8.5	----------
$600 to $799	9.1	9.0	6.2	20.7	10.6	----------
$800 to $999	5.0	4.9	6.6	9.1	11.3	----------
$1,000 to $1,499	7.1	6.9	18.7	8.5	18.1	----------
$1,500 to $1,999	2.0	1.8	19.5	3.3	11.3	----------
$2,000 to $2,499	1.0	.8	10.7	1.7	7.8	----------
$2,500 to $2,999	1.0	.9	9.4	2.1	8.0	0.3
$3,000 to $3,999	.1	----------	3.7	1.6	3.1	77.4
$4,000 to $4,999	(2)	----------	2.3	----------	----------	22.3
$5,000 or more	(2)	----------	2.3	----------	----------	----------
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent distribution	100.0	97.3	1.1	1.3	.2	.1
Median	$354	$347	$1,455	$583	$970	$3,569
	Percentage distribution of aggregate net proceeds					
Less than $100	0.4	0.4	(2)	(2)	0.2	----------
$100 to $199	6.4	6.9	0.3	0.6	.3	----------
$200 to $299	11.3	12.1	.7	2.1	1.0	----------
$300 to $399	10.9	11.5	1.0	5.4	2.1	----------
$400 to $499	8.8	9.1	1.1	8.9	2.3	----------
$500 to $599	8.8	9.1	1.5	12.9	3.8	----------
$600 to $799	13.0	13.3	2.7	19.3	6.3	----------
$800 to $999	9.2	9.4	3.8	11.0	8.4	----------
$1,000 to $1,499	13.3	13.3	14.7	13.1	18.0	----------
$1,500 to $1,999	6.8	6.3	19.9	7.4	16.0	----------
$2,000 to $2,499	4.2	3.8	16.2	4.9	14.5	----------
$2,500 to $2,999	5.2	4.8	14.6	7.2	17.6	0.2
$3,000 to $3,999	.9	----------	7.9	7.2	9.5	73.4
$4,000 to $4,999	.4	----------	6.6	----------	----------	26.4
$5,000 or more	.4	----------	10.0	----------	----------	----------
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent distribution	100.0	93.2	3.6	2.0	.6	.6
Average	$478	$458	$1,570	$726	$1,160	$3,764

[1] A Class 1a loan is used to finance the repair, alteration, or improvement of an existing structure; a Class 1b loan to finance the repair, alteration, or improvement of an existing structure used or to be used as a multifamily dwelling; a Class 2a loan to finance the construction of a new structure to be used exclusively for other than residential or agricultural purposes; a Class 2b loan to finance the construction of a new structure to be used in whole or part for agricultural, nonresidential purposes; and a Class 3 loan to finance a new small home.

[2] Less than 0.05 percent.

TABLE 51.—*Size of FHA-insured property improvement loans: Percentage distribution of total number and of aggregate net proceeds of all loans by size of individual loan, Title I, for selected years, 1938–50*

Net proceeds of individual loan [1]	1950	1949	1948	1943	1940	1938
	Percentage distribution of number of loans					
Less than $100	2.5	2.8	4.6	6.7	5.4	4.3
$100 to $199	18.7	18.5	20.2	25.9	24.7	23.0
$200 to $299	20.5	20.6	20.4	32.5	23.0	21.6
$300 to $399	15.4	16.4	15.3	12.7	14.2	14.7
$400 to $499	9.6	10.2	9.6	7.3	9.8	9.5
$500 to $599	8.0	8.2	7.8	5.4	7.5	7.7
$600 to $799	9.1	9.1	8.4	4.8	5.8	6.6
$800 to $999	5.0	5.0	4.5	2.0	3.1	3.6
$1,000 to $1,499	7.1	6.8	6.2	1.6	3.1	4.1
$1,500 to $1,999	2.0	2.0	1.8	.5	.9	1.5
$2,000 to $2,499	1.0	1.0	.9	.2	.6	1.1
$2,500 to $2,999	1.0	1.1	1.1	.3	1.2	.9
$3,000 to $3,999	.1	.1	.2	.1	.7	----------
$4,000 to $4,999	(2)	.2	(2)	(2)	----------	.8
$5,000 or more	(2)	(2)	(2)	(2)	----------	----------
Total	100.0	100.0	100.0	100.0	100.0	100.0
Median	$354	$353	$331	$254	$287	$301
	Percentage distribution of aggregate net proceeds [1]					
Less than $100	0.4	0.5	0.8	1.7	1.0	0.7
$100 to $199	6.4	5.6	6.6	12.2	8.7	7.5
$200 to $299	11.3	10.3	10.8	22.5	13.4	11.5
$300 to $399	10.9	10.6	11.3	13.8	11.6	11.0
$400 to $499	8.8	9.0	9.2	10.4	10.4	9.2
$500 to $599	8.8	9.0	9.1	9.5	9.9	9.3
$600 to $799	13.0	12.6	12.3	10.5	9.4	9.8
$800 to $999	9.2	8.9	8.7	5.7	6.4	6.9
$1,000 to $1,499	13.3	13.4	12.8	5.8	8.8	10.8
$1,500 to $1,999	6.8	6.7	6.4	2.6	3.9	5.8
$2,000 to $2,499	4.2	4.3	4.2	1.5	3.0	5.3
$2,500 to $2,999	5.2	5.9	6.0	2.2	7.7	5.5
$3,000 to $3,999	.9	1.0	1.3	1.3	5.8	----------
$4,000 to $4,999	.4	1.9	.3	(2)	----------	6.7
$5,000 or more	.4	.3	.2	.3	----------	----------
Total	100.0	100.0	100.0	100.0	100.0	100.0
Average	$478	$486	$456	$313	$417	$452

[1] Data for 1948–50 are based on net proceeds; data for earlier years are based on face amount.
[2] Less than 0.05 percent.

TABLE 52.—*Duration of FHA-insured property improvement loans: Percentage distribution of total number and of aggregate net proceeds of all classes of loans by duration of individual loans, Title I, 1950*

Duration: Interval	Duration: Modal term	Total [1]	Class 1a: Existing structures	Class 1b: Existing structures, multi-family	Class 2a: New structures, nonfarm and nonresidential	Class 2b: New structures, farm and nonresidential	Class 3: New structures, 1-family
		Percentage distribution of number of loans					
1 to 8 months	6 months	0.8	0.9	0.6	0.4	1.0	
9 to 14 months	12 months	10.1	10.2	3.8	6.8	5.3	
15 to 20 months	18 months	6.0	6.1	2.3	3.6	3.2	
21 to 26 months	24 months	10.2	10.3	4.0	6.5	6.6	
27 to 32 months	30 months	9.8	9.8	5.6	7.0	8.5	
33 to 41 months	36 months	62.5	62.7	29.1	75.7	68.8	
42 to 53 months	48 months	(2)		1.5		1.5	
54 to 63 months	60 months	.4		39.5		2.9	
Over 63 months		.2		13.6		2.2	100.0
Total		100.0	100.0	100.0	100.0	100.0	100.0
Duration in months (median)		36.4	36.4	60.4	36.7	36.5	181.0
		Percentage distribution of aggregate net proceeds					
1 to 8 months	6 months	0.5	0.5	0.7	0.5	1.8	
9 to 4 months	12 months	4.9	5.1	1.1	3.9	2.7	
15 to 20 months	18 months	3.4	3.5	.8	2.7	1.4	
21 to 26 months	24 months	7.1	7.4	2.1	5.0	4.0	
27 to 32 months	30 months	9.8	10.2	3.1	6.7	6.8	
33 to 41 months	36 months	71.1	73.3	22.9	81.2	73.8	
42 to 53 months	48 months	.1		2.0		1.2	
54 to 63 months	60 months	1.7		46.2		4.1	
Over 63 months		1.4		21.1		4.2	100.0
Total		100.0	100.0	100.0	100.0	100.0	100.0
Duration in months (average)		30.7	30.3	50.6	32.9	34.6	175.9

[1] A Class 1a loan is used to finance the repair, alteration, or improvement of an existing structure; a Class 1b loan to finance the repair, alteration, or improvement of an existing structure used or to be used as a multifamily dwelling; a Class 2a loan to finance the construction of a new structure to be used exclusively for other than residential or agricultural purposes; a Class 2b loan to finance the construction of a new structure to be used in whole or in part for agricultural, nonresidential purposes; and a Class 3 loan to finance new small homes.

[2] Less that 0.05 percent.

TABLE 53.—*Duration of FHA-insured property improvement loans: Percentage distribution of total number and of aggregate net proceeds of all loans by duration of individual loans, Title I, for selected years, 1938–50*

Duration: Interval	Duration: Modal term	1950	1949	1948	1943	1940	1938
		Percentage distribution of number of loans					
1 to 8 months	6 months	0.8	1.0	1.8	1.6	0.5	0.9
9 to 14 months	12 months	10.1	12.3	14.1	50.0	12.4	15.2
15 to 20 months	18 months	6.0	7.4	7.9	6.9	8.8	9.4
21 to 26 months	24 months	10.2	11.6	11.1	9.7	13.3	16.5
27 to 32 months	30 months	9.8	2.7	3.0	2.3	4.1	4.3
33 to 41 months	36 months	62.5	64.5	61.7	29.4	59.8	46.8
42 to 53 months	48 months	([1])	([1])	([1])	([1])	([1])	1.1
54 to 63 months	60 months	.4	.2	.1	0.1	([2])	([2])
Over 63 months		.2	.4	.3	([1] [3])	1.1	5.8
Total		100.0	100.0	100.0	100.0	100.0	100.0
Duration in months (median)		36.4	36.4	36.3	12.6	31.8	29.9
		Percentage distribution of aggregate net proceeds [4]					
1 to 8 months	6 months	0.5	0.5	1.5	0.8	0.3	0.4
9 to 14 months	12 months	4.9	5.9	8.0	35.1	5.1	6.1
15 to 20 months	18 months	3.4	4.3	4.7	5.0	4.3	4.5
21 to 26 months	24 months	7.1	8.3	8.3	8.8	8.6	10.9
27 to 32 months	30 months	9.8	1.8	2.0	2.0	2.6	3.1
33 to 41 months	36 months	71.1	76.7	73.0	47.0	71.6	53.0
42 to 53 months	48 months	.1	.1	([1])	.1	([1])	2.4
54 to 63 months	60 months	1.7	.7	.4	.9	([2])	([2])
Over 63 months		1.4	2.7	2.1	[3].3	7.5	19.6
Total		100.0	100.0	100.0	100.0	100.0	100.0
Duration in months (average)		30.7	30.6	29.7	25.7	35.4	35.8

[1] Less than 0.05 percent.
[2] Included in over 63 months.
[3] Distribution for 1943 excludes Class 3 loans.
[4] Data for 1948–50 are based on net proceeds; data for earlier years are based on face amount.

Type of property and improvement.—The types of structures and improvements financed by Title I loans in 1950 are shown in Table 54 and Charts XXVII and XXVIII.

The predominant type of property improved with Title I loans in 1950, accounting for 86 percent of all loans insured during the year, was a single-family dwelling. Multifamily structures accounted for 9 percent, and commercial and industrial structures, farm homes and buildings, and other types of structures, including garages, made up the additional 5 percent.

These properties were improved in various ways, as listed in Table 54 and shown pictorially in Chart XXVIII. The breakdown by type of loan refers only to the major purpose of the loan. Where the proceeds of a loan are used for several purposes, the whole loan is recorded under its major purpose.

TYPE OF PROPERTY FINANCED
BY FHA-INSURED PROPERTY IMPROVEMENT LOANS, TITLE I, 1950

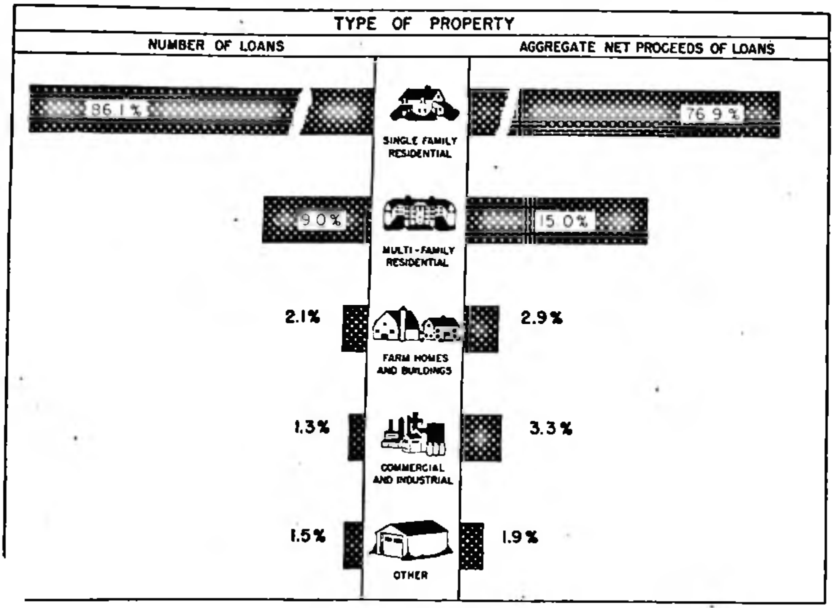

CHART XXVII.

TYPE OF IMPROVEMENTS FINANCED
BY FHA-INSURED PROPERTY IMPROVEMENT LOANS, TITLE I, 1950

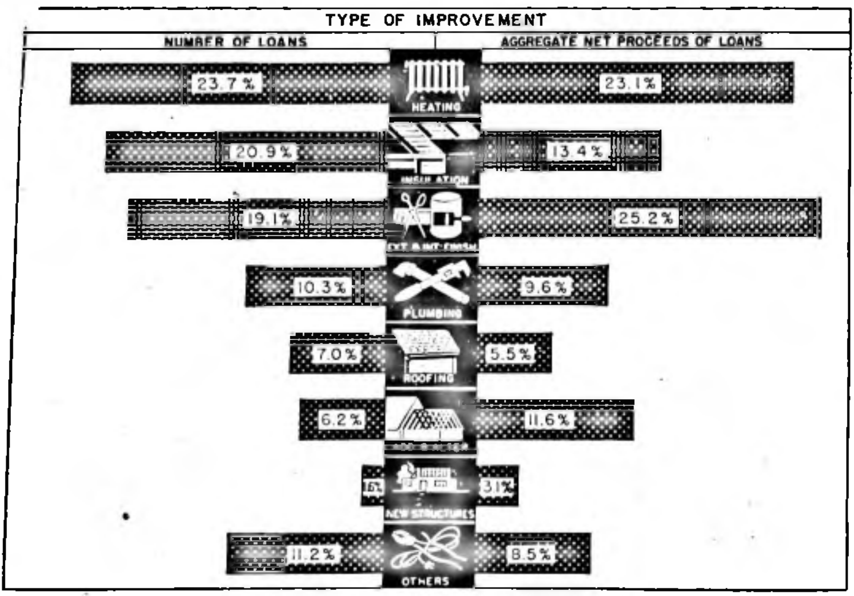

CHART XXVIII.

Table 54.—*Type of property and type of improvement financed by FHA-insured property improvement loans: Percentage distribution of total number and of aggregate net proceeds of all loans by type of property and type of improvement, Title I, 1950*

Major type of improvement [1]	Type of property improved					
	Total	Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Others [2]
	Percentage distribution of number of loans					
New residential construction	0.1	0.1				
New nonresidential construction	1.5			6.7	13.8	79.3
Additions and alterations	6.2	4.0	23.5	17.9	10.5	11.9
Exterior finish	12.0	12.2	13.0	5.4	10.7	1.3
Interior finish	7.1	7.1	7.9	11.3	3.0	.8
Roofing	7.0	7.0	6.9	5.4	11.7	1.2
Plumbing	10.3	10.7	7.1	7.4	15.1	.9
Heating	23.7	24.0	26.3	26.0	15.0	1.5
Insulation	20.9	22.8	9.8	5.7	14.4	1.0
Miscellaneous	11.2	12.1	5.5	14.2	5.8	2.1
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	86.1	9.0	1.3	2.1	1.5
	Percentage distribution of aggregate net proceeds					
New residential construction	0.6	0.8				
New nonresidential construction	2.5			10.6	23.7	79.0
Additions and alterations	11.6	7.4	29.7	23.3	15.0	12.3
Exterior finish	16.6	17.7	16.4	4.9	11.9	1.5
Interior finish	8.6	8.8	8.3	13.1	3.4	1.0
Roofing	5.5	5.9	4.2	3.1	8.4	.9
Plumbing	9.6	10.5	6.3	6.5	12.3	1.0
Heating	23.1	23.7	24.2	24.0	12.0	1.8
Insulation	13.4	16.0	5.3	2.7	7.5	.5
Miscellaneous	8.5	9.2	5.6	11.8	5.8	2.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	76.9	15.0	3.3	2.9	1.9
	Average net proceeds					
New residential construction	$3,650	$3,650				
New nonresidential construction	700			$1,876	$1,155	$628
Additions and alterations	891	788	$1,005	1,538	956	655
Exterior finish	662	620	1,002	1,063	749	704
Interior finish	578	527	841	1,376	764	747
Roofing	378	359	478	688	479	442
Plumbing	445	417	607	1,041	551	709
Heating	464	422	732	1,002	536	801
Insulation	300	290	420	551	348	304
Miscellaneous	361	324	805	980	676	610
Total	478	426	704	1,182	672	631

[1] Type of improvement to which the major portion of the proceeds of the loan was devoted.
[2] About 92 percent of the number and 80 percent of the net proceeds of these loans financed the repair or construction of garages.

Almost one-fourth of all loans in 1950 were made to finance heating repairs, and one out of every five was made to finance insulating work, including storm doors, storm windows, and weather stripping. Exterior finish, such as paint and siding, accounted for one-eighth of all the loans, and plumbing for one-tenth. The remaining one-third of the loans were for interior finish such as papering and plastering, for roofing, for additions and alterations to the property, and for other types of work, as shown in Table 54 and Chart XXVIII. In recent years these percentages have changed very little. (See Table 55.)

TABLE 55.—*Type of improvement financed by FHA-insured property improvement loans: Percentage distribution of total number and of aggregate net proceeds of all loans by type of improvement, Title I, for selected years, 1938–50*

Major type of improvement [1]	1950	1949	1948	1943	1940	1938
	Percentage distribution of number of loans					
New residential construction	0.1	0.3	0.2	0.1	1.4	1.6
New nonresidential construction	1.5	1.6	1.7	2.9	2.4	1.8
Additions and alterations	6.2	10.0	9.4	0.9	13.1	15.2
Exterior finish	12.0	12.4	12.4	20.4	17.1	18.3
Interior finish	7.1	7.1	7.2	7.4	0.3	6.6
Roofing	7.0	8.2	8.5	22.3	13.7	16.9
Plumbing	10.3	9.0	8.9	2.6	8.6	7.1
Heating	23.7	22.4	20.3	10.5	28.7	24.7
Insulation	20.9	19.6	22.1	(2)	(2)	(2)
Miscellaneous	11.2	9.5	9.3	26.9	8.7	7.8
Total	100.0	100.0	100.0	100.0	100.0	100.0
	Percentage distribution of aggregate net proceeds [3]					
New residential construction	0.6	2.2	1.2	1.0	9.2	7.3
New nonresidential construction	2.5	2.5	2.7	2.8	2.9	2.9
Additions and alterations	11.6	15.9	15.4	8.1	17.6	21.2
Exterior finish	16.6	15.6	14.5	29.8	17.2	17.5
Interior finish	8.6	7.9	7.9	6.8	6.2	6.7
Roofing	5.5	6.2	6.7	16.9	7.8	8.7
Plumbing	9.6	8.4	8.7	2.8	8.0	6.9
Heating	23.1	22.2	21.0	10.3	24.0	21.1
Insulation	13.4	11.5	14.0	(2)	(2)	(2)
Miscellaneous	8.5	7.6	7.3	21.5	7.1	7.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] Type of improvement to which major portion of the proceeds of the loan was devoted.
[2] Not tabulated as a separate classification prior to July 1, 1944.
[3] Data for 1948–50 are based on net proceeds; data for earlier years are based on face amount.

Comparison of loans insured and claims paid by major type of improvement under the 1947 Reserve are presented in Table 56 and Chart XXIX. Claims are payable on loans until all loans insured under a reserve have been terminated. Through the end of 1950, the volume of claims paid under this reserve for each type of improvement, except exterior finish, generally correspond with the relative volume of loans insured.

TABLE 56.—*Claims paid and loans insured by type of improvement: Percentage distributions based on claims paid and insurance written, Title I, 1947 Reserve, July 1947–December 1950*

Major type of improvement	Percentage distribution of number		Percentage distribution of amount		Average amount	
	Claims paid	Loans insured	Claims paid	Loans insured	Claims paid	Loans insured
New residential construction	(1)	0.2	0.1	1.6	$2,873	$3,640
New nonresidential construction	1.4	1.5	2.5	2.4	691	766
Additions and alterations	8.5	9.5	13.5	15.6	619	763
Exterior finish	18.3	11.9	22.6	14.7	485	579
Interior finish	6.7	7.0	7.4	7.8	430	522
Roofing	9.6	8.3	7.5	6.4	308	361
Plumbing	8.7	8.8	8.9	8.4	403	444
Heating	18.4	22.1	18.7	22.7	398	479
Insulation	20.5	21.6	12.4	13.2	237	285
Miscellaneous	7.9	9.1	6.4	7.2	318	368
Total	100.0	100.0	100.0	100.0	392	467

1 Less than 0.05 percent.

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

1947 RESERVE THROUGH 1950

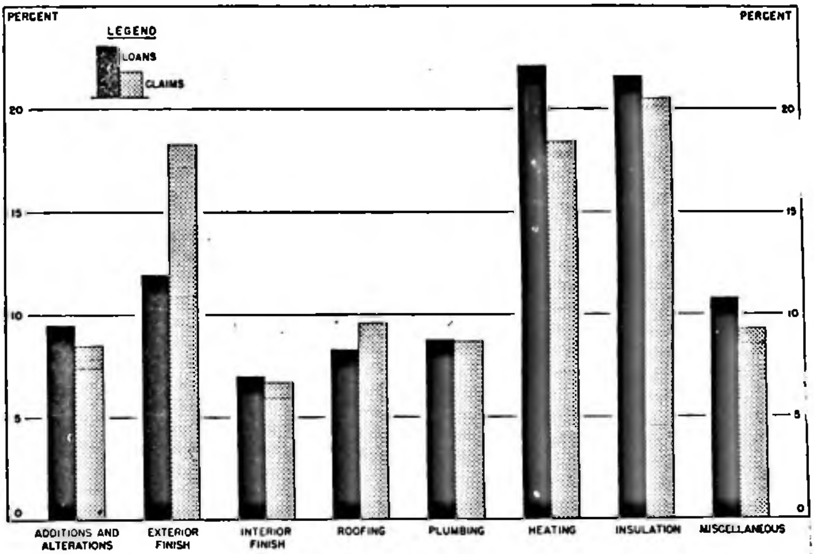

CHART XXIX.

Claims and Defaults

Default and recovery.—The volume of claims paid by FHA in 1950 to financial institutions to cover losses on defaulted notes totaled $18.2 million (56,500 claims)—only 4 percent over 1949. Although more claims were paid by FHA in 1950 than in any previous year, the volume of claims remained relatively low despite the rapid rise in operations under this program since the close of the war.

Table 45 and Chart XXIV at the beginning of this section show the yearly trend of loans insured and claims paid. The table and the small inset chart in Chart XXIV depict the annual status of the "gross claims ratio"—the cumulative amount of claims paid as a percent of cumulative amount of loans insured. The table also shows the annual status of the "net claims ratio"—claims paid, after recoveries, as a percent of loans insured.

The $18.2 million paid in claims in 1950 brought the total paid from 1934 through 1950 to $110.4 million—2.38 percent of the cumulative amount of loans insured during this period. About 35 percent of the total amount of claims, however, was recovered by FHA in cash and in proceeds from the disposal of acquired properties, leaving net claims at the end of 1950 amounting to only 1.53 percent of the insurance written. Net losses to the insurance fund after allowance was made for estimated recoveries on notes in process of collection at the end of 1950 amounted to only 1.12 percent of the $4.6 billion of loans insured.

Payments made by borrowers prior to default.—The number of installments paid by Title I borrowers on defaulted notes prior to default is shown in Table 57 and Chart XXX. Almost 7 percent of all claims paid in 1950 were on notes on which no installments were paid, and one-fourth on notes on which less than six installments

PAYMENTS MADE ON TITLE I LOANS PRIOR TO DEFAULT, 1950

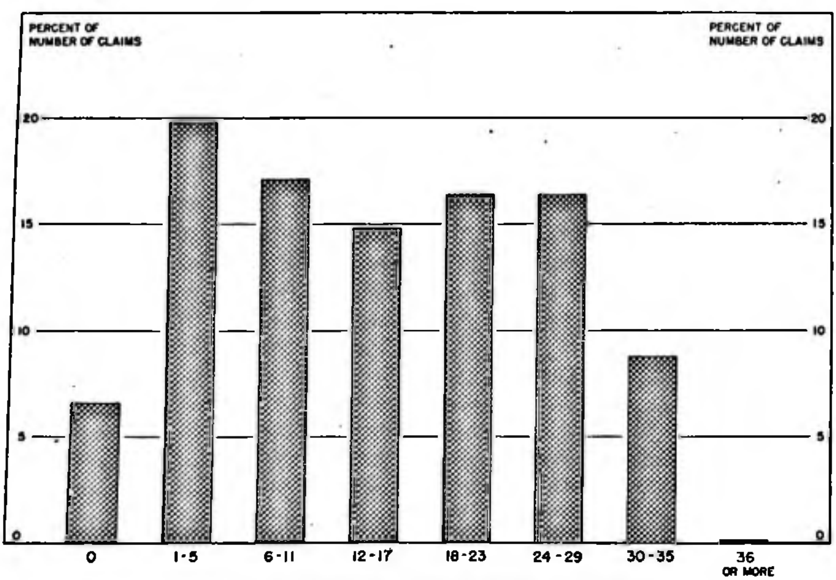

CHART XXX.

were paid. About 44 percent of the notes had been amortized by less than 12 payments before default occurred, and 9 percent of the loans had been amortized by 30 or more payments.

The table also shows a cross classification between the number of payments made by borrowers and the duration of the notes. Four-fifths of the defaulted notes on which claims were paid in 1950 had maturities of 36 or more months. Of these loans, about one-third defaulted on the twenty-fourth or a later payment, another third defaulted from the twelfth to the twenty-third payment, and 37 percent defaulted before the twelfth payment had been made. The same general experience of a wide distribution in the number of payments made was found for loans in the 24-to-35 month and the 12-to-23 month categories. This indicates that as the loans matured the risk of default did not decline proportionately.

TABLE 57.—*Claims paid on property improvement loans: Percentage distribution of total claims paid, by duration of loan and number of payments made prior to default, Title I, 1950*

Number of payments received prior to default	Percentage distribution of number of claims					Percent based on total amount	Average claim paid
	Duration (months)				Total		
	1 to 11	12 to 23	24 to 35	36 or more			
0	43.8	10.8	8.8	5.1	6.6	11.5	$569
1	30.1	9.9	6.0	3.6	4.8	7.7	529
2	14.0	7.1	5.1	3.6	4.2	6.7	517
3	6.6	5.7	4.9	3.4	3.8	6.0	517
4	2.6	8.0	5.0	3.1	3.6	5.4	498
5	1.7	6.2	4.7	3.0	3.4	5.0	485
6 to 11	1.2	35.4	20.6	15.4	17.1	21.8	421
12 to 17		16.6	20.1	14.2	14.8	15.2	339
18 to 23		.3	19.9	17.5	16.4	11.4	230
24 to 29			4.7	20.0	16.4	7.5	151
30 to 35			.2	11.0	8.8	1.7	64
36 or more				.1	.1	.1	446
Total	100.0	100.0	100.0	100.0	100.0	100.0	322
Percent of total	1.8	6.4	12.6	79.2	100.0		

Section III

ACCOUNTS AND FINANCE

The figures for 1949 and 1950 in the financial statements in this section of the report have been prepared on an accrual basis and are shown for the fiscal year rather than the calendar year. Section II of the report, Statistics of Insuring Operations, is on a calendar year basis to coincide with the housing year. In order to provide comparable figures, those statements in the Accounts and Finance section which are coordinated with the statistical tables shown in Section II are also on a calendar year basis.

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

An amendment of June 3, 1939, to the National Housing Act authorized the collection of premiums and the retention of recoveries on insurance granted on and after July 1, 1939. Therefore, only the results of operations with respect to insurance granted on and after July 1, 1939, are included in the June 30, 1950, combined statement of financial condition (Statement 2) and the combined statement of income and expenses (Statement 3). Transactions on insurance granted prior to July 1, 1939, have been shown separately in a statement of accountability for funds advanced (Statement 7), and June 30, 1949, figures previously published have been adjusted accordingly.

Combined Funds

Gross Income and Operating Expenses, Fiscal Year 1950

Gross income for the fiscal year 1950 under all insurance operations totaled $86,922,072 and was derived from fees, insurance premiums, and income on investments. Operating expenses of the Administration during the fiscal year 1950 totaled $27,479,113. This left $59,442,-959 to be added to the various insurance funds.

Cumulative Gross Income and Operating Expenses, by Fiscal Years

From the establishment of FHA in 1934 through June 30, 1950, gross income totaled $442,449,822, while operating expenses totaled $221,-

512,697. Gross income and operating expenses for each fiscal year are detailed below:

Income and operating expenses through June 30, 1950

Fiscal year	Income from fees, premiums, and investments	Operating expenses	Fiscal year	Income from fees, premiums, and investments	Operating expenses
1935	$539,609	$6,336,905	1944	$28,322,415	$11,148,361
1936	2,503,248	12,160,487	1945	20,824,744	10,219,023
1937	5,690,268	10,318,119	1946	30,729,072	11,102,415
1938	7,874,377	9,297,884	1947	26,790,341	16,082,521
1939	11,954,056	12,609,887	1948	51,164,456	20,090,875
1940	17,860,206	13,206,525	1949	63,983,953	23,379,044
1941	24,126,368	13,359,588	1950	86,022,072	27,479,113
1942	28,316,764	13,471,489			
1943	25,847,785	11,160,461	Total	442,449,822	221,512,697

NOTE.—Operating expenses include charges for depreciation on furniture and equipment.

The above income was derived from the following insurance operations: Title I (property improvement loans), $52,010,265; Title I (home mortgages), $21,880; Title II (home mortgages), $255,576,202; Title II (rental housing projects), $7,738,931; Title VI (war and veterans' emergency housing), $126,308,100; and Title VIII (rental housing projects), $794,444. An analysis of gross income by fiscal year under each insurance fund is given in Statement 1.

STATEMENT 1.—*Income from fees, insurance premiums, and investments under Titles I, II, VI, and VIII, by fiscal years, 1935–50*

	Examination fees	Initial premiums	Renewal premiums	Prepayment premiums	Income on investments	Total
Title I, Classes 1, 2, and 3:						
1940	$115,507	$3,048,605				$3,164,112
1941	126,510	4,799,858	$50,708			4,977,076
1942	110,147	3,965,010	134,943			4,210,100
1943	15,145	1,609,639	231,053			1,855,837
1944	1,485	1,473,082	240,852			1,715,419
1945	115	1,794,121	235,887			2,030,123
1946	255	1,997,197	185,356			2,182,808
1947	45	2,220,393	65,375			2,285,813
1948	80	6,887,693	121,455			7,009,228
1949	10	10,211,655	129,965			10,341,630
1950	5	12,032,842	205,272			12,238,119
Total	369,304	50,040,095	1,600,866			[1] 52,010,265
Title I, Sec. 8: 1950	21,880					21,880
Title II, Sec. 203:						
1935	255,113	23,440			$256,681	535,234
1936	1,156,998	933,172	84,071	$6,499	306,133	2,487,473
1937	2,012,373	2,006,609	1,155,275	81,940	393,308	5,649,505
1938	2,161,294	1,939,667	2,763,296	196,923	556,728	7,617,908
1939	3,665,072	2,375,610	4,180,119	309,017	559,999	11,089,817
1940	3,874,969	3,003,683	5,948,237	542,109	639,962	14,008,960
1941	4,827,634	4,032,742	8,028,812	743,079	689,447	18,321,714
1942	3,777,420	4,381,326	10,980,716	1,170,647	878,015	21,197,124
1943	1,053,136	1,957,751	13,344,820	331,746	1,173,566	17,861,019
1944	862,336	1,046,824	14,107,941	373,562	1,586,695	17,977,358
1945	1,145,877	1,123,238	12,958,419	760,856	2,383,407	18,371,797
1946	2,300,151	1,405,427	11,206,223	1,088,294	2,353,538	19,343,633
1947	2,212,949	942,746	5,137,611	2,436,738	2,537,646	13,267,690
1948	3,835,761	2,309,094	9,759,219	1,951,026	2,810,353	20,665,453
1949	9,159,419	4,607,433	9,754,624	1,410,066	3,394,795	28,326,337
1950	12,291,022	9,266,802	12,181,769	1,695,186	3,420,401	38,855,180
Total	54,591,524	41,355,564	121,681,752	14,006,688	23,940,674	255,576,202

See footnotes at end of statement.

STATEMENT 1.—*Income from fees, insurance premiums, and investments under Titles I, II, VI, and VIII, by fiscal years, 1935–50*—Continued

	Examination fees	Initial premiums	Renewal premiums	Prepayment premiums	Income on investments	Tota
Title II, Secs. 207 and 210:						
1935	----------	$4,375	----------	----------	----------	$4,375
1936	----------	11,400	$4,375	----------	----------	15,775
1937	----------	21,950	18,813	----------	----------	40,763
1938	$94,765	121,306	33,073	----------	$6,425	256,469
1939	338,359	319,137	180,087	----------	26,656	864,239
1940	47,682	115,010	454,709	$25,550	44,273	687,224
1941	20,779	62,072	450,963	15,604	56,289	605,707
1942	40,454	40,099	513,451	13,600	25,033	633,437
1943	−3,776	9,805	512,423	37,884	58,957	615,293
1944	−7,323	21,125	506,946	53,876	63,429	638,053
1945	−2,860	22,483	435,626	116,122	63,431	634,802
1946	10,519	25,575	374,576	217,601	63,389	691,660
1947	−6,735	3,566	110,513	268,784	63,363	439,491
1948	846	598	222,991	113,005	85,564	423,004
1949	48,993	18,055	171,035	43,537	63,234	344,854
1950	521,065	20,495	136,951	102,077	63,197	843,785
Total	1,102,768	817,051	4,127,432	1,007,540	684,140	7,738,931
Title VI, Secs. 603, 608, 609, 611:						
1941	197,637	1,814	----------	----------	22,418	221,869
1942	1,566,954	595,554	2,072	1,722	109,801	2,276,103
1943	2,549,846	2,421,673	311,228	1,823	231,066	5,515,636
1944	2,531,321	2,983,903	2,457,171	9,095	10,005	7,991,585
1945	1,139,267	2,251,983	5,273,038	53,906	60,828	8,788,022
1946	362,131	670,026	6,500,029	795,875	182,910	8,510,971
1947	4,880,075	317,881	3,123,956	2,152,828	322,607	10,797,347
1948	11,574,518	4,614,735	5,398,393	1,135,019	344,106	23,066,771
1949	6,832,445	8,608,905	8,503,132	611,750	514,810	24,971,132
1950	10,103,002	6,648,254	15,475,088	798,886	1,143,434	34,168,664
Total	41,737,106	29,014,908	47,044,107	5,560,904	2,950,985	126,308,100
Title VIII, Sec. 803: 1950	666,192	91,366	----------	----------	36,886	794,444
Total income:						
1935	255,113	27,815	----------	----------	256,681	539,609
1936	1,156,998	944,572	89,046	6,499	306,133	2,503,248
1937	2,012,373	2,028,550	1,174,088	81,940	393,308	5,690,268
1938	2,256,059	2,060,973	2,797,269	196,923	563,153	7,874,377
1939	4,003,431	2,694,747	4,360,206	309,017	586,655	11,954,056
1940	4,038,158	6,167,208	6,402,046	567,659	684,235	17,860,296
1941	5,172,560	8,896,486	8,530,483	758,683	768,154	24,126,366
1942	5,494,975	8,981,989	11,631,182	1,194,869	1,013,749	28,316,764
1943	3,614,351	5,998,868	14,399,524	371,453	1,463,589	25,847,785
1944	3,387,819	5,525,024	17,312,910	436,533	1,660,129	28,322,415
1945	2,282,399	5,191,825	18,902,970	930,884	2,516,666	29,824,744
1946	2,673,056	4,098,225	18,356,184	3,001,770	2,599,837	30,729,072
1947	7,086,334	3,484,586	8,437,455	4,858,350	2,923,616	26,790,341
1948	15,411,205	13,812,120	15,502,058	3,199,050	3,240,023	51,164,456
1949	16,040,807	23,346,138	18,558,756	2,065,353	3,072,839	63,083,953
1950	23,903,166	28,059,759	27,999,080	2,596,149	4,663,918	86,922,072
Total	98,488,864	121,318,984	174,454,157	20,575,132	27,612,685	442,449,822

Minus figures are caused by adjustments relating to prior years.

[1] In addition, cash recoveries and other income in the amount of $21,540,805 have been collected on claims paid on insurance granted on and after July 1, 1939, and credited to the Title I Insurance Fund.

Salaries and Expenses

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

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

The amounts charged against the various titles and sections of the act during the fiscal year 1950 to cover operating costs and the purchase of furniture and equipment are as follows:

Salaries and expenses, fiscal year 1950 (July 1, 1949, to June 30, 1950)

Title and section	Amount	Percent	Title and section	Amount	Percent
Title I	$1,897,876	6.84	Title VI:		
Title I, Sec. 8	28,098	.10	Sec. 603	$1,147,120	4.13
Title II:			Sec. 608	4,979,196	17.94
Sec. 203	19,187,183	69.14	Sec. 609	28,748	.11
Secs. 207 and 210	214,904	.77	Sec. 611	20,441	.07
Sec. 213	35,422	.13	Title VII	10,018	.04
			Title VIII, Sec. 803	204,578	.73
			Total	27,753,584	100.00

Capital and Statutory Reserves of Combined FHA Funds

The combined capital and statutory reserves of all FHA funds on June 30, 1950, amounted to $230,200,984, and consisted of $146,707,728 capital ($67,497,643 investment of the United States Government and $79,210,085 earned surplus) and $83,493,256 statutory reserves, as shown in Statement 2.

STATEMENT 2.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1949, and June 30, 1950*

	June 30, 1949	June 30, 1950	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$33,477,778	$38,840,907	$5,363,129
Investments:			
U. S. Government securities (amortized)	165,919,894	215,272,165	49,352,271
Other securities (stock in rental housing corporations)	155,785	326,985	171,200
Total investments	166,075,679	215,599,150	49,523,471
Loans receivable:			
Mortgage notes and contracts for deed	20,332,463	20,107,511	−224,952
Less reserve for losses	337,974	334,795	−3,179
Net loans receivable	19,994,489	19,772,716	−221,773
Accounts and notes receivable:			
Accounts receivable—insurance premiums	2,650,673	3,589,362	938,689
Accounts receivable—other	72,653	114,218	41,565
Total accounts and notes receivable	2,723,326	3,703,580	980,254
Accrued assets:			
Interest on U. S. Government securities	688,826	488,823	−200,003
Interest on mortgage notes and contracts for deed	85,700	232,339	146,639
Total accrued assets	774,526	721,162	−53,364
Land, structures, and equipment:			
Furniture and equipment	1,614,448	[1] 1,871,236	256,788
Less reserve for depreciation	870,440	913,225	42,785
Net furniture and equipment	744,008	958,011	214,003
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	3,499,732	14,247,780	10,748,048
Less reserve for losses	593,651	2,417,150	1,823,499
Net real estate	2,906,081	11,830,630	8,924,549

[1] Includes unfilled orders in the amount of $71,863.

STATEMENT 2.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1949, and June 30, 1950*—Continued

	June 30, 1949	June 30, 1950	Increase or decrease (−)
ASSETS—continued			
Acquired security or collateral—Continued			
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)	$1,405,499	$5,867,501	$4,462,002
Less reserve for losses	247,055	1,565,173	1,318,118
Net mortgage notes acquired under terms of insurance	1,158,444	4,302,328	3,143,884
Defaulted Title I notes	28,992,110	41,129,366	12,137,256
Less reserve for losses	16,729,508	23,089,576	6,360,068
Net defaulted Title I notes	12,262,602	18,039,790	5,777,188
Net acquired security or collateral	16,327,127	34,172,748	17,845,621
Deferred charges: Prepaid expenses	2,704		−2,704
Total assets	240,119,637	313,768,274	73,648,637
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	1,572,012	[1] 2,380,655	808,643
Group account participations payable	941,562	1,676,714	735,152
Total accounts payable	2,513,574	4,057,369	1,543,795
Accrued liabilities: Interest on debentures	200,861	498,711	297,850
Trust and deposit liabilities:			
Fee deposits held for future disposition		1,641,700	1,641,700
Excess proceeds of sale	899,999	743,447	−156,552
Deposits held for mortgagors, lessees, and purchasers	316,812	404,474	87,662
Due general fund of the U. S. Treasury	746	680	−66
Employees' payroll deductions for taxes, etc	705,249	942,840	237,591
Total trust and deposit liabilities	1,922,806	3,733,141	1,810,335
Deferred and undistributed credits:			
Deferred credits—unearned insurance premiums	36,586,730	45,897,933	9,311,203
Deferred credits—other	52,775	43,958	−8,817
Total deferred and undistributed credits	36,639,505	45,941,891	9,302,386
Bonds, debentures, and notes payable: Debentures payable	14,632,986	29,315,786	14,682,800
Other liabilities: Reserve for foreclosure costs—mortgage notes	14,493	20,392	5,899
Statutory reserves:			
For transfer to general reinsurance account	16,219,941	18,988,881	2,768,940
Net balances of group accounts available for contingent losses, expenses, other charges, and participations	73,700,280	64,504,375	−9,195,905
Total statutory reserves	89,920,221	83,493,256	−6,426,965
Total liabilities	145,844,446	167,060,546	21,216,100
CAPITAL			
Investment of the U. S. Government:			
Allocations from the U. S. Treasury	16,000,000	21,000,000	5,000,000
Appropriations for salaries and expenses	36,162,716	36,164,119	1,403
Appropriations for payment of insurance claims	8,334,999	8,333,524	−1,475
Allocation to Housing Insurance Fund from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	1,000,000	1,000,000	
Allocation to Title I Housing Insurance Fund from insurance reserve fund of the Title I Insurance Fund		1,000,000	1,000,000
Total investment of the U. S. Government	61,497,715	67,497,643	5,999,928

[1] Includes unfilled orders in the amount of $294,245.

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STATEMENT 2.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1949, and June 30, 1950*—Continued

	June 30, 1949	June 30, 1950	Increase or decrease (−)
CAPITAL—continued			
Earned surplus (deficit −):			
Insurance reserve fund (cumulative earnings) available for future losses and related expenses	$43,720,507	$70,490,125	$26,769,618
General reinsurance reserve fund (cumulative earnings or deficit −) available for future losses and related expenses	−10,943,031	8,719,960	19,662,991
Total earned surplus	32,777,476	79,210,085	46,432,609
Total capital	94,275,191	146,707,728	52,432,537
Total liabilities and capital	240,119,637	313,768,274	73,648,637
Contingent liability for certificates of claim on properties on hand	96,279	403,247	306,968

The paid-in capital of $67,497,643 and the earned surplus of $79,210,085 are available for future contingent losses and related expenses. The statutory reserves of $83,493,256 represent the net balances of the group accounts under the Mutual Mortgage Insurance Fund, and are earmarked for participation payments to mortgagors under the mutual provision of Title II of the National Housing Act after providing for contingent insurance losses, expenses, and related charges.

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

Fund	Capital and statutory reserves
Title I Insurance Fund	$14,042,243
Title I Housing Insurance Fund	1,021,880
Mutual Mortgage Insurance Fund	134,207,312
Housing Insurance Fund	5,417,852
War Housing Insurance Fund	68,936,862
Housing Investment Insurance Fund	972,910
Military Housing Insurance Fund	5,601,925
Total	230,200,984

In addition, the various insurance funds had collected or accrued $45,897,933 unearned insurance premiums, as shown below. These premiums have been deferred under the accrual basis to which the accounts were converted as of June 30, 1949, and will be allocated to income each month as they are earned.

Fund	Deferred Premium Income
Title I Insurance Fund	$17,354,615
Mutual Mortgage Insurance Fund	14,484,384
Housing Insurance Fund	95,601
War Housing Insurance Fund	13,755,929
Military Housing Insurance Fund	207,404
Total	45,897,933

Combined Income and Expenses, all FHA Funds

Total income from all sources during the fiscal year 1950 amounted to $87,987,419, while total expenses and insurance losses amounted to $30,775,860, leaving net income, before adjustment of valuation and statutory reserves, of $57,211,559. Increases in valuation reserves for the year amounted to $9,498,506, leaving $47,713,053 net income for the period. Cumulative income from June 30, 1934, through June 30, 1950, was $447,640,050, and cumulative expenses were $232,232,096,

STATEMENT 3.—*Combined statement of income and expenses for all FHA funds through June 30, 1949, and June 30, 1950*

	June 30, 1934, to June 30, 1949	July 1, 1949, to June 30, 1950	June 30, 1934, to June 30, 1950
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$22, 103, 534	$4, 662, 924	$26, 766, 458
Interest on mortgage notes and contracts for deed	41, 588	6, 053	47, 641
Interest—other	3, 962, 615	1, 012, 135	4, 974, 750
Dividends on rental housing stock	2, 052	994	3, 046
	26, 109, 789	5, 682, 106	31, 791, 895
Insurance premiums and fees:			
Premiums	257, 693, 285	58, 654, 988	316, 348, 273
Fees	74, 885, 698	23, 603, 166	98, 488, 864
	332, 578, 983	82, 258, 154	414, 837, 137
Other income:			
Profit on sale of investments	843, 181		843, 181
Miscellaneous income	120, 678	47, 159	167, 837
	963, 859	47, 159	1, 011, 018
Total income	359, 652, 631	87, 987, 419	447, 640, 050
Expenses:			
Interest expenses: Interest on debentures	2, 618, 360	488, 172	3, 106, 532
Administrative expenses: Operating costs (including adjustments for prior years)	186, 216, 235	[1] 27, 427, 913	213, 644, 148
Other expenses:			
Depreciation on furniture and equipment	1, 189, 419	65, 319	1, 254, 738
Miscellaneous expenses	206, 108	16, 462	222, 570
	1, 395, 527	81, 781	1, 477, 308
Losses and charge-offs:			
Loss on sale of acquired properties	3, 699, 861	91, 171	3, 791, 032
Loss on equipment	16, 018	651	16, 669
Loss on defaulted Title I notes	7, 510, 235	2, 686, 172	10, 196, 407
	11, 226, 114	2, 777, 994	14, 004, 108
Total expenses	201, 456, 236	30, 775, 860	232, 232, 096
Net income before adjustment of valuation reserves	158, 196, 395	57, 211, 559	215, 407, 954
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−337, 974	+3, 179	−334, 795
Reserve for loss on real estate	−593, 651	−1, 823, 499	−2, 417, 150
Reserve for loss on mortgage notes acquired under terms of insurance	−247, 055	−1, 318, 118	−1, 565, 173
Reserve for loss on defaulted Title I notes	−16, 729, 508	−6, 360, 068	−23, 089, 576
Net adjustment of valuation reserves	−17, 908, 188	−9, 498, 506	−27, 406, 694
Net income	140, 288, 207	47, 713, 053	188, 001, 260

[1] Includes unfilled orders in the amount of $222,382.

STATEMENT 3.—*Combined statement of income and expenses for all FHA funds, through June 30, 1949, and June 30, 1950*—Continued

ANALYSIS OF EARNED SURPLUS

	June 30, 1934, to June 30, 1949	July 1, 1949, to June 30, 1950	June 30, 1934, to June 30, 1950
Distribution of net income:			
Statutory reserves:			
Balance at beginning of period		$89, 920, 221	
Net income for period	$106, 510, 731	280, 444	$106, 791, 175
	106, 510, 731	90, 200, 665	106, 791, 175
Participations in mutual earnings distributed	−16, 590, 510	−6, 707, 409	−23, 297, 919
Balance at end of period	89, 920, 221	83, 493, 256	83, 493, 256
Earned surplus:			
Balance at beginning of period		32, 777, 476	
Net income for period	33, 777, 476	47, 432, 609	81, 210, 085
	33, 777, 476	80, 210, 085	81, 210, 085
Allocation to Housing Insurance Fund from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	−1, 000, 000		−1, 000, 000
Allocation to Title I Housing Insurance Fund from the insurance reserve fund of the Title I Insurance Fund		−1, 000, 000	−1, 000, 000
Balance at end of period	32, 777, 476	79, 210, 085	79, 210, 085

leaving net income of $215,407,954 before adjustment of valuation reserves.

Title I: Property Improvement Loans

Loans Insured and Claims Paid

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

Loans aggregating 11,433,809 in number and $4,645,798,736 in amount (net proceeds) had been reported for insurance under this section through December 31, 1950. Through that date 369,382 claims had been paid for $110,428,832, or approximately 2.4 percent of the total net proceeds of loans insured, as shown in Statement 4. For the calendar year 1950, the comparable figures were 1,448,651 loans insured for an aggregate of $700,224,528, and 56,453 claims paid for $18,168,052.

Statement 4.—*Summary of Title I notes insured, claims for insurance paid, and recoveries on defaulted notes purchased, by calendar years, 1934–50*

Year	Notes insured (net proceeds)	Claims for insurance paid	Recoveries on defaulted notes purchased			
			Total recoveries	Cash receipts: On notes	Cash receipts: On sales of repossessed equipment	Proceeds from real property
1934	$27,405,525					
1935	201,258,132	$447,448	$9,916	$9,916		
1936	221,534,022	5,884,885	203,207	272,694	$20,513	
1937	54,344,338	6,800,807	942,205	913,758	28,537	
1938	150,709,152	6,016,308	1,552,417	1,480,044	63,373	
1939	203,904,512	4,728,346	1,941,953	1,919,524	22,420	
1940	241,734,821	6,543,568	1,902,540	1,888,681	13,859	
1941	248,638,549	7,265,050	2,539,496	2,335,107	11,853	$192,536
1942	141,103,398	7,132,210	2,831,754	2,795,685	−1,524	37,593
1943	87,194,156	3,718,643	4,168,859	4,024,096	717	144,046
1944	113,939,150	1,930,261	3,597,858	3,558,901	−159	39,116
1945	170,823,788	1,588,875	2,851,513	2,775,337	1,093	75,083
1946	320,503,183	2,435,904	3,058,351	2,772,487	7,270	278,594
1947	533,604,178	5,820,750	2,346,108	2,345,022	239	847
1948	621,612,484	14,345,659	2,503,044	2,499,536	752	2,756
1949	607,023,920	17,493,900	3,414,216	3,413,258	657	301
1950	700,224,528	18,168,052	5,208,863	5,187,283		21,580
Total	4,645,798,736	110,428,832	39,162,390	38,200,329	169,609	792,452

In addition to the above recoveries, $3,390,031 interest on outstanding balances of Title I notes, $90,034 interest on mortgage notes, and $375,072 miscellaneous income had been collected through Dec. 31, 1950.

Equipment in the total amount of $1,474,940 (claim amount) had been repossessed by FHA. However, only the cash recovery of $169,609 from sales is shown as a recovery, the balance of $4,305,331 having been treated as a loss. Of this amount $3,979,654 represents equipment transferred to other Government agencies without exchange of funds; $322,092, loss on sale of equipment; $792, available for transfer; and $2,793, destroyed as worthless.

Recoveries

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

Real properties acquired are managed and sold by the Property Management Division of the Federal Housing Administration, which also handles the acquisition, management, and disposition of real properties acquired under Titles II and VI.

Through December 31, 1950, there had been acquired under the terms of insurance a total of 405 real properties with claim balances totaling $844,956. All but eight of these properties had been sold, at a net loss of $52,504 which included all expenses (such as taxes, repairs, and sales commissions) incurred by FHA in acquiring, managing, and disposing of the properties.

Insurance losses through December 31, 1950, amounted to $51,948,-384. These losses represent 1.12 percent of the total amount of loans insured ($4,645,798,736). A summary of transactions through December 31, 1950, follows:

Summary of Title I transactions for the period June 30, 1934, to Dec. 31, 1950

	Insurance fund	Claims account	Total Title I transactions to Dec. 31, 1950	Percent to notes insured
Total notes insured	$778, 860, 621	$3, 866, 938, 115	$4, 645, 798, 736	100.000
Total claims paid	78, 940, 118	31, 488, 714	110, 428, 832	2.377
Recoveries:				
Cash collections:				
On notes	22, 265, 725	15, 934, 604	38, 200, 329	.822
On sale of repossessed equipment	5, 668	163, 941	169, 609	.004
Total cash	22, 271, 393	16, 098, 545	38, 369, 938	.826
Real properties (after deducting losses)	490, 030	302, 422	792, 452	.017
Total recoveries	22, 761, 423	16, 400, 967	39, 162, 390	.843
Net notes in process of collection	19, 239, 589	78, 469	19, 318, 058	.416
Losses:				
Loss on sale of real properties	24, 296	28, 208	52, 504	.001
Loss on repossessed equipment	46, 001	4, 259, 330	4, 305, 331	.093
Loss on defaulted Title I notes	11, 644, 344	9, 776, 370	21, 420, 714	.461
Reserve for loss on defaulted Title I notes	25, 224, 465	945, 370	26, 169, 835	.563
Total losses	36, 939, 106	15, 009, 278	51, 948, 384	1.118

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

In addition to the above recoveries, $3,399,031 interest on outstanding note balances, $90,034 interest on mortgage notes, and $375,072 miscellaneous income had been collected through December 31, 1950.

Title I Insurance Fund

The Title I Insurance Fund was established by amendment to the National Housing Act of June 3, 1939, for the purpose of carrying out the provisions of Title I (Section 2) on insurance granted on and after July 1, 1939.

Section 2(f) of the act provides that moneys in the Title I Insurance Fund shall be available for defraying the operating expenses of the Federal Housing Administration under this title, and any amounts which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this title.

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

The total capital of the Title I Insurance Fund as of June 30, 1950, as shown in Statement 5, was $14,042,243, of which $8,333,524 represented investment of the United States Government and $5,708,719 was earned surplus.

STATEMENT 5.—*Comparative statement of financial condition, Title I Insurance Fund, as of June 30, 1949, and June 30, 1950*

	June 30, 1949	June 30, 1950	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$15,430,941	$11,065,627	−$4,365,314
Loans receivable:			
Mortgage notes and contracts for deed	149,856	129,067	−20,789
Less reserve for losses	2,248	1,936	−312
Net loans receivable	147,608	127,131	−20,477
Accounts and notes receivable:			
Accounts receivable—insurance premiums	1,120,567	2,008,267	887,700
Accounts receivable—other	17,596	20,986	3,390
Accounts receivable—inter-fund	151,493	138,261	−13,232
Total accounts and notes receivable	1,289,656	2,167,514	877,858
Accrued assets:			
Interest on mortgage notes and contracts for deed	653	503	−150
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	846	11,651	10,805
Less reserve for losses	106	1,748	1,642
Net real estate	740	9,903	9,163
Defaulted Title I notes	28,992,110	41,129,366	12,137,256
Less reserve for losses	16,729,508	23,089,576	6,360,068
Net defaulted Title I notes	12,262,602	18,039,790	5,777,188
Net acquired security or collateral	12,263,342	18,049,693	5,786,351
Total assets	29,132,200	31,410,468	2,278,268
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies		11,650	11,650
Trust and deposit liabilities: Deposits held for mortgagors, lessees, and purchasers	2,037	1,960	−77
Deferred and undistributed credits: Deferred credits—unearned insurance premiums	15,663,805	17,354,615	1,690,810
Total liabilities	15,665,842	17,368,225	1,702,383
CAPITAL			
Investment of the U. S. Government: Appropriations for payment of insurance claims	8,334,999	8,333,524	−1,475
Earned surplus:			
Insurance reserve fund (cumulative earnings) available for future losses and related expenses	5,131,359	5,708,719	577,360
Total capital	13,466,358	14,042,243	575,885
Total liabilities and capital	29,132,200	31,410,468	2,278,268

For the fiscal year 1950, Title I Insurance Fund income totaled $12,492,549, while expenses and losses amounted to $4,553,791, leaving $7,938,758 net income before adjustment of valuation reserves. After the valuation reserves were increased by $6,361,398, there remained $1,577,360 net income for the year.

STATEMENT 6.—*Income and expenses, Title I Insurance Fund, through June 30, 1949, and June 30, 1950*

	June 3, 1939, to June 30, 1949	July 1, 1949, to June 30, 1950	June 3, 1939, to June 30, 1950
Income:			
Interest and dividends:			
Interest on mortgage notes and contracts for deed	$41,588	$6,053	$47,641
Interest—other	1,172,315	201,907	1,374,222
	1,213,903	207,960	1,421,863
Insurance premiums and fees:			
Premiums	39,402,847	12,238,114	51,640,961
Fees	369,299	5	369,304
	39,772,146	12,238,119	52,010,265
Other income: Miscellaneous income	113,024	46,470	159,494
Total income	41,099,073	12,492,549	53,591,622
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	11,358,187	1,847,242	13,205,429
Other expenses:			
Depreciation on furniture and equipment	112,124	3,053	115,177
Miscellaneous expenses	187,078	16,782	204,760
	300,102	19,835	319,937
Losses and charge-offs:			
Loss on sale of acquired properties	23,797	499	24,296
Loss on equipment	43,531	43	43,574
Loss on defaulted Title I notes	7,510,235	2,686,172	10,196,407
	7,577,563	2,686,714	10,264,277
Total expenses	19,235,852	4,553,791	23,789,643
Net income before adjustment of valuation reserves	21,863,221	7,938,758	29,801,979
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−2,248	+312	−1,936
Reserve for loss on real estate	−106	−1,642	−1,748
Reserve for loss on defaulted Title I notes	−16,720,508	−6,360,068	−23,080,576
Net adjustment of valuation reserves	−16,731,862	−6,361,398	−23,093,260
Net income	5,131,359	1,577,360	6,708,719

ANALYSIS OF EARNED SURPLUS

Distribution of net income:			
Earned surplus:			
Balance at beginning of period		$5,131,359	
Net income for period	$5,131,359	1,577,360	$6,708,719
	5,131,359	6,708,719	6,708,719
Allocation to Title I Housing Insurance Fund from the insurance reserve fund of the Title I Insurance Fund		−1,000,000	−1,000,000
Balance at end of period	5,131,359	5,708,719	5,708,719

Title I Insurance Authority

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

Status of Title I insurance authority, as of Dec. 31, 1950

Insurance authority		$1, 250, 000, 000
Charges against insurance authority:		
Estimated outstanding balance of insurance in force:		
Amendment of June 3, 1939	$6, 748, 213	
Reserve of July 1, 1944	483, 666	
Reserve of July 1, 1947	489, 192, 976	
Reserve of Mar. 1, 1950 (including 101,824 notes on loan reports in process)	536, 382, 152	
Total charges against authority		1, 032, 807, 007
Unused insurance authority		217, 192, 993

Title I Insurance Liability

The maximum amount of claims that a qualified institution may present for payment is limited to 10 percent of the eligible loans reported by that institution for insurance. As of December 31, 1950, the maximum possible liability of the Title I Insurance Fund for claims was $192,552,293.

Insurance reserves under Title I, established, released, and outstanding at Dec. 31, 1950, as provided under Secs. 2 and 6,[1] National Housing Act

Item	Gross reserves established	Reserves released	Claims paid	Outstanding contingent liability
Insurance reserves:				
Sec. 2:				
20 percent, original act	$66, 331, 508	$50, 769, 728	$15, 561, 780	----------
10 percent, amendment Apr. 3, 1936	17, 257, 563	10, 647, 672	6, 609, 891	----------
10 percent, amendment Feb. 3, 1938	27, 302, 148	18, 041, 547	9, 260, 601	----------
10 percent, amendment June 3, 1939	86, 070, 314	58, 903, 284	20, 418, 817	$6, 748, 213
10 percent, reserve of July 1, 1944	85, 472, 700	61, 002, 386	23, 986, 648	483, 666
10 percent, reserve of July 1, 1947	163, 173, 608	----------	34, 269, 331	128, 904, 277
10 percent, reserve of Mar. 1, 1950	51, 977, 190	----------	265, 322	51, 711, 868
Estimated loan reports in process	4, 704, 269	----------	----------	4, 704, 269
Sec. 6:[1]				
20 percent, amendment Apr. 22, 1937	297, 366	246, 498	50, 868	----------
10 percent, amendment Apr. 17, 1936	11, 913	6, 339	5, 574	----------
Total	502, 598, 579	199, 617, 454	110, 428, 832	192, 552, 293

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

Title I Claims Account

Through June 30, 1950, the Federal Government had advanced a total of $38,243,525 to cover operations under Title I (Sec. 2) on insurance granted prior to July 1, 1939. Of this amount, $6,613,811 had been advanced for salaries and expenses, and the remaining $31,629,714 for the payment of insurance claims and loans to insured institutions. In addition, $2,109,333 had been collected as interest and other income, making a total of $40,352,858 accountable funds.

Funds accounted for at June 30, 1950, amounted to $40,186,873: $18,507,340 representing recoveries and interest on claims deposited in the general fund of the Treasury, and $21,679,533 representing expenses and losses, leaving a balance to be accounted for of $165,985. This balance is accounted for by the net assets on hand at June 30, 1950, which consisted of $66,725 cash, $103,381 accounts and notes receivable, and $4,121 liabilities.

STATEMENT 7.—*Title I Claims Account: Statement of accountability for funds advanced as of June 30, 1950*

Advances from RFC for:			
Payment of claims	$31, 488, 714		
Loans to insured institutions	141, 000		
Payment of salaries and expenses	6, 613, 811		
		$38, 243, 525	
Income from operations:			
Interest on defaulted notes	1, 893, 224		
Other income	216, 109		
		2, 109, 333	
Total funds available			$40, 352, 858
Recoveries on claims and loans to insured institutions deposited in the general fund of the Treasury		$18, 507, 340	
Salaries and expenses		6, 613, 811	
Losses, including estimated future losses:			
Sale of real property	$29, 639		
Repossessed equipment	4, 259, 330		
Defaulted notes	10, 776, 753		
		15, 065, 722	
Total funds used			40, 186, 873
Balance of funds to be accounted for			165, 985
Accountability represented by:			
Assets on hand:			
Cash		$66, 725	
Accounts receivable and accrued assets		3, 598	
Mortgage notes	$21, 307		
Less estimated future losses	320	20, 987	
Defaulted notes	1, 113, 110		
Less estimated future losses	1, 034, 314		
		78, 796	
Total assets on hand		170, 106	
Liabilities:			
Deposits held for account of mortgagors and lessees	$1, 419		
Undistributed receipts	2, 702		
		4, 121	
Net assets on hand			165, 985

Title I Housing Insurance Fund

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

Title I, Section 8 Insurance Authority

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

The status of the Title I, Section 8 insurance authority at December 31, 1950, was calculated as follows:

Status of Title I, Sec. 8 insurance authority, as of Dec. 31, 1950

Insurance authority		$100,000,000
Charges against insurance authority:		
Estimated outstanding balance of insurance in force	$964,400	
Outstanding commitments	17,528,100	
Total charges against authority		18,492,500
Unused insurance authority		81,507,500

Title I Housing Insurance Fund Capital and Net Income

Assets of the Title I Housing Insurance Fund at June 30, 1950, totaled $1,050,555, against which there were outstanding liabilities of $28,675, leaving $1,021,880 capital. Included in the capital is the sum of $1,000,000 which was transferred from the Title I Insurance Fund in accordance with Section 8(h) of the act.

STATEMENT 8.—*Comparative statement of financial condition, Title I Housing Insurance Fund, as of June 30, 1949, and June 30, 1950*

	June 30, 1949	June 30, 1950	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury		$1,050,555	$1,050,555
Total assets		1,050,555	1,050,555
LIABILITIES			
Trust and deposit liabilities: Fee deposits held for future disposition		28,675	28,675
Total liabilities		28,675	28,675
CAPITAL			
Investment of the U. S. Government: Allocation to Title I Housing Insurance Fund from insurance reserve fund of the Title I Insurance Fund		1,000,000	1,000,000
Earned surplus: Insurance reserve fund (cumulative earnings) available for future losses and related expenses		21,880	21,880
Total capital		1,021,880	1,021,880
Total liabilities and capital		1,050,555	1,050,555

Net income for the year amounted to $21,880 and consisted entirely of fees.

STATEMENT 9.—*Income and expenses, Title I Housing Insurance Fund, from inception, Apr. 20, 1950, through June 30, 1950*

	Apr. 20, 1950, to June 30, 1950
Income:	
Insurance premiums and fees: Fees	$21,880
Net income	21,880
ANALYSIS OF EARNED SURPLUS	
Distribution of net income:	
Earned surplus:	
Balance at beginning of period	
Net income for the period	$21,880
Balance at end of period	21,880

Title II: Mutual Mortgage Insurance Fund

The Mutual Mortgage Insurance Fund was established by Section 202 of the National Housing Act of June 27, 1934, as a revolving fund for carrying out the provisions of Title II with respect to insurance under Section 203 (mortgages on one- to four-family homes) and Section 207 (rental housing projects). An amendment to the act approved February 3, 1938, established the Housing Insurance Fund to carry the insurance on rental housing projects insured under Section 207 after that date.

In accordance with Section 202 of the act, the Mutual Mortgage Insurance Fund was originally allocated the sum of $10,000,000 by the Federal Government. It has been credited with all income received in connection with insurance granted under Section 203, and that received with respect to insurance granted prior to February 3, 1938, under Section 207.

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

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

The general reinsurance account was established by Section 205(b) of the act and, in accordance with this section, was credited with the orginal allocation of $10,000,000 provided by Section 202 of the act. In addition, Section 205(c) of the act provides for the transfer to this account, upon the termination of each group account, of an amount equal to 10 percent of the total insurance premiums theretofore credited to the group. This account was provided as a secondary reserve to absorb the ultimate deficits of any group accounts which lack sufficient funds to meet all expenses and losses relating to the mortgages in the group; and to cover general expenses of mutual mortgage insurance not charged against group accounts.

Title II Insurance Authority

Under the provisions of Section 203(a) of the act, the aggregate amount of principal obligations of all mortgages insured under Title II outstanding at any one time may not exceed $9,000,000,000. Because of the continuing increase in applications for insurance under this title, the insurance authority was raised during 1950 from $6,750,000,000 to $9,000,000,000 under authority granted by the Congress in an amendment to the National Housing Act approved April 20, 1950. This authorization applies to the insurance granted on home

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mortgages under Section 203, rental project mortgages under Sections 207 and 210, and mortgages on cooperative projects under Section 213. The Title II insurance authority at December 31, 1950, was calculated as follows:

Status of Title II insurance authority, as of Dec. 31, 1950

Insurance authority			$9,000,000,000
Charges against insurance authority:			
Sec. 203 estimated outstanding balance of insurance in force	$6,230,220,706		
Sec. 203 outstanding commitments	2,268,184,488		
		$8,498,405,194	
Sec. 207 estimated outstanding balance of insurance in force	39,902,846		
Sec. 207 outstanding commitments [1]	28,594,050		
		68,496,896	
Sec. 213 estimated outstanding balance of insurance in force	2,690,650		
Sec. 213 outstanding commitments [1]	43,493,550		
		46,184,200	
Total charges against authority			8,613,086,290
Unused insurance authority			386,913,710

[1] Includes statements of eligibility.

Mutual Mortgage Insurance Fund Capital

As of June 30, 1950, the assets of the Mutual Mortgage Insurance Fund totaled $160,118,756, against which there were outstanding liabilities of $109,404,700, leaving $50,714,056 capital. Included in the liabilities are the statutory reserves of $83,493,256. This figure includes $18,988,881 for transfer to the general insurance account and $64,504,375 available for contingent losses, expenses, other charges, and participation payments to mortgagors under the mutual provision of the act.

STATEMENT 10.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1949, and June 30, 1950*

	June 30, 1949	June 30, 1950	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$6,531,002	$9,924,985	$3,393,983
Investments: U. S. Government securities (amortized)	129,804,566	146,747,463	16,942,897
Loans receivable:			
Mortgage notes and contracts for deed	1,500,517	1,424,827	—75,690
Less reserve for losses	22,476	21,372	—1,104
Net loans receivable	1,478,041	1,403,455	—74,586
Accounts and notes receivable:			
Accounts receivable—insurance premiums	440,410	751,122	310,712
Accounts receivable—inter-fund	387,023	712,291	325,268
Total accounts and notes receivable	827,433	1,463,413	635,980
Accrued assets:			
Interest on U. S. Government securities	554,564	384,247	—170,317
Interest on mortgage notes and contracts for deed	6,456	5,910	—546
Total accrued assets	561,020	390,157	—170,863

STATEMENT 10.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1949, and June 30, 1950*—Continued

	June 30, 1949	June 30, 1950	Increase or decrease (−)
ASSETS—continued			
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	$51,296	$221,553	$170,257
Less reserve for losses	7,539	32,270	24,731
Net acquired security or collateral	43,757	189,283	145,526
Deferred charges: Prepaid expenses	6		−6
Total assets	139,245,825	160,118,756	20,872,931
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	393	798	405
Group account participations payable	941,562	1,676,714	735,152
Total accounts payable	941,955	1,677,512	735,557
Accrued liabilities: Interest on debentures	112,198	110,764	7,586
Trust and deposit liabilities:			
Fee deposits held for future disposition		1,613,025	1,613,025
Excess proceeds of sale	47,849	51,237	3,388
Deposits held for mortgagors, lessees, and purchasers	44,954	63,560	18,606
Total trust and deposit liabilities	92,803	1,727,822	1,635,019
Deferred and undistributed credits:			
Deferred credits—unearned insurance premiums	9,613,824	14,484,384	4,870,560
Deferred credits—other	6,456	5,306	−1,15[illegible]
Total deferred and undistributed credits	9,620,280	14,489,690	4,869,41[illegible]
Bonds, debentures, and notes payable:			
Debentures payable	7,510,586	7,896,636	386,050
Statutory reserves:			
For transfer to general reinsurance reserve	16,219,941	18,988,881	2,768,940
Net balances of group accounts available for contingent losses, expenses, other charges, and participations	73,700,280	64,504,375	−9,195,905
Total statutory reserves	89,920,221	83,493,256	−6,426,965
Total liabilities	108,198,043	109,404,700	1,206,657
CAPITAL			
Investment of the U. S. Government:			
Allocations from the U. S. Treasury	10,000,000	10,000,000	
Appropriations for salaries and expenses	31,990,813	31,994,096	3,283
Total investment of the U. S. Government	41,990,813	41,994,096	3,283
Earned surplus (deficit −):			
General reinsurance reserve fund (cumulative earnings or deficit −) available for future losses and related expenses	−10,943,031	8,719,960	19,662,991
Total capital	31,047,782	50,714,056	19,666,274
Total liabilities and capital	139,245,825	160,118,756	20,872,931
Contingent liability for certificates of claim on properties on hand	3,947	9,230	5,283

Income and Expenses

During the fiscal year 1950 the income to the fund amounted to $39,196,544, while expenses and losses amounted to $19,229,482, leaving $19,967,062 net income before adjustment of valuation reserves. After the valuation reserves had been increased $23,627, the net income for the year was $19,943,435.

The cumulative income of the Mutual Mortgage Insurance Fund from June 30, 1934, to June 30, 1950, amounted to $258,878,090, while cumulative expenses amounted to $142,313,313, leaving $116,564,777 net income before adjustment of valuation reserves. After $53,642 had been allocated to valuation reserves, the cumulative net income amounted to $116,511,135.

STATEMENT 11.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1949, and June 30, 1950*

	June 30, 1934, to June 30, 1949	July 1, 1949, to June 30, 1950	June 30, 1934, to June 30, 1950
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$19,845,831	$3,420,401	$23,266,232
Interest—other	2,487,507	332,781	2,820,288
Dividends on rental housing stock	156		156
	22,333,494	3,753,182	26,086,676
Insurance premiums and fees:			
Premiums	154,362,368	23,151,748	177,514,116
Fees	42,304,027	12,291,022	54,595,049
	196,666,395	35,442,770	232,109,165
Other income:			
Profit on sale of investments	674,286		674,286
Miscellaneous income	7,371	592	7,963
	681,657	592	682,249
Total income	219,681,546	39,196,544	258,878,090
Expenses:			
Interest expense: Interest on debentures	2,618,360	488,172	3,106,532
Administrative expenses: Operating costs (including adjustments for prior years)	117,317,764	18,670,872	135,988,636
Other expenses:			
Depreciation on furniture and equipment	736,488	48,613	785,101
Miscellaneous expenses	17,710		17,710
	754,198	48,613	802,811
Losses and charge-offs:			
Loss on sale of acquired properties	2,404,690	21,381	2,426,071
Loss (or profit (−)) on equipment	−11,181	444	−10,737
	2,393,509	21,825	2,415,334
Total expenses	123,083,831	19,229,482	142,313,313
Net income before adjustment of valuation reserves	96,597,715	19,967,062	116,564,777
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−22,476	+1,104	−21,372
Reserve for loss on real estate	−7,539	−24,731	−32,270
Net adjustment of valuation reserves	−30,015	−23,627	−53,642
Net income	96,567,700	19,943,435	116,511,135

STATEMENT 11.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1949, and June 30, 1950*—Continued

ANALYSIS OF EARNED SURPLUS (OR DEFICIT (—))

	June 30, 1934, to June 30, 1949	July 1, 1939, to June 30, 1950	June 30, 1934, to June 30, 1950
Distribution of net income:			
Statutory reserves:			
Balance at beginning of period		$89,920,221	
Net income for period	$106,510,731	280,444	$106,791,175
	106,510,731	90,200,665	106,791,175
Participations in mutual earnings distributed	—16,590,510	—6,707,409	—23,297,919
Balance at end of period	89,920,221	83,493,256	83,493,256
Earned surplus (or deficit (—)):			
Balance at beginning of period		—10,943,031	
Net income (or loss (—)) for period	—9,943,031	19,662,991	9,719,960
	—9,943,031	8,719,960	9,719,960
Allocation to Housing Insurance Fund from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	—1,000,000		—1,000,000
Balance at end of period	—10,943,031	8,719,960	8,719,960

Investments

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

During the fiscal year 1950, $24,750 of Series A 3 percent Mutual Mortgage Insurance Fund debentures matured and were paid, $5,250 of Series E 2¾ percent were purchased from RFC, and $21,750 were called for redemption.

Purchases of United States Treasury bonds made during the year increased the holdings of the fund by $16,500,000 (principal amount). These transactions resulted in a decrease in the average annual yield from 2.50 percent to 2.48 percent. On June 30, 1950, the fund held

United States Treasury bonds in the amount of $146,747,463, as follows:

Investments of the Mutual Mortgage Insurance Fund, June 30, 1950

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1951–54	2¾	$544,844	$550,000	$548,556
1952–54	2½	2,300,000	2,300,000	2,300,000
1954–56	2¼	1,500,000	1,500,000	1,500,000
1955–60	2⅞	4,441,634	4,389,500	4,405,622
1956–59	2¾	5,305,585	5,242,850	5,266,126
1962–67	2½	5,000,000	5,000,000	5,000,000
1963–68	2½	4,500,000	4,500,000	4,500,000
1964–69	2½	15,000,000	15,000,000	15,000,000
1965–70	2½	13,000,000	13,000,000	13,000,000
1966–71	2½	10,850,000	10,850,000	10,850,000
1967–72	2½	84,406,587	83,667,000	84,377,159
Average annual yield 2.48 percent		146,848,650	145,999,350	146,747,463

Properties Acquired Under the Terms of Insurance

Two hundred and twenty-five homes insured under Section 203 were acquired by the Commissioner during the calendar year 1950 under the terms of insurance. During 1949, 37 foreclosed properties had been transferred to the Commissioner, and in 1948 there had been 4. Through 1950, a total of 4,333 small homes had been acquired under the Mutual Mortgage Insurance Fund, for which debentures and cash adjustments had been issued in the amount of $20,393,315. Statement 12 shows the turnover of Section 203 acquired properties since the acquisition of the first such property in 1936.

STATEMENT 12.—*Turnover of properties acquired under Sec. 203 of Title II contracts of insurance by years, and cumulative through Dec. 31, 1950*

Properties acquired		Properties sold by calendar years														Properties on hand Dec. 31, 1950
Year	Number	1936–37	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	
1936	13	11	2													
1937	98	13	67	7	5	6										
1938	324		139	90	50	28	6	2	−1	1						
1939	753			278	331	110	28	3	2	1						
1940	1,123				611	448	46	14	3	1						
1941	1,044					754	257	29	2	2						
1942	502						355	139	8							
1943	168							140	27	1						
1944	33								26	7						
1945	8									7	1					
1946	1										1					
1947																
1948	4												2	2		
1949	37													17	19	1
1950	225														65	160
Total	4,333	24	208	384	997	1,346	692	327	67	20	2		2	19	84	161

NOTES.—The average time between acquisition and sale by the Federal Housing Administration of the 4,172 properties sold was 6.27 months.

The number of properties sold has been reduced by 17 properties repossessed because of default on mortgage notes. All 17 reacquisitions had been resold by Dec. 31, 1950.

Through December 31, 1950, 4,172 acquired properties insured under Section 203 had been sold at prices which left a net charge against the fund of $2,441,460, or an average of approximately $585 per case. One Section 207 rental housing project insured under the Mutual Mortgage Insurance Fund prior to February 3, 1938, had been acquired and sold in 1941 at no loss to the fund.

STATEMENT 13.—*Statement of profit and loss on sale of acquired properties, Mutual Mortgage Insurance Fund, through Dec. 31, 1950*

Item	Sec. 203 (4,172 properties)	Sec. 207 (1 property)	Total Title II (4,173 properties)
Proceeds of sales: [1]			
Sales price	$19,457,136	$1,000,000	$20,457,136
Less commission and other selling expenses	921,209		921,209
Net proceeds of sales	18,536,027	1,000,000	19,535,027
Income:			
Rental and other income (net)	310,308		310,308
Mortgage note income	2,600,382		2,600,382
Total income	2,910,690		2,910,690
Total proceeds of sold properties	21,446,617	1,000,000	22,446,617
Expenses:			
Debentures and cash adjustments	19,323,057	942,146	20,265,202
Interest on debentures	2,808,803	18,387	2,827,190
Additions and improvements	23,859		23,859
Taxes, water rent, hazard insurance, and other expenses	420,283	5,012	425,295
Repairs and maintenance	708,243		708,243
Settlement expense		1,669	1,669
Total expenses	23,284,245	967,213	24,251,458
Net profit (or loss −) before distribution of liquidation profits	−1,837,628	32,787	−1,804,841
Less distribution of liquidation profits:			
Certificates of claim	406,872	31,532	438,404
Increment on certificates of claim	29,947	1,255	31,202
Refunds to mortgagors	167,013		167,013
Loss to Mutual Mortgage Insurance Fund	2,441,460		2,441,460
Average loss to Mutual Mortgage Insurance Fund	585		

[1] Analysis of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	741		$4,634,260		$4,634,260
Properties sold for cash and notes (or contracts for deed)	3,415	3,405	1,903,358	$13,858,541	15,761,899
Properties sold for notes only	17	17		60,977	60,977
Total	4,173	3,422	6,537,618	13,919,518	20,457,136

On December 31, 1950, 161 properties insured under the Mutual Mortgage Insurance Fund were held by this Administration. The cost of these properties was:

Mutual Mortgage Insurance Fund, statement of properties on hand at Dec. 31, 1950 (161 properties)

	Sec. 203 (161 properties)
Expenses:	
Acquisition costs	$1,070,258
Interest on debentures	1,037
Taxes and assessments	4,430
Water rent	20
Hazard insurance	3,574
Maintenance	848
Repairs	2,053
Undistributed expense	658
Total expenses	1,082,878
Income: Rental and other income (net)	543
Net cost of properties on hand	1,082,335

Certificates of Claim and Refunds to Mortgagors

Section 204 (f) of the act provides that, if the net amount realized from any property acquired by the FHA under the terms of insurance, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of debentures issued and cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee, and that any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim issued in connection with the 4,172 Section 203 properties which had been acquired and sold through 1950 totaled $1,693,394. The net proceeds of sale in 1,548 cases had been sufficient to provide an excess for the full or partial payment of certificates of claim after deducting all expenses incurred by the Federal Housing Administration in handling, dealing with, and disposing of such properties and the amount of the debentures plus interest thereon. The amount paid or to be paid on these certificates of claim totaled $406,872 (approximately 24 percent), while certificates of claim totaling $1,286,522 (approximately 76 percent) had been or will be canceled.

In addition, there were excess proceeds on approximately 15 percent (or 632) of the 4,172 sold properties, amounting to $167,013, for refund to mortgagors. The refund to mortgagors on these 632 cases averaged $264.

Mutual Mortgage Participation Payments

In carrying out the mutual provisions of Title II, the Administration had established through June 30, 1950, a total of 284 group accounts, of which 155 had credit balances for distribution and 129 had deficit balances. The 155 group accounts with credit balances represented 13 from which participation payments at the time of termination of the group had been made, 10 from which payments will be made, and 132 from which participation shares are being currently disbursed to mortgagors who pay their mortgages in full prior to maturity.

Of the 129 deficit balance groups at June 30, 1950, 63 had been terminated with deficits totaling $141,090, and these deficits had been charged against the general reinsurance account. The income of the remaining 66 groups had not yet been sufficient to offset the expenses and reserves for losses.

The credit balances of the 13 group accounts which had matured and from which participation payments had been made amounted to $165,810, and these balances were shared by 3,278 mortgagors. Payments to mortgagors ranged from $1.89 to $48.22 per $1,000 of original face amount of mortgage. The credit balances of the 10 groups from which participation payments will be made amounted to $589,750 on June 30, 1950, and will be shared by approximately 4,033 mortgagors.

The first participation payments in connection with insured loans prepaid in full were made as of January 1, 1944, and during the 6½ years following that date total payments of $23,297,919 were made or accrued on 251,472 insured loans.

The credit balances of the 132 groups, from which participation payments are being made as insured loans are paid in full, amounted to $57,826,504 on June 30, 1950. On that date there were still in force in these group accounts approximately 322,968 insured mortgages on which the original face amount had been $1,438,253,494.

Title II: Housing Insurance Fund

The insurance risks on rental and group housing insured under Sections 207 and 210 after February 3, 1938, are liabilities of the Housing Insurance Fund which was established by an amendment to the National Housing Act approved on that date. Appraisal fees, insurance premiums, interest on investments, and income from projects acquired under the terms of insurance are deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund. Foreclosure losses and general operating expenses of the Federal Housing Administration under Sections 207 and 210 since February 3, 1938, are charged against the fund.

This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments. Any increase in the fund resulting from operations is retained as a general reserve to meet possible insurance losses and future expenses in connection with Sections 207 and 210 insurance. In accordance with Section 207(h) of the act, the excess proceeds, if any, from the sale of an acquired project, after deducting all costs incident to the acquisition, handling, and final disposition of such project, are applied to the mortgagee's certificate of claim and increment thereon, and any balance is credited to the Housing Insurance Fund. Prior to enactment of the amendments of August 10, 1948, to the National Housing Act, any excess remaining after payment of the certificate of claim and increment thereon was refunded to the mortgagor.

Housing Insurance Fund Capital and Net Income

Assets of the Housing Insurance Fund as of June 30, 1950, totaled $9,141,144, against which there were outstanding liabilities of $3,723,-292. The capital of the fund amounted to $5,417,852, represented by $5,170,023 investment of the United States Government and earned surplus of $247,829. Included in the capital is the sum of $1,000,000 which was transferred in accordance with Section 207(f) of the act from appraisal fees collected under the Mutual Mortgage Insurance Fund.

STATEMENT 14.—*Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1949, and June 30, 1950*

	June 30, 1949	June 30, 1950	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$1,021,562	$1,465,799	$444,237
Investments:			
U. S. Government securities (amortized)	2,437,757	2,436,614	—1,143
Other securities (stock in rental housing corporations)	5,550	4,750	—800
Total investments	2,443,307	2,441,364	—1,943
Loans receivable:			
Mortgage notes and contracts for deed	5,474,568	5,280,348	—194,220
Less reserve for losses	82,118	79,205	—2,913
Net loans receivable	5,392,450	5,201,143	—191,307
Accounts and notes receivable:			
Accounts receivable—insurance premiums	147		—147
Accounts receivable—inter-fund	45,499	10,430	—35,069
Total accounts and notes receivable	45,646	10,430	—35,216
Accrued assets:			
Interest on U. S. Government securities	9,367	9,367	
Interest on mortgage notes and contracts for deed	13,533	13,041	—492
Total accrued assets	22,900	22,408	—492
Total assets	8,925,865	9,141,144	215,279
LIABILITIES			
Accrued liabilities: Interest on debentures	54,153	47,300	—6,853
Trust and deposit liabilities:			
Excess proceeds of sale	107,474	71,844	—35,630
Deposits held for mortgagors, lessees, and purchasers	56,084	68,547	12,463
Total trust and deposit liabilities	163,558	140,391	—23,167
Deferred and undistributed credits: Deferred credits—unearned insurance premiums	95,306	95,601	295
Bonds, debentures, and notes payable: Debentures payable	3,938,400	3,440,000	—498,400
Total liabilities	4,251,417	3,723,292	—528,125
CAPITAL			
Investment of the U. S. Government:			
Appropriations for salaries and expenses	4,171,903	4,170,023	—1,880
Allocation to Housing Insurance Fund from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	1,000,000	1,000,000	
Total investment of the U. S. Government	5,171,903	5,170,023	—1,880
Earned surplus (deficit —):			
Insurance reserve fund (cumulative earnings or deficit —) available for future losses and related expenses	—497,455	247,829	745,284
Total capital	4,674,448	5,417,852	743,404
Total liabilities and capital	8,925,865	9,141,144	215,279

During the fiscal year 1950 the income of the fund amounted to $902,712, while expenses and losses amounted to $160,341, leaving $742,371 net income before adjustment of valuation reserves. After the valuation reserves had been decreased by $2,913, there remained $745,284 as net income for the year.

STATEMENT 15.—*Income and expenses, Housing Insurance Fund, through June 30, 1949, and June 30, 1950*

	Feb. 3, 1938, to June 30, 1949	July 1, 1949, to June 30, 1950	Feb. 3, 1938, to June 30, 1950
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$603,845	$63,117	$666,962
Interest—other	−5,912	66,918	61,006
Dividends on rental housing stock	1,156	80	1,236
	599,089	130,115	729,204
Insurance premiums and fees:			
Premiums	5,230,379	251,532	5,481,911
Fees	578,178	521,065	1,099,243
	5,808,557	772,597	6,581,154
Other income: Profit on sale of investments	15,942		15,942
Total income	6,423,588	902,712	7,326,300
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	6,740,666	175,952	6,916,618
Other expenses:			
Depreciation on furniture and equipment	49,420	−1,243	48,177
Miscellaneous expenses	420	−320	100
	49,840	−1,563	48,277
Losses and charge-offs:			
Loss on sale of acquired properties	48,584	−14,052	34,532
Loss (or profit (−)) on equipment	−165	4	−161
	48,419	−14,048	34,371
Total expenses	6,838,925	160,341	6,999,266
Net income (or loss (−)) before adjustment of valuation reserves	−415,337	742,371	327,034
Increase (−) or decrease (+) in valuation reserves: Reserve for loss on loans receivable	−82,118	+2,913	−79,205
Net income (or loss (−))	−497,455	745,284	247,829

ANALYSIS OF EARNED SURPLUS (OR DEFICIT −)

Distribution of net income:			
Earned surplus (or deficit (−)):			
Balance at beginning of period		−497,455	
Net income (or loss (−)) for the period	−497,455	745,284	247,829
Balance at end of period	−497,455	247,829	247,829

Investments

Section 207(p) of the National Housing Act provides that excess moneys not needed for current operations under the Housing Insurance Fund shall be deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States, or, with the approval of the Secretary of the Treasury, used for the purchase of debentures issued under Section 207 and Section 204. During the fiscal year 1950, there were no purchases or sales of United States bonds. However, $498,400 of Series D 2¾ percent debentures were purchased from the RFC. On June 30, 1950, the fund held United States Treasury bonds in the amount of $2,436,614, as follows:

Investments of the Housing Insurance Fund, June 30, 1950

Series	Interest rate	Purchase price	Par value	Book value (amortized)
1955–60	2⅞	$948,783	$930,750	$936,614
1962–67	2½	1,500,000	1,500,000	1,500,000
Average annual yield 2.6 percent		2,448,783	2,430,750	2,436,614

Property Acquired Under the Terms of Insurance

No additional rental housing projects insured under Section 207 were acquired by the FHA Commissioner under the terms of insurance in 1950. Through December 31, 1950, a cumulative total of 16 rental housing projects and one mortgage note insured under the Housing Insurance Fund had been acquired, in exchange for which debentures and cash adjustments had been issued in the amount of $14,-661,895. The 16 projects and the mortgage note had been sold at an estimated loss to the Housing Insurance Fund of $36,622.

In addition to the rental housing projects acquired under the Housing Insurance Fund, one Section 207 project insured under the Mutual Mortgage Insurance Fund had been acquired and sold at no loss to that fund.

STATEMENT 16.—*Statement of profit and loss on sale of acquired projects, Housing Insurance Fund, through Dec. 31, 1950*

	Secs. 207 and 210		Total Housing Insurance Fund, 16 projects and 1 mortgage note
	1 mortgage note	16 projects	
Proceeds of sales: [1]			
Sales price (or proceeds of mortgage note)	$2,989,981	$12,109,904	$15,099,885
Less commissions		4,538	4,538
Net proceeds of sales	2,989,981	12,105,366	15,095,347
Income:			
Rental and other income (net)		1,791,364	1,791,364
Mortgage note income	428,893	1,980,726	2,409,619
Total income	428,893	3,772,090	4,200,983
Total proceeds of sold properties	3,418,874	15,877,456	19,296,330
Expenses:			
Debentures and cash adjustments	2,930,182	11,731,713	14,661,895
Interest on debentures	300,201	2,411,777	2,711,978
Additions and improvements		172,566	172,566
Equipment		39,094	39,094
Taxes, hazard insurance, and other expense	10	474,963	474,973
Repairs, maintenance, and operation		872,588	872,588
Settlement expense	2,491	29,331	31,822
Total expenses	3,232,884	15,732,032	18,964,916
Net profit before distribution of liquidation profits	185,990	145,424	331,414
Less distribution of liquidation profits:			
Certificates of claim	15,728	166,789	182,517
Increment on certificates of claim	1,789	11,441	13,230
Refunds to mortgagors	168,473	3,816	172,289
Loss to Housing Insurance Fund		36,622	36,622
Average loss to Housing Insurance Fund			2,154

[1] Analysis of terms of sales:

Terms of sales	Number	Cash	Mortgage notes	Sales price
Projects sold for cash	2	$3,062,401		$3,062,401
Projects sold for cash and mortgage notes (or contracts for deed)	13	228,789	$10,149,283	10,378,072
Projects sold for mortgage notes or contracts for deed only	2		1,659,412	1,659,412
Total	17	3,291,190	11,808,695	15,099,885

Certificates of Claim and Refunds to Mortgagors

Certificates of claim issued in connection with the 16 projects and one mortgage note which had been sold under the Housing Insurance Fund through December 31, 1950, totaled $290,400. Net proceeds of sale had been sufficient to provide an excess for the full or partial payment of 12 certificates of claim, and the remaining 5 certificates of claim had been or will be canceled in full. The amount paid or to be paid on these certificates totaled $182,517, and the amount canceled, $107,883. In addition, excess proceeds on 3 projects had been refunded to mortgagors in the amount of $172,289.

The certificate of claim issued in connection with the only rental housing project acquired under the Mutual Mortgage Insurance Fund amounted to $31,532. This certificate of claim had been paid in full, with increment thereon in the amount of $1,255.

Title VI: War Housing Insurance Fund

The insurance risks on privately financed emergency housing loans insured under Title VI are liabilities of the War Housing Insurance Fund, established by an amendment of March 28, 1941, to the National Housing Act. Section 603 of Title VI authorizes the insurance of home mortgages (one- to four-family); Section 608, the insurance of mortgages on rental and group housing; Section 609, the insurance of loans to finance the manufacture of housing; Section 610, the insurance under Sections 603 and 608 of mortgages executed in connection with sales by the Government of specified types of permanent housing; and Section 611, the insurance of mortgages, including construction advances, on projects of 25 or more single-family dwellings.

The War Housing Insurance Fund was originally allocated the sum of $5,000,000 by the Federal Government. It has been credited with all income received in connection with insurance granted under Title VI, and has been charged with all expenses and losses relating to such insurance.

This is not a mutual fund, and any balance remaining in the fund after all Title VI expenses and insurance claims have been met will revert to the general fund of the Treasury.

Title VI Insurance Authority

As of December 31, 1950, Section 603(a) of the National Housing Act provided that the aggregate amount of principal obligations of mortgages insured under Title VI should not exceed $7,150,000,000. This limitation applied to insurance granted on home mortgages insured under Section 603 and rental housing project mortgages insured under Section 608.

In addition to the above authorization, the act provided that the aggregate amount of principal obligations of all mortgages insured pursuant to Sections 609, 610, and 611 should not exceed $750,000,000.

The status of the Title VI insurance authority at December 31, 1950, was calculated as follows:

Status of Title VI insurance authority, as of Dec. 31, 1950

	Secs. 603 and 608	Secs. 609, 610, and 611
Insurance authority	$7,150,000,000	$750,000,000
Charges against insurance authority:		
Mortgages insured	6,790,568,690	28,726,227
Less: Mortgages reinsured	100,694,409	11,300
Net mortgages insured	6,689,874,281	28,714,927
Commitments for insurance	385,353,132	6,591,850
Less: Commitments for reinsurance	26,600	
Net commitments	385,326,532	6,591,850
Total charges against authority	7,075,200,813	35,306,777
Unused insurance authority	74,799,187	714,693,223

War Housing Insurance Fund Capital

Assets of the War Housing Insurance Fund as of June 30, 1950, totaled $101,980,990, against which there were outstanding liabilities of $33,044,128. The fund had capital of $68,936,862, consisting of $5,000,000 invested by the United States Government and $63,936,862 earned surplus.

STATEMENT 17.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1949, and June 30, 1950*

	June 30, 1949	June 30, 1950	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$7,083,603	$9,631,469	$2,547,866
Investments:			
U. S. Government securities (amortized)	33,677,571	61,965,258	28,287,687
Other securities (stock in rental housing corporations)	150,235	320,135	169,900
Total investments	33,827,806	62,285,393	28,457,587
Loans receivable:			
Mortgage notes and contracts for deed	13,207,522	13,273,269	65,747
Less reserve for losses	231,132	232,282	1,150
Net loans receivable	12,976,390	13,040,987	64,597
Accounts and notes receivable:			
Accounts receivable—insurance premiums	1,089,549	820,973	—259,576
Accounts receivable—other	5,158	6,702	1,544
Accounts receivable—inter-fund	391,863	—51,233	—443,096
Total accounts and notes receivable	1,486,570	785,442	—701,128
Accrued assets:			
Interest on U. S. Government securities	124,895	91,042	—33,853
Interest on mortgage notes and contracts for deed	65,058	212,885	147,827
Total accrued assets	189,953	303,927	113,974

STATEMENT 17.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1949, and June 30, 1950*—Continued

	June 30, 1949	June 30, 1950	Increase or decrease (—)
ASSETS—continued			
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	$3,447,590	$14,014,576	$10,566,986
Less reserve for losses	586,006	2,383,132	1,797,126
Net real estate	2,861,584	11,631,444	8,769,860
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)	1,405,499	5,867,501	4,462,002
Less reserve for losses	247,055	1,565,173	1,318,118
Net mortgage notes acquired under terms of insurance	1,158,444	4,302,328	3,143,884
Net acquired security or collateral	4,020,028	15,933,772	11,913,744
Deferred charges: Prepaid expenses	2,698		−2,698
Total assets	59,587,048	101,980,990	42,393,942
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	32,811	27,605	−5,206
Accrued liabilities: Interest on debentures	34,510	331,627	297,117
Trust and deposit liabilities:			
Excess proceeds of sale	744,676	620,366	−124,310
Deposits held for mortgagors, lessees, and purchasers	213,737	270,407	56,670
Total trust and deposit liabilities	958,413	890,773	−67,640
Deferred and undistributed credits:			
Deferred credits—unearned insurance premiums	11,213,795	13,755,929	2,542,134
Deferred credits—other	46,319	38,652	−7,667
Total deferred and undistributed credits	11,260,114	13,794,581	2,534,467
Bonds, debentures, and notes payable: Debentures payable	3,184,000	17,979,150	14,795,150
Other liabilities: Reserve for foreclosure costs—mortgage notes	14,493	20,392	5,899
Total liabilities	15,484,341	33,044,128	17,559,787
CAPITAL			
Investment of the U. S. Government: Allocations from the U. S. Treasury	5,000,000	5,000,000	
Earned surplus: Insurance reserve fund (cumulative earnings) available for future losses and related expenses	39,102,707	63,936,862	24,834,155
Total capital	44,102,707	68,936,862	24,834,155
Total liabilities and capital	59,587,048	101,980,990	42,393,942
Contingent liability for certificates of claim on properties on hand	92,332	394,017	301,685

Income and Expenses

During the fiscal year 1950 the fund earned $34,579,290 and had expenses of $6,628,741, leaving $27,950,549 net income before adjustment of valuation reserves. After the valuation reserves had been increased by $3,116,394, the net income for the year amounted to $24,834,155, which was added to the insurance reserve fund.

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The cumulative income of the War Housing Insurance Fund from its establishment March 28, 1941, to June 30, 1950, amounted to $127,027,714, while cumulative expenses were $58,910,265, leaving $68,117,449 net income before adjustment of reserves. Valuation reserves of $4,180,587 were established, leaving cumulative net income of $63,936,862.

STATEMENT 18.—*Income and expenses, War Housing Insurance Fund, through June 30, 1949, and June 30, 1950*

	Mar. 28, 1941, to June 30, 1949	July 1, 1949, to June 30, 1950	Mar. 28, 1941, to June 30, 1950
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$1, 653, 858	$1, 142, 520	$2, 796, 378
Interest—other	308, 705	410, 529	719, 234
Dividends on rental housing stock	740	914	1, 654
	1, 963, 303	1, 553, 963	3, 517, 266
Insurance premiums and fees:			
Premiums	58, 697, 691	22, 922, 228	81, 619, 919
Fees	31, 634, 194	10, 103, 002	41, 737, 196
	90, 331, 885	33, 025, 230	123, 357, 115
Other income:			
Profit on sale of investments	152, 953		152, 953
Miscellaneous income	283	97	380
	153, 236	97	153, 333
Total income	92, 448, 424	34, 579, 290	127, 027, 714
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	50, 783, 587	6, 531, 221	57, 314, 808
Other expenses: Depreciation on furniture and equipment	291, 315	14, 022	305, 337
Losses and charge-offs:			
Loss on sale of acquired properties	1, 222, 790	83, 343	1, 306, 133
Loss (or profit (−)) on equipment	−16, 168	155	−16, 013
	1, 206, 622	83, 498	1, 290, 120
Total expenses	52, 281, 524	6, 628, 741	58, 910, 265
Net income before adjustment of valuation reserves	40, 166, 900	27, 950, 549	68, 117, 449
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−231, 132	−1, 150	−232, 282
Reserve for loss on real estate	−586, 006	−1, 797, 126	−2, 383, 132
Reserve for loss on mortgage notes acquired under terms of insurance	−247, 055	−1, 318, 118	−1, 565, 173
Net adjustment of valuation reserves	−1, 064, 193	−3, 116, 394	−4, 180, 587
Net income	39, 102, 707	24, 834, 155	63, 936, 862
ANALYSIS OF EARNED SURPLUS			
Distribution of net income:			
Earned surplus:			
Balance at beginning of period		$39, 102, 707	
Net income for the period	$39, 102, 707	24, 834, 155	$63, 936, 862
Balance at end of period	39, 102, 707	63, 936, 862	63, 936, 862

Investments

Section 605 (a) of Title VI contains a provision similar to that under Title II with respect to the investment of moneys not needed for current operations by the purchase of United States Government securities or the retirement of debentures.

During the fiscal year 1950, excess funds not needed for current operations were used to retire Series H 2½ percent War Housing Insurance Fund debentures in the amount of $2,319,950, of which $2,203,850 were called for redemption and $116,100 were purchased from RFC.

During the fiscal year 1950, $27,500,000 principal amount of 2½ percent United States bonds, Series 1967–72, were purchased, increasing the investments in United States securities held by the fund as of June 30, 1950, to $61,965,258, as follows:

Investments of the War Housing Insurance Fund, June 30, 1950

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1952–54	2½	$400,000	$400,000	$400,000
1966–71	2½	4,000,000	4,000,000	4,000,000
1967–72	2½	57,595,547	56,600,000	57,565,258
Average annual yield 2.39 percent		61,995,547	61,000,000	61,965,258

Properties Acquired Under the Terms of Insurance

The Federal Housing Administration acquired title in 1950, under the terms of insurance, to 1,635 properties (1,759 units) insured under Section 603 and sold 763 (846 units). Through December 31, 1950, a total of 8,374 Section 603 properties (11,042 units) had been acquired at a cost of $45,225,050 (debentures and cash adjustments), and 6,954 properties (9,511 units) had been sold at prices which left a net charge against the fund of $1,592,763, or an average of $229 per case. There remained on hand for future disposition 1,420 properties having 1,531 living units.

During 1950, 42 rental housing projects (1,586 units) and 24 mortgage notes (1,053 units) insured under Section 608 were assigned to the FHA Commissioner under the terms of insurance. Through December 31, 1950, a total of 48 projects (3,006 units) and 37 mortgage notes (1,473 units) had been assigned to the Commissioner. One project (594 units) and 1 mortgage note (42 units) had been settled with no loss to the War Housing Insurance Fund, leaving 47 projects (2,412 units) and 36 mortgage notes (1,431 units) still held by the FHA.

In addition, 36 discounted purchasers' notes insured under Section 609 had been assigned to the FHA Commissioner during the calendar year 1950. Through December 31, 1950, 2 manufacturers' notes and

64 discounted purchasers' notes had been assigned and 41 discounted purchasers' notes had been settled in full with no loss to the fund, leaving 2 manufacturers' notes and 23 discounted purchasers' notes on hand at December 31, 1950.

STATEMENT 19.—*Statement of profit and loss on sale of acquired properties, War Housing Insurance Fund, through Dec. 31, 1950*

	Section 603 (6,954 properties)	Section 608 (1 project and 1 mortgage note)	Section 609[2] (41 notes)	Total, Title VI (6,997 properties)
Proceeds of sales:[1]				
Sales price (or proceeds of mortgage notes)	$38,660,262	$1,338,624	$116,266	$40,115,152
Less commissions and other selling expenses	1,356,544			1,356,544
Net proceeds of sales	37,303,718	1,338,624	116,266	38,758,608
Income:				
Rental and other income (net)	3,862,339			3,862,339
Mortgage note income	2,860,296		2,064	2,862,360
Total income	6,722,635		2,064	6,724,699
Total proceeds of sold properties	44,026,353	1,338,624	118,330	45,483,307
Expenses:				
Debentures and cash adjustments	36,700,820	1,296,210	116,266	38,113,296
Interest on debentures	3,749,477	16,899	1,307	3,767,683
Additions and improvements	102,972			102,972
Taxes, water rent, hazard insurance, and other expenses	1,138,050	92		1,138,142
Repairs, maintenance, and operation	2,410,336			2,410,336
Furniture and equipment	97,764			97,764
Settlement expense	2,728	5,095		7,823
Total expenses	44,202,147	1,318,296	117,573	45,638,016
Net profit (or loss —) before distribution of liquidation profits	—175,791	20,328	757	—154,709
Less distribution of liquidation profits:				
Certificates of claim	502,480	19,389		521,869
Increment on certificates of claim	54,023	180		54,203
Refunds to mortgagors	860,466			860,466
Loss to War Housing Insurance Fund	1,592,763	[3] —759	[3] —757	1,591,247
Average loss to War Housing Insurance Fund	229			

[1] Analysis of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	2,056		$11,452,774		$11,452,774
Properties sold for cash and notes (or contracts for deed)	4,815	3,386	1,873,213	$25,352,170	27,225,383
Properties sold for notes only	126	1		1,436,995	1,436,995
Total	6,997	3,387	13,325,987	26,789,165	40,115,152

[2] Represents 41 discounted purchasers' notes settled in full.
[3] Excess remaining to credit of War Housing Insurance Fund in accordance with the act.

STATEMENT 20.—*Statement of properties on hand, War Housing Insurance Fund, as of Dec. 31, 1950*

	Sec. 603, 1,420 properties, 1,531 units	Sec. 608		Sec. 609		Total, 1,467 properties, 61 notes, 5,702 units
		47 properties, 2,412 units	36 mortgage notes,[1] 1,431 units	2 notes,[2] 305 units	23 notes,[3] 23 units	
Expenses:						
Acquisition costs	$8,524,230	$14,584,398	$10,314,099	$934,285	$65,234	$34,422,246
Interest on debentures	104,172	601,461	266,150	29,442	1,538	1,002,763
Taxes and assessments	83,771	161,699				245,470
Water rent	2,423	5,608				8,031
Hazard insurance	78,892	75,765				154,657
Additions and improvements	60,488	8,934				69,422
Maintenance and operating expense	136,913	293,866				430,779
Repairs	67,829	33,291				101,120
Operating equipment	160	5,026				5,186
Furniture	19,599					19,599
Purchase of leasehold	15,963					15,963
Administrative settlement expense	238	13,269	1,734			15,241
Undistributed expense	9,699					9,699
Other expense	56	2,384				2,440
Total expense	9,104,433	15,785,701	10,581,983	963,727	66,772	36,502,616
Income and recoveries:						
Rental and other income (net)	204,594	902,250	432,115	55,606	2,460	1,597,025
Collections on mortgage notes			8,880	89,269	153	98,302
Total income and recoveries	204,594	902,250	440,995	144,875	2,613	1,695,327
Net cost of properties on hand	8,899,839	14,883,451	10,140,988	818,852	64,159	34,807,289

[1] Acquired in exchange for debentures.
[2] Manufacturers' notes acquired in exchange for debentures.
[3] Discounted purchasers' notes acquired in exchange for debentures.

The turnover of Section 603 properties acquired and sold, by calendar years, is given below:

STATEMENT 21.—*Turnover of properties acquired under Sec. 603 of Title VI through Dec. 31, 1950*

Properties acquired		Properties sold, by calendar years								Properties on hand Dec. 31, 1950
Year	Number	1943	1944	1945	1946	1947	1948	1949	1950	
1943	498	29	220	110	139					
1944	2,542		36	685	1,178	386	140	87	17	13
1945	2,062			187	1,050	317	350	139	6	13
1946	998				431	302	210	43	11	1
1947	16					5	9	1		1
1948	116						23	21	65	7
1949	507							93	243	171
1950	1,635								421	1,214
Total	8,374	29	256	982	2,798	1,010	732	384	763	1,420

NOTE.—The number of properties sold has been reduced by one property repossessed because of default on mortgage note and resold by Dec. 31, 1950.

Certificates of Claim and Refunds to Mortgagors

Section 604(f) of the act provides that, if the net amount realized from any property conveyed to the Commissioner under Section 603, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee and any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim in the total amount of $999,954 had been issued through 1950 in connection with the 6,954 properties which had been acquired and subsequently sold. The proceeds of sale were sufficient to provide for the payment in full or in part of 4,140 certificates in the amount of $502,480, or approximately 51 percent. Certificates of claim canceled or to be canceled amounted to $497,474, or approximately 49 percent. In addition, the proceeds of sale were sufficient to pay refunds of $860,466 to 2,893 mortgagors, or an average of $297 per case.

With respect to the excess proceeds, if any, from the sale of an acquired project insured under Section 608, the act provides that any amount remaining after the payment of the certificate of claim shall be credited to the War Housing Insurance Fund.

Certificates of claim totaling $19,578 had been issued in connection with the two Section 608 acquisitions which had been disposed of by December 31, 1950. Of this amount, $19,389 had been paid and $189 canceled. Excess proceeds of $759 had been credited to the fund, as provided in the act.

Title VII: Housing Investment Insurance Fund

The Housing Investment Insurance Fund was created by Section 710 of the National Housing Act as amended August 10, 1948 (Housing Act of 1948, Public Law 901, 80th Cong.), which provides that this fund shall be used by the Commissioner as a revolving fund for carrying out the rental housing yield insurance program authorized by Title VII and for administrative expenses in connection therewith.

Section 710 further provides that the Secretary of the Treasury shall make available to the Commissioner such funds as the Commissioner may deem necessary, but not to exceed $10,000,000, which amount is authorized to be appropriated out of any money in the Treasury not otherwise appropriated.

One million dollars has been allocated to the fund by the Secretary of the Treasury pursuant to the request of the Federal Housing Commissioner, and the remaining $9,000,000 is being retained in the United States Treasury. Up to December 31, 1950, no applications for insurance under Title VII had been submitted and consequently no income had been received.

STATEMENT 22.—*Comparative statement of financial condition, Housing Investment Insurance Fund, as of June 30, 1949, and June 30, 1950*

	June 30, 1949	June 30, 1950	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$992, 050	$972, 947	—$20, 003
Accounts and notes receivable: Accounts receivable—inter-fund	—9, 054	—37	9, 017
Total assets	983, 896	972, 910	—10, 986
CAPITAL			
Investment of the U. S. Government: Allocations from the U. S. Treasury	1, 000, 000	1, 000, 000	
Earned surplus (deficit—): Insurance reserve fund (cumulative earnings or deficit—) available for future losses and related expenses	—16, 104	—27, 090	—10, 986
Total capital	983, 896	972, 910	—10, 986

STATEMENT 23.—*Income and expenses, Housing Investment Insurance Fund, through June 30, 1949, and June 30, 1950*

	Aug. 10, 1948, to June 30, 1949	July 1, 1949, to June 30, 1950	Aug. 10, 1948, to June 30, 1950
Expenses:			
Administrative expenses: Operating costs	$16, 031	$10, 942	$26, 973
Other expenses: Depreciation on furniture and equipment	72	44	116
Losses and charge-offs: Loss on equipment	1		1
Total expenses	16, 104	10, 986	27, 090
Net income (or loss—)	—16, 104	—10, 986	—27, 090
ANALYSIS OF EARNED SURPLUS (OR DEFICIT—)			
Distribution of net income: Earned surplus (or deficit—):			
Balance at beginning of period		—$16, 104	
Net income (or loss —) for the period	—$16, 104	—10, 986	—$27, 090
Balance at end of period	—16, 104	—27, 090	—27, 090

Title VIII: Military Housing Insurance Fund

An amendment to the National Housing Act approved August 8, 1949 (Public Law 211, 81st Cong.), created the Military Housing Insurance Fund, to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Title VIII of the act, the newly created title providing for the insurance of military housing mortgages. For the purposes of this fund the Military Housing Act authorized to be appropriated the sum of $10,000,000, of which $5,000,000 was made available by the Supplemental Appropriation Act, 1950 (Public Law 357, 81st Cong.).

This is not a mutual fund, and any balance remaining in the fund after all Title VIII expenses and insurance claims have been met will revert to the general fund of the Treasury.

Title VIII Insurance Authority

Section 803(a) of the National Housing Act provides that the aggregate amount of principal obligations of all mortgages insured under Title VIII shall not exceed $500,000,000, except that with the approval of the President such amount may be increased to $1,000,000,000.

The status of the Title VIII insurance authority at December 31, 1950, was calculated as follows:

Status of Title VIII insurance authority, as of Dec. 31, 1950

Insurance authority		$500, 000, 000
Charges against insurance authority:		
Mortgages insured	$135, 122, 600	
Commitments for insurance	58, 582, 000	
Total charges against authority		193, 704, 600
Unused insurance authority		306, 295, 400

Investments

Section 804(a) of the act provides that money not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States, or, with the approval of the Secretary of the Treasury, used to purchase debentures issued under this section. During the fiscal year 1950, $4,000,000 (principal amount) of U. S. Treasury bonds Series 1967–72 were purchased for the account of this fund.

Investments of the Military Housing Insurance Fund, June 30, 1950

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1967–72 Average annual yield 2.29 percent.	2½	$4, 125, 000	$4, 000, 000	$4, 122, 830

Military Housing Insurance Fund Capital and Net Income

As of June 30, 1950, the assets of the Military Housing Insurance Fund totaled $5,809,329, against which there were outstanding liabilities of $207,404, leaving $5,601,925 capital. Included in capital was $5,000,000 allocated from the U. S. Treasury and $601,925 earned surplus.

STATEMENT 24.—*Comparative statement of financial condition, Military Housing Insurance Fund, as of June 30, 1949, and June 30, 1950*

	June 30, 1949	June 30, 1950	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury		$1,679,551	$1,679,551
Investments:			
U. S. Government securities (amortized)		4,122,830	4,122,830
Other securities (stock in rental housing corporations)		2,100	2,100
Total investments		4,124,930	4,124,930
Accounts and notes receivable: Accounts receivable—inter-fund		681	681
Accrued assets: Interest on U. S. Government securities		4,167	4,167
Total assets		5,809,329	5,809,329
LIABILITIES			
Deferred and undistributed credits: Deferred credits—unearned insurance premiums		207,404	207,404
Total liabilities		207,404	207,404
CAPITAL			
Investment of the U. S. Government: Allocations from the U. S. Treasury		5,000,000	5,000,000
Earned surplus: Insurance reserve fund (cumulative earnings) available for future losses and related expenses		601,925	601,925
Total capital		5,601,925	5,601,925
Total liabilities and capital		5,809,329	5,809,329

Total income of the Military Housing Insurance Fund during the fiscal year 1950 amounted to $794,444, while expenses and losses amounted to $192,519, leaving a net income of $601,925.

Administrative Expense Account

A separate account, entitled Salaries and Expenses, Federal Housing Administration, is maintained for the purpose of handling all transactions with respect to the payment of salaries and other expenses involved in operating the FHA. Moneys for such expenses and for the purchase of furniture and equipment required in the operation of the Administration are allocated to this fund and all disbursements for these purposes are made from it. Until the income of the insurance funds was sufficient to cover salaries and expenses, allocations were made to this account from the United States Treasury through the RFC in accordance with provisions contained in the National Housing Act and subsequent appropriation acts. Since July 1, 1937, a portion of the allocations, and since July 1, 1940, all allocations to salaries and expenses have been made from the various FHA insurance funds.

STATEMENT 25.—*Income and expenses, Military Housing Insurance Fund, from inception, Aug. 8, 1949, through June 30, 1950*

	Aug. 8, 1949, to June 30, 1950
Income:	
Interest on U. S. Government securities	$36, 886
Insurance premiums and fees:	
Premiums	91, 366
Fees	666, 192
	757, 558
Total income	794, 444
Expenses:	
Administrative expenses: Operating costs	191, 684
Other expenses: Depreciation on furniture and equipment	830
Losses and charge-offs: Loss on equipment	5
Total expenses	192, 519
Net income	601, 925

ANALYSIS OF EARNED SURPLUS

Distribution of net income:	
Earned surplus:	
Balance at beginning of period	
Net income for the period	$601, 925
Balance at end of period	601, 925

STATEMENT 26.—*Comparative statement of financial condition, Administrative Expense Account (salaries and expenses), as of June 30, 1949, and June 30, 1950*

	June 30, 1949	June 30, 1950	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$2, 417, 720	$3, 049, 974	$632, 254
Accounts and notes receivable:			
Accounts receivable—other	49, 899	86, 530	36, 631
Accounts receivable—inter-fund	−966, 824	−810, 393	156, 431
Total accounts and notes receivable	−916, 925	−723, 863	193, 062
Land, structures, and equipment:			
Furniture and equipment	1, 614, 448	[1] 1, 871, 236	256, 788
Less reserve for depreciation	870, 440	913, 225	42, 785
Net furniture and equipment	744, 008	958, 011	214, 003
Total assets	2, 244, 803	3, 284, 122	1, 039, 319
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	1, 538, 808	[2] 2, 340, 602	801, 794
Trust and deposit liabilities:			
Due general fund of the U. S. Treasury	746	680	−66
Employees' payroll deductions for taxes, etc	705, 249	942, 840	237, 591
Total trust and deposit liabilities	705, 995	943, 520	237, 525
Total liabilities	2, 244, 803	3, 284, 122	1, 039, 319

[1] Includes unfilled orders in the amount of $71,863.
[2] Includes unfilled orders in the amount of $294,245.

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