Sixteenth Annual Report

of the

FEDERAL HOUSING ADMINISTRATION

FRANKLIN D. RICHARDS
Commissioner

For the year ending
December 31, 1949

SIXTEENTH ANNUAL REPORT

OF THE

FEDERAL HOUSING ADMINISTRATION

Year ending December 31, 1949

This report is identical with Part III of the Third 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 Sixteenth Annual Report of the Federal Housing Administration. This report covers the calendar year 1949.

Respectfully,

Franklin D. Richards

Commissioner.

CONTENTS

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 no building.

The following paragraphs describe the FHA programs in operation during 1949 and the legislative limitations in effect during the year. Modifications of FHA operations established by the Housing Act of 1950 (Public Law 475, 81st Congress, approved April 20, 1950) are not reflected in this report for the year 1949.

Title I, Property Improvement Loan Insurance

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 new small structures.

Title II, Mortgage Insurance

Section 203 of Title II authorizes the insurance of mortgages on one- to four-family dwellings. The principal activity of the FHA over its 15½ years of operation has been carried on under this section.

Section 207 authorizes the insurance of loans on rental housing projects and on projects built by nonprofit cooperatives to provide housing for their members.

Title VI, Mortgage Insurance

Sections 603 and 608 of Title VI were enacted to aid the production of war housing through mortgage insurance provisions somewhat more liberal than those under Title II. Sections 603 and 608 became inactive after the war ended, but were revived in 1946 as part of the Veterans' Emergency Housing Program.

Section 603 (added to the act in 1941) authorizes the insurance of mortgages on one- to four-family dwellings. The authority to issue commitments on new construction under this section expired April 30, 1948.

Section 608 (added in 1942) authorizes the insurance of mortgages on rental housing projects. Authority to issue commitments on new construction under this section was to expire March 1, 1950.

Section 609 (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.

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

Section 611 (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 cost-reduction techniques through site fabrication and other large-scale modernized construction operations.

Title VII, Insurance for Investments in Rental Housing for Families of Moderate Income

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, Military Housing Mortgage Insurance

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.

Section I

GENERAL REVIEW

Significant Developments in 1949

For the Federal Housing Administration, the year 1949 was marked by the largest volume of insurance in its history, and by a considerable degree of success in its efforts to encourage increased production of housing in the areas of the market where demand was greatest—that is, rental housing, lower-cost housing both for sale and for rent, and housing available to Negroes and other minority groups.

In his State of the Union message on January 5, 1949, the President said:

> The housing shortage continues to be acute * * * Most of the houses we need will have to be built by private enterprise, without public subsidy * * * Building costs must be lowered.
>
> The Government is now engaged in a campaign to induce all segments of the building industry to concentrate on the production of lower priced housing.

The operations of the Federal Housing Administration throughout the year continued to be directed toward this objective.

Housing at Lower Cost

The success of the FHA program depends on the cooperation given by private enterprise, and an evaluation of FHA accomplishments in any field during the year is in the nature of a tribute to the various components of the building and home financing industry.

When the most urgent phase of the postwar housing shortage was over, it became apparent that, although there was still a vast unsatisfied demand for housing, the largest and most insistent requirement was for homes and apartments within the means of families with limited incomes. The need for rental housing was particularly acute. Largely because of the difficulties incident to bringing down prices while all the elements of cost continued high, it was anticipated at the beginning of 1949 that, despite the financing aids provided in the Housing Act of 1948 for lower-cost homes, the number of dwellings built during the year would fall below the 1948 volume, which had been the highest since 1925.

The building industry, however, was alert to changes in the market indicated by the relative lengths of time required to sell properties at various price levels, and to the necessity of meeting demand at the levels where it was greatest. Following the passage of the Housing Act of 1948 in August of that year a series of meetings had been held throughout the country under the sponsorship of the FHA and the National Association of Home Builders to acquaint the industry with the provisions and purposes of the act. Largely as an outgrowth of these meetings, a campaign had been planned in the closing months of the year by the Government and the industry in cooperation to bring about economies in dwelling construction wherever it was possible to effect them. The campaign was launched in January 1949. Its objective was not simply to expand the production of cheaper houses, but rather to reduce production costs at all levels of the market without sacrificing either standards of good design and construction or reasonable profits to the producers. Emphasis was placed on the achievement of economies chiefly through increased efficiency of operations and through large-scale production.

The Housing Act of 1948 had recognized the nature of the current housing market by providing for FHA insurance of mortgages with more liberal terms for lower-cost homes and for rental housing and cooperative projects; also by making special provision for the insurance of mortgages on large-scale projects of single-family homes in order to encourage the use of site fabrication and other modern building techniques, and for the insurance of yields on rental housing investments where no mortgage financing was involved. The effect of these various provisions, and of the determined effort of the industry to produce housing at the price levels required, is apparent in the volume of FHA insurance written in 1949 on lower-priced homes, and in the number of dwellings started during the year under the FHA program in relation to the total number started with and without FHA financing.

The total number of privately financed nonfarm units started in 1949 as estimated by the Bureau of Labor Statistics was 989,000, which was 8.2 percent higher than the 1948 total and 5.5 percent higher than the total for the previous record building year of 1925.

The number of units started in 1949 under FHA inspection was 360,293, or 36.4 percent of the total number of privately financed nonfarm units started during the year. This is the highest volume of units started in any year of FHA history. The number of FHA starts represents an increase of 23.8 percent over those in 1948.

Of the total dollar volume of mortgage insurance commitments issued on new one- to four-family homes in 1949, $304,000,000 represented commitments in amounts of $6,000 or less issued under the provisions of Section 203 (b) (2) (D) of the National Housing Act.

Housing Available to Minority Groups

FHA field offices received an unprecedented number of applications in 1949 for mortgage insurance on housing available to minority groups. These are expected to result in a volume of new construction

in 1950 that may equal the entire amount so far produced for minority groups under the FHA program.

During the year the Federal Housing Administration intensified its efforts to encourage the production of needed housing for minority groups. In speeches and published articles addressed to the building industry, and in letters of instruction to its own field offices, the agency called attention to the fact that a large and profitable market exists among members of these groups, and that relatively little has been done by lenders and builders to take advantage of it.

The FHA has not suggested that the building industry make special concessions to minority groups, but it does recommend that they be given the same consideration as other members of the community. FHA experience indicates that, when the same standards are applied, race is not a factor in mortgage experience. The chief hazards in financing homes for minority groups, as with other borrowers, occur when the borrower pays more for the property than it is worth, or when the price is too high in relation to his income. The problem of providing homes for these groups is closely tied in with the general problem of providing homes at lower sale and rental levels, although there is also a substantial market for higher-priced properties among minority groups.

The two major aspects of the problem in the past have been sites and financing. Favorable experience on the part of mortgagees who pioneered in the market has encouraged others to follow their example, and minority groups themselves are providing more financing for their own members as time goes on. The problems incident to finding suitable locations are slower in reaching solutions, but progress is being made.

The five FHA racial relations advisers, who work in cooperation with FHA field offices to determine the extent of this market in specific areas and to arouse the interest of the building industry in meeting the demand, were called in to Washington in August 1949 to take part in a discussion of methods by which the effectiveness of their services could be increased. A number of recommendations made at the conference were adopted.

FHA market analysts working in the field have been instructed to give consideration to the pertinent aspects of the minority-group segment of the market in their studies of local housing markets where minority groups are a factor.

On December 12, 1949, FHA administrative rules were amended to provide that no property would be eligible for mortgage insurance, if, after February 15, 1950, and before the insured mortgage was recorded, there had been recorded a covenant restricting the use or occupancy of the property on the basis of race, creed, or color.

The amendments require the mortgagor to certify that until the insured mortgage is paid in full or the contract of insurance otherwise terminated he will not file for record any such restriction upon the sale or occupancy of the mortgaged property, or execute any agreement, lease, or conveyance which imposes any such restriction upon its sale or occupancy. The amendments also require that the insured mortgage contain a covenant to the same effect which in the event of violation will give the mortgagee the right at its option to declare the unpaid balance of the mortgage immediately due and payable.

The purpose of these amendments is to bring FHA policies fully in line with the principle underlying recent Supreme Court decisions to the effect that, although individuals may be free to impose or comply with restrictive racial covenants, governmental support of such covenants is contrary to the public policy of the United States and cannot be enforced by State or Federal courts.

The amendments do not affect property on which such covenants were in effect before February 15, 1950, nor do they affect mortgages insured or commitments issued before that date.

Legislative Changes

The following amendments affecting FHA operations were made to the National Housing Act in 1949:

1. An amendment to Section 1 authorizes the FHA to pay its nonadministrative expenses from its insurance funds, with the provision that without specific authorization from Congress such payments in any fiscal year may not exceed 35 percent of income from fees and premiums during the preceding fiscal year. (Public Law 387, 81st Cong., approved October 25, 1949.)

2. The Title I insurance authorization, which at the beginning of 1949 was limited to loans made prior to July 1, 1949, was extended during the year as follows:

New expiration date:	*Public Law (81st Cong.)*
Aug. 31, 1949	171, approved July 15.[1]
Oct. 31, 1949	278, approved Aug. 30.
Feb. 28, 1950	387, approved Oct. 25.

[1] Effective June 30, 1949.

The amount of the net insurance liability that may be outstanding at any time as a result of Title I insurance operations was increased from $200,000,000 to $225,000,000 (Public Law 387, 81st Cong., approved October 25, 1949).

3. The following increases were made during the year (subject to presidential approval) in the aggregate amount of mortgage principal that may be outstanding under Title II:

Maximum increased to—	Public law (81st Cong.)	Presidential approval of increase
$5,500,000,000	171, approved July 15[1]	July 25.
6,000,000,000	278, approved Aug. 30	Aug. 30.
6,750,000,000	387, approved Oct. 25	Nov. 18.

[1] Effective June 30, 1949.

4. Title II was amended by the addition of Section 214, which provides that mortgages insured by the FHA on properties located in Alaska may be in amounts as much as one-third higher than those authorized elsewhere in the act, if the Commissioner finds that because of higher costs it is not feasible to build satisfactory housing in Alaska within the established limitations. (Public Law 52, 81st Cong., approved April 23.)

5. Title V was amended by the addition of Section 515, which authorizes the Commissioner, in his discretion, to amend, extend, or increase the amount of any mortgage insurance commitment before final endorsement for insurance, provided the mortgage is eligible for insurance under the provisions of the act and the FHA rules and regulations in effect at the time the original commitment was issued. (Public Law 387, 81st Cong., approved October 25, 1949.)

6. The authority to issue commitments of mortgage insurance on new construction under Section 608, which was to expire on March 31, 1949, was extended during the year, as follows:

New expiration date:	*Public Law (81st Cong.)*
June 30, 1949	31, approved Mar. 30.
Aug. 31, 1949	171, approved July 15.[1]
Oct. 31, 1949	278, approved Aug. 30.
Mar. 1, 1950	387, approved Oct. 25.

[1] Effective June 30, 1949.

Subject to presidential approval the aggregate amount of mortgage principal that may be outstanding at any time under Title VI was increased from $6,150,000,000 to $6,650,000,000 (Public Law 387, 81st Cong., approved October 25, 1949). On November 18, 1949, the President approved $200,000,000 of the proposed increase.[2]

7. Title VIII, which authorizes FHA insurance of mortgages on rental housing built on or near military reservations for personnel of the Army, Navy, or Air Force, was added to the National Housing Act by Public Law 211, 81st Cong., approved August 8, 1949. The insurance under this title is similar to that authorized under Section

[2] On February 3, 1950, the President approved the remaining $300,000,000 of the proposed increase. In doing so he requested that first preference be given to projects designed for occupancy by Negro and other minority groups and to rental housing projects in the territories of Puerto Rico, Alaska, and Hawaii, and said it was his understanding that FHA field offices would process cases on a selective basis, giving preference to projects that would provide lower rentals.

608, the chief difference being that, in place of the determination of acceptable risk required under Section 608, Title VIII requires a certification by the Secretary of Defense or his designee that the proposed housing is necessary for the personnel concerned, that the installation is deemed to be a part of the permanent military establishment, and that there is no present intention to curtail its activities substantially.

Title VIII provides for a maximum mortgage of $5,000,000, representing not more than 90 percent of replacement costs and not more than $8,100 per family unit, except that on single-family dwellings in exceptional cases upon special certification by the Secretary of Defense and concurrence by the FHA Commissioner the mortgage principal may be as much as $9,000 per family unit. Interest may not exceed 4 percent.

A separate insurance fund is created to serve as a revolving fund for carrying out the purposes of Title VIII. The authority to issue commitments of insurance on new construction under this title expires June 30, 1951.

Section 24 of the Federal Reserve Act was amended (Public Law 387, 81st Cong., approved October 25, 1949) to authorize national banks to purchase military housing mortgages insured under Title VIII of the National Housing Act.

Field Organization

As of December 31, 1949, there were 120 FHA field offices. These included 68 insuring offices, in which applications for mortgage insurance are received and undergo complete processing; 15 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 37 valuation stations in which technical personnel prepare architectural and valuation reports for the insuring offices having jurisdiction in their respective areas. The number of service offices increased by three during the year, and the number of valuation stations decreased by three.

Aggregate Volume of Insurance

Table 1 and Chart I show the yearly volume of insurance written by the Federal Housing Administration since its establishment in 1934. Operations in 1949 brought the grand total to well over $18,000,000,000.

By far the largest share of this total represents mortgages on one- to four-family homes insured under Sections 203 and 603. Property improvement loans covered by Title I insurance account for another large share of the total. In the last 3 years, however, there have been notable increases in the number and amount of mortgages insured on rental housing projects, as shown graphically in Chart I.

TABLE 1.—*Yearly volume of mortgages and loans insured by FHA under all titles: Face amount of mortgages written and net proceeds of loans insured, 1934–49*

Year	Total all titles (amount)	Title I Classes 1, 2, and 3 loans		Title II			
				Sec. 203 home mortgages		Sec. 207 [1] rental projects	
		Number	Net proceeds	Number	Amount	Units	Amount
1934	$27,405,525	72,658	$27,405,525				
1935	207,405,144	635,747	201,258,132	23,397	$93,882,012	738	$2,355,000
1936	532,581,028	617,697	221,534,022	77,231	308,945,106	624	2,101,000
1937	489,200,337	124,758	54,344,338	102,076	424,372,999	3,023	10,483,000
1938	671,593,326	382,325	150,709,152	109,279	473,246,124	11,930	47,638,050
1939	925,262,132	513,001	203,994,512	153,747	669,416,154	13,462	51,851,466
1940	991,173,855	662,948	241,734,821	168,293	736,490,344	3,559	12,948,690
1941	1,152,342,183	687,837	248,638,549	198,799	876,707,384	3,741	13,565,000
1942	1,120,830,108	432,755	141,163,308	149,635	601,445,427	1,547	5,792,000
1943	933,986,444	308,161	87,194,156	52,408	244,514,138	185	714,000
1944	877,472,057	389,592	113,939,150	46,677	216,368,057	2,181	7,175,806
1945	664,984,729	501,401	170,823,788	46,572	219,299,950	891	3,806,015
1946	755,777,661	700,284	320,593,183	66,858	347,356,890	694	2,500,077
1947	1,788,204,284	1,247,590	533,604,178	76,813	445,667,150		[2] 32,000
1948	3,340,865,390	1,359,776	621,612,484	133,280	880,353,450		
1949	3,826,283,157	1,249,538	607,023,920	257,622	1,854,564,000	813	7,313,000
Total	18,395,526,360	9,085,158	3,945,574,208	1,602,687	8,482,629,185	[3] 43,388	[3] 168,285,004

Year	Title VI [4]							
	Sec. 603 home mortgages		Sec. 608 rental projects		Sec. 603–610 home mortgages		Sec. 608–610 rental projects	
	Number	Amount	Units	Amount	Number	Amount	Units	Amount
1941	3,778	$13,431,250						
1942	68,706	267,015,578	4,205	$15,422,705				
1943	113,659	517,656,180	19,094	83,907,970				
1944	100,320	491,068,944	10,249	48,920,100				
1945	50,244	255,044,040	3,167	16,010,936				
1946	14,034	74,652,600	1,538	10,665,011				
1947	64,570	440,027,650	46,604	359,912,206	4	$21,100		
1948	163,444	1,224,925,850	77,818	605,862,784	920	3,390,350	1,366	$2,848,500
1949	43,550	336,321,000	120,072	996,589,229	1,249	5,677,300	1,435	3,607,600
Total	622,305	3,629,143,002	[5] 202,737	[5] 2,137,290,041	2,173	9,088,750	2,801	6,456,100

Year	Title VI [4]				Title VII [6] Sec. 701 yield insurance		Title VIII [7] Sec. 803 military housing	
	Sec. 609, manufactured housing		Sec. 611, site-fabricated homes					
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1947								
1948	524	$1,871,972						
1949	626	1,466,308	275	$1,650,000			1,540	$12,070,800
Total	1,150	3,338,280	276	1,650,000			1,540	12,070,800

[1] Includes also rental and release-clause projects insured under Sec. 210.
[2] Increase in amount of a mortgage insured prior to 1947.
[3] Includes 38,760 units provided in new and rehabilitation projects securing insured mortgages totaling $151,606,206.
[4] Sec. 603 enacted on Mar. 28, 1941, Sec. 608 on May 26, 1942, Sec. 609 on June 30, 1947, Sec. 610 on Aug. 5, 1947, and Sec. 611 on Aug. 10, 1948.
[5] Includes 291,592 units provided in new and rehabilitation projects securing insured mortgages totaling $2,133,715,743.
[6] Title VII enacted on Aug. 10, 1948.
[7] Title VIII enacted on Aug. 8, 1949.

The dollar volume of mortgages and loans insured in the last 3 years was nearly half the volume written from the beginning of operations in 1934 through 1949.

In 1949 new records were made in the total dollar amount of insurance written under all titles combined, in the dwelling units and dollar amount of rental housing mortgages insured, and in the number and amount of mortgages insured on one- to four-family homes under Section 203. The Title I insurance volume was only slightly under the record volume of 1948.

YEARLY VOLUME OF FHA INSURANCE WRITTEN
1934 - 1949

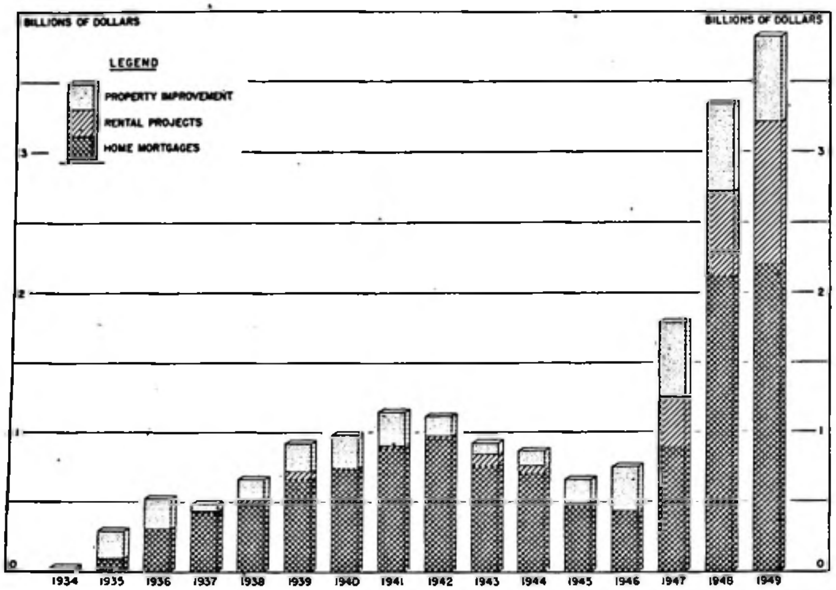


Chart I

At the end of 1949 over \$6¾ billion of the aggregate insurance written by the FHA since 1934 had been terminated, and of the insurance in force it was estimated that over \$1⅔ billion had been amortized, leaving net insurance outstanding of slightly less than \$10 billion. The status as of December 31, 1949, of insurance written under each title is shown in Table 2.

Chart II and Table 3 show the number of new dwelling units started under FHA inspection each year and their relation to the total number of privately financed nonfarm dwellings started as estimated by the Bureau of Labor Statistics. The total of 989,000 privately financed nonfarm units started in the United States in 1949 was the largest ever recorded, as was the total of 360,293 units started under

TABLE 2.—*Status of insurance written under all titles as of Dec. 31, 1949*

Status of insurance written	Total all titles (amount)	Title I [1] Classes 1, 2, and 3 loans		Title II			
				Sec. 203 home mortgages		Sec. 207 rental projects [2]	
		Number	Net proceeds	Number	Amount	Units	Amount
Total insured	\$18,395,526,360	9,985,158	\$3,945,574,208	1,662,687	\$8,482,629,185	43,388	\$168,285,004
Less: Terminated	6,760,560,933	7,068,158	2,196,125,485	783,701	3,471,341,045	34,369	129,653,583
Total in force	11,628,965,427	2,917,000	1,749,448,723	878,986	5,011,288,140	9,019	38,631,421
Less: Estimated amount amortized	1,669,136,586	----------	803,000,000	----------	652,679,971	-------	6,565,406
Net balance outstanding	9,959,828,841	2,917,000	946,448,723	878,986	4,358,608,169	9,019	32,066,015

Status of insurance written	Title VI							
	Sec. 603 home mortgages [3]		Sec. 608 rental projects [3]		Sec. 609 manufactured housing [4]		Sec. 611 site-fabricated homes	
	Number	Amount	Units	Amount	Units	Amount	Units	Amount
Total insured	624,478	\$3,638,231,842	295,538	\$2,143,747,041	1,150	\$3,338,280	275	\$1,650,000
Less: Terminated	201,261	938,202,347	6,902	29,595,488	577	1,642,985	------	----------
Total in force	423,217	2,700,029,495	288,636	2,114,151,553	573	1,695,295	275	1,650,000
Less: Estimated amount amortized	--------	181,204,295	-------	25,686,914	------	----------	------	----------
Net balance outstanding	423,217	2,518,825,200	288,636	2,088,464,639	573	1,695,295	275	1,650,000

Status of insurance written	Title VII		Title VIII	
	Sec. 701 yield insurance		Sec. 803 military housing	
	Units	Amount	Units	Amount
Total insured	----------	------------	1,540	\$12,070,800
Less: Terminated	----------	------------	----------	------------
Total in force	----------	------------	1,540	12,070,800
Less: Estimated amount amortized	----------	------------	----------	------------
Net balance outstanding	----------	------------	1,540	12,070,800

[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.

FHA inspection. The FHA total represents 36.4 percent of all units started. This is the largest proportion ever started in the FHA program except during the war years of 1942, 1943, and 1944, when the major part of residential construction was built with FHA-insured financing under the war housing provisions of the National Housing Act.

NEW DWELLING UNITS STARTED UNDER FHA INSPECTION
AND TOTAL NUMBER OF NONFARM DWELLING UNITS STARTED*
1935 - 1949

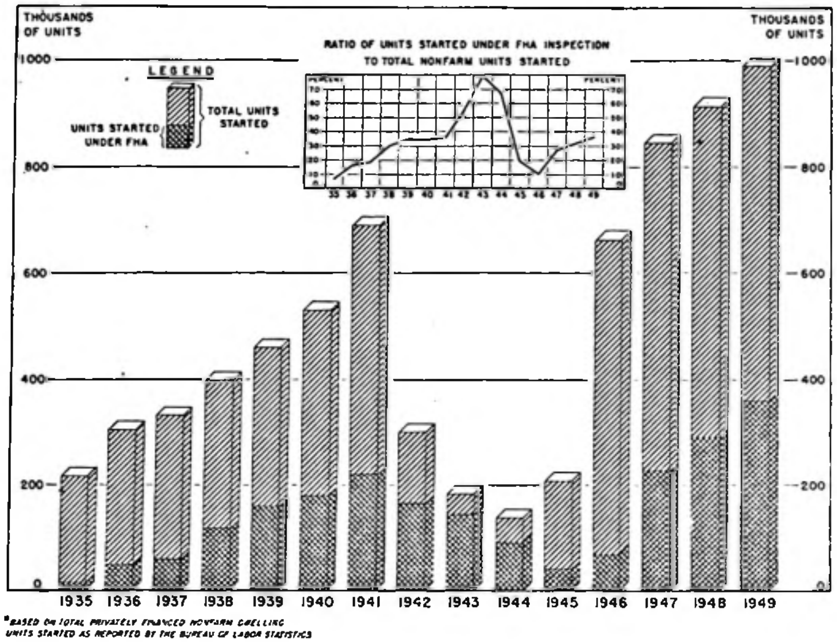


Chart II.

TABLE 3.—*New dwelling units started under FHA inspection and total number of privately financed nonfarm dwelling units started, 1935–49*

Year	1- to 4-family homes				Rental projects			Total FHA units	Total United States units [2]	Percent FHA to total
	Class 3	Sec. 203	Sec. 603	Total	Sec. 207 [1]	Sec. 608	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, 700	217, 001	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	(3)	20, 884	157, 168	178, 052		50, 766	50, 766	228, 818	846, 000	27. 0
1948	(3)	82, 979	130, 464	213, 443		77, 610	77, 610	291, 053	914, 000	31. 8
1949	(3)	241, 559	7, 806	[4] 249, 465	813	109, 747	[5] 110, 828	360, 293	989, 000	36. 4
Total	40, 284	1, 149, 244	691, 440	1, 881, 068	38, 777	276, 909	316, 044	2, 196, 112	7, 101, 000	30. 9

[1] Includes rental and release-clause projects insured under Sec. 210.
[2] Total number of privately financed nonfarm dwelling units started as reported by the Bureau of Labor Statistics.
[3] Not available.
[4] Includes 100 units started under Sec. 611.
[5] Includes 268 units started under Sec. 803.

Mortgage Insurance in 1949

In its mortgage insurance operations during the year the FHA emphasized, as it has done throughout the postwar period, the need for rental housing, the importance of producing a larger volume of relatively low-priced homes, and efforts in the direction of greater efficiency on the part of its staff in processing applications.

Improvements were made in underwriting forms and procedures, especially those for large rental projects. A special program for training new underwriting personnel in field offices was undertaken in the latter part of the year. Cost data for the use of field offices were revised to make them current. Land planning activities were broadened. FHA analysis of new building materials and special methods of construction was carried forward, and approximately 200 engineering bulletins were issued to field offices, establishing bases for acceptance of the structural design of particular construction systems. Improved and new systems of heating and mechanical equipment were analyzed. Reasonable uniformity on a national scale in established minimum property requirements was effected on a number of items. Conferences were planned to be held in the field and at Washington headquarters in 1950 to study underwriting problems. Statistical studies in progress during the year were also expected to effect improvements in field office performance. In order to simplify procedures and reduce the cost of handling mortgage insurance applications under Sections 203 and 603, the administrative rules were amended as of January 1, 1949 to require a flat fee of $20 for processing an application for a firm or a conditional commitment, instead of the previous requirement of a fee based on the amount of the mortgage. Also effective January 1, 1949, both firm and conditional commitments on properties to be constructed were authorized for a term of 1 year. Several other procedural changes were made at the same time.

The chief obstacle in recent years to greater efficiency in handling applications has been a shortage of personnel. In the interest of greater flexibility in FHA personnel requirements to meet changes in its volume of operations, Congress provided, in an act approved by the President October 25, 1949, for a change in the basis on which FHA expenditures are controlled, by allowing "nonadministrative" or operating expenses, principally in field offices, up to 35 percent of the income received from fees and premiums during the preceding fiscal year. This procedure allows operating expenditures to vary according to the volume of operations, while general administrative expenditures continue to be controlled by annual budget authorizations.

Rental Housing

Rental housing mortgages were insured in 1949 under the provisions of Sections 207, 608, 610, and 803 of the National Housing Act.

Section 207, the long-range FHA rental housing program, was amended in August 1948 to make special provision for the insurance of mortgages on cooperative projects. Under these provisions, two mortgages were insured in 1949 totaling $7,313,000 and involving 813 units. One of the two projects, Bell Park Gardens, a veterans' cooperative in the New York City area, contains 800 units. In December a second commitment of mortgage insurance was issued covering 550 units to be added to this project. The other cooperative housing mortgage insured in 1949 covered a 13-unit project built in Topeka, Kans., not limited to veteran occupancy.

The insurance of the two mortgages on cooperative projects was the only insuring activity under Section 207 during the year, and the first new-project activity under this section since 1946.

Operations under Section 608, the emergency rental housing program, accounted for most of the record volume of FHA rental housing mortgage insurance in 1949. Authority to issue commitments of insurance on new construction under this section was scheduled to expire March 31, 1949, but was extended four times during the year, the final expiration date being March 1, 1950. Mortgages insured under Section 608 during the year covered 129,072 units and amounted to $996,589,229, bringing the total for the entire period since its enactment in 1942 to 292,737 units with mortgages aggregating $2,137,290,941. In 1949 eight rental housing mortgages in the amount of $3,607,600, covering 1,435 units, were insured under Section 608 pursuant to Section 610, which authorizes the insurance of mortgages on specified types of permanent housing sold by the Government.

In spite of the continued demand for new rental housing, there were indications during the year in reports from FHA field offices that the demand for housing at the higher rent levels was rapidly being satisfied in many areas. To assist in stabilizing the rental market and to encourage construction for lower rentals, the various FHA insuring offices established rental ceilings in their jurisdictions, based on anticipated effective demand with reference to the estimated rent-paying capacity of the families that constitute the rental market. Insuring offices were instructed to reject in preliminary examination applications on units whose proposed rentals exceeded the established ceilings, and to examine closely applications in which proposed rentals approached the higher ranges.

In order to assist field directors in establishing rental ceilings, and to determine the time required for initial occupancy of new projects,

a Nation-wide survey of occupancy and vacancy in Section 608 projects was made as of September 30 and is to be repeated hereafter in April of each year.

Effective August 8, 1949 a new Title VIII was added to the National Housing Act to provide for FHA insurance of mortgages on rental housing projects built on or near military reservations for the use of civilian and military personnel of the Army, Navy, and Air Force. The provisions of this title are outlined in this section of the report under "Legislative Changes."

The first commitments of insurance under Title VIII, involving 1,000 units to be built at Fort Knox, Ky., were issued 6 weeks after the legislation became effective. By the end of the year mortgages on 1,540 units of military housing had been insured, in the total amount of $12,070,800.

One- to Four-Family Homes

Mortgages on one- to four-family homes were insured in 1949 under the provisions of Sections 203 and 603 of the National Housing Act, and a small volume of mortgages on site-fabricated single-family homes was insured under Section 611.

Under Section 203 as amended, mortgage insurance for one- to four-family homes is made available for owner-occupants, for long-term investors, and for operative builders. On new homes valued at $11,000 or less, the ratio of loan to value may be higher for owner-occupants than for other types of mortgagors.

On a cumulative basis, over its 15½ years of activity, the insurance of mortgages under Section 203 has been the major activity of the Federal Housing Administration. From June 1934 to the end of 1949, 1,662,687 mortgages in a total amount of $8,482,629,185 were insured under this section. The 257,622 mortgages totaling $1,854,564,000 insured in 1949 represent the largest volume for any one year.

Although no additional commitments on new construction were issued under Section 603 after April 30, 1948, when the authority to do so expired, outstanding commitments and the refinancing of a small number of mortgages originally insured under the section resulted in insurance during 1949 of 43,550 mortgages with a total principal of $336,321,000.

Under Section 611, which was added to the act in August 1948 to encourage the application of site-fabrication and other cost-saving methods to large-scale construction of single-family homes, mortgages totaling $1,650,000 on 275 units were insured during the year.

Prefabricated Housing

In June 1949 Commissioner Richards appointed a special liaison officer to work with manufacturers of housing in order to make available to this group the maximum benefits of the National Housing Act.

Special incentives to increased production of prefabricated houses are contained in Section 609 of the National Housing Act, which authorizes the FHA to insure short-term loans to provide working capital for manufacturers of such houses. The loan may not exceed 90 percent of the FHA Commissioner's estimate of necessary current manufacturing costs, exclusive of profit, and is secured by an assignment of the purchase contracts and of the amounts payable under them.

Four loans of this type, totaling $967,909 and involving 434 dwelling units, were insured in 1949. Although the insurance contracts under Section 609 specify a maximum dollar amount for the manufacture of the number of houses included in the eligible purchase contracts submitted with the application, the terms of the loan may provide that new purchase contracts for additional houses may be substituted as deliveries and payments are made under the original purchase contracts. In this way a manufacturer may produce additional houses during the term of the loan without negotiating a new loan each time delivery of houses under the original purchase contracts has been completed.

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 192 of these purchasers' loans for $498,399 were insured, bringing the total insurance written under Section 609 for the year to $1,466,308.

Manufacturers can file a preliminary application with FHA for review, and, if it appears from this review that satisfactory arrangements can be entered into leading to a formal commitment, preliminary approval is indicated. An application for insurance can then be filed by an approved lending institution. Eight preliminary applications were received in 1949 in amounts totaling $1,256,917, to finance the manufacture of 827 dwelling units. One preliminary application under review at the beginning of 1949, in the amount of $450,000 to finance the manufacture of 250 units, was approved in January.

From the enactment of Section 609 in June 1947 through December 1949, 7 loans aggregating $2,839,881, for the manufacture of 958 units, had been insured. By the year end, 1 loan had been repaid, 4 were outstanding, and debentures had been issued on the remaining 2 under the terms of the insurance contracts. Of the 192 purchasers' notes for $498,399 insured under Section 609, 117 notes totaling $301,414 were still in force at the end of 1949, 47 notes totaling $117,465 had been paid in full, and 28 notes totaling $79,520 had been defaulted and assigned to FHA.

Title I Insurance

In 1949 more than a million householders and owners of small businesses used loans made by private lending institutions and insured under Title I of the National Housing Act to repair and improve their homes or places of business. The greater number of the loans were for structural alterations and repairs, heating and plumbing installations, and preserving roofs and outside walls of buildings. Other maintenance work such as interior decorating, insulating and weatherstripping, and landscaping was also financed by loans insured under Title I.

New homes were built and financed with insured Title I Class 3 loans. These houses were located generally in outlying areas, and were low in cost because it was possible for the borrowers to perform much of the finishing and decorating themselves after they had taken possession of the properties. In all, over 5,700 loans of this type totaling $20,735,300 have been insured since August 1947.

The total net proceeds of all loans insured under Title I in 1949 were $14½ million less than the all-time record total in 1948. The total number of loans insured in the years 1947, 1948, and 1949 was greater than the total for the preceding 7 years.

Scope of Title I

Under authority of Title I the Federal Housing Administration in 1949 insured qualified lending institutions against loss on the following classes of property improvement loans:

Type of loan	Type of improvement	Maximum maturity	Maximum amount	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	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.

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

The lending institution is insured against loss up to 10 percent of its total net advances under Title I. The aggregate outstanding insurance liability, plus the amount of claims paid, less the amount collected from insurance premiums and other sources, is limited in the act to $225,000,000. The Housing Act of 1949 authorized an increase to this amount from the former maximum of $200,000,000.

The FHA has charged a premium for Title I insurance since July 1, 1939. The income from premiums, plus the recoveries obtained on defaulted notes on which claims were paid, has exceeded the amount of claims paid since that date plus the amount of all administrative expenses incurred in the same period. Thus the operation of this title of the act is self-supporting.

The only important change in 1949 in the regulations governing Title I loans was the discontinuance, effective April 28, of the requirement that the borrower make a cash down payment of at least 10 percent of the cost of the work. This requirement had been inserted in the regulations on May 10, 1948, as an anti-inflation measure.

Insurance Operations Under Title I

The number of loans insured under Title I in 1949 totaled 1,249,538 with net proceeds of $607,023,920. Included in these figures are 3,296 Class 3 loans amounting to $13,298,763, made for the construction of low-cost houses. Since 1934, when Title I loans were first made, 9,985,158 loans with net proceeds of $3,945,574,208 have been insured. It is estimated that balances of outstanding Title I loans as of December 31, 1949 were approximately $946,450,000.

The number of active insured lending institutions increased significantly during the year, rising from an average of 2,837 monthly in the first half to a postwar record of 3,235 institutions reporting loans in the month of December. These figures do not include a large number of branch offices making loans under the contracts of their home offices. At the end of the year there were 9,358 outlets for Title I property improvement loans. These included 6,052 contract holders plus their 3,306 branches.

Claims and Recoveries

In 1949 the FHA paid 50,950 claims amounting to $17,493,909. This volume is an increase of nearly 22 percent in dollar amount over 1948. Since 1934, 312,929 claims have been paid in a total amount of $92,260,780. The ratio of total claims paid to total loans insured was only 2.34 percent at the end of 1949 as compared to 2.24 percent in December 1948—a very moderate increase in view of the size of postwar operations and the extent of economic readjustments in 1949.

Of the $92,260,780 paid in claims since 1934, recoveries of $48,947,914 ($33,953,527 in cash and $14,994,387 anticipated from notes in process of collection) will leave net unrecovered claims of $43,312,866 or 1.10 percent of the net proceeds of loans insured.

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 staffs of the FHA field offices, and by reference of cases 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 recoveries in 1949 amounted to $3,414,216, and in addition $291,685 was collected as interest. The recoveries increased 36.4 percent over those in 1948, because of the larger number of collectible accounts on hand in 1949. The direct cost of collections for 1949 was $608,922, or an average of approximately 16.3 cents per dollar recovered. The cumulative direct collection cost since 1934 is 14.6 cents for each dollar collected.

Detailed statistics of Title I operations will be found in Section II of this report.

Financial Position

As of June 30, 1949 the accounts of the Federal Housing Administration were converted from a cash to an accrual basis. The figures for 1948 and 1949 in the financial statements in Section III of this report, Accounts and Finance, have been prepared on the accrual basis and have been shown for the fiscal year rather than the calendar year as heretofore. Section II of the report, Statistics of Insuring Operations, will be continued 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 will remain on a calendar year basis.

From the establishment of the Federal Housing Administration in 1934 through June 30, 1949, its gross income from fees, insurance premiums, and income on investments totaled $355,527,750, while operating expenses amounted to $194,046,869. 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 1949 under all insurance operations of the FHA totaled $63,983,953. Expenses of administering the agency during the fiscal year 1949 amounted to $23,400,904, leaving an excess of gross income over operating expenses of $40,583,049 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.).

At June 30, 1949 the Federal Housing Administration had capital and statutory reserves of $184,379,218. Of this amount the Government had contributed $81,428,627 and the remaining $102,950,591 had been built up from income. The Government's contribution consisted of $17,000,000 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, and $1,000,000 allocation from the Mutual Mortgage Insurance Fund to establish the Housing Insurance Fund) and $64,428,627 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 and Title I Claims Account	$13, 498, 671
Mutual Mortgage Insurance Fund	120, 580, 980
Housing Insurance Fund	4, 628, 949
War Housing Insurance Fund	43, 710, 844
Housing Investment Insurance Fund	992, 950
Administrative Expense Account	966, 824
	$184, 379, 218

In previous annual reports, mortgage insurance premiums, which are collected in advance under all FHA programs, were shown as earned when received. In the conversion of the financial statements as of June 30, 1949 from a cash to an accrual basis, insurance premiums aggregating $36,586,730 were deferred, resulting in a corresponding reduction in the capital and statutory reserves. Each month as these deferred premiums are earned, they will be added to income and allocated to the statutory and insurance reserves.

Participation payments from group accounts in the amount of $6,088,007 for 54,946 families financing their homes under the mutual mortgage insurance program of the Federal Housing Administration were made during the fiscal year 1949. The first participation payments were made as of January 1, 1944, and during the 5½ years following that date total payments of $16,590,510 have been made on 207,406 insured loans. These 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.

Publications

The following are the principal new or revised FHA publications issued in 1949. Unless otherwise indicated, they can be obtained, without charge, from the Federal Housing Administration, Washington 25, D. C.

Annual report.—Fifteenth annual report of the Federal Housing Administration; year ending December 31, 1948. Government Printing Office, Washington 25, D. C. 35 cents.

Property Improvement Loans under Title I of the National Housing Act.—Regulations governing Class 1 and 2 loans, including all amendments to October 26, 1949; FH–20, reprint October 1949.

Farm Mortgage Insurance.—Administrative rules and regulations under Section 203 (d) of the National Housing Act; FHA Form No. 2011, revised January 1, 1949.

Administrative Rules and Regulations for Military Housing Insurance under Title VIII of the National Housing Act.—FHA 3300, issued August 22, 1949.

Insured Mortgage Portfolio (issued quarterly).—Vol. 13, Nos. 3 and 4; Vol. 14, Nos. 1 and 2. Government Printing Office, Washington 25, D. C. Single copy 15 cents, annual subscription 50 cents.

Section II

STATISTICS OF INSURING OPERATIONS

A detailed statistical analysis of the insuring operations of the Federal Housing Administration during 1949, as provided for under Titles I, II, VI, VII, and VIII of the National Housing Act as amended, is presented below. There were in operation during the year three major types of FHA programs: (1) home mortgage insurance under Titles II and VI; (2) rental 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.[1] 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 1949, is shown below:

	Year 1949		1934–1949	
	Billions of dollars	Percent	Billions of dollars	Percent
Home mortgages	$2.2	57	$12.1	66
Rental-project mortgages	1.0	27	2.3	13
Property improvement loans	.6	16	3.9	21
Total	3.8	100	18.4	100

Of the $3.8 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 shares 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

[1] Production credit and interim credit for prefabricated housing totaled $1,466,308 during the year, of which $967,000 covered the insurance of manufacturing loans for 434 houses, and $499,308 covered the insurance of 192 purchaser's loans. The cumulative total of insurance under Sec. 609 amounted to $3,338,280 for the manufacture of 1,150 units. Both insurance volume and default experience under this program are discussed in Sec. I of this report.

importance only during more recent years. Relative to 1948, the 1949 annual volume of home mortgages insured increased about 4 percent, rental-project insurance rose some 67 percent, while property improvement loans fell 2 percent.

Home Mortgage Insurance Under Titles II and VI

During 1949, home mortgage insurance was written under four sections of the National Housing Act. The long-range Section 203 program of Title II, which provides for the insurance of mortgages secured by one- to four-family structures, accounted for 84 percent of all home mortgages insured during the year. The remainder of the home mortgages were insured under Title VI: 15 percent in one- to four-family home mortgages insured under the Veterans' Emergency Housing program of Section 603, and the remaining 1 percent in mortgages on site-fabricated single-family homes insured under Section 611 and in one- to seven-family home mortgages insured under Section 603 pursuant to Section 610. Section 610 provides for the insurance under Section 603 of home mortgages financing the sale of certain publicly financed housing.

In addition to these four programs, a small volume of loans was insured covering the construction of new single-family homes under the Class 3 program of Title I. This activity is discussed in the portion of Section II of this report which describes the insurance of property improvement loans.

Volume of Business

FHA insured $2.2 billion in home mortgages during 1949, secured by 316,000 dwelling units (303,000 mortgages). Up 4 percent from 1948 (see Table 4), this 1949 activity brought the dollar volume of business cumulative from 1934 through 1949 to $12 billion (2.4 million dwelling units). In 1949, about 58 percent of the dwelling units covered by these mortgages were in newly constructed houses and the remaining 134,000 were in existing structures. As compared with 1948, units covered by new-home mortgages in 1949 declined 11 percent while units covered by existing-home mortgages increased 17 percent.

The average amount of home mortgages insured during 1949 was $6,945 per unit—$7,160 for new construction and $6,654 for existing construction. The average for the total was up $321 from the previous year, new construction increasing $176 and existing construction rising $672.

The table shows a substantial decline in the volume of insurance written during the year under the Section 603 Veterans' Emergency Housing program. Authority to issue new-construction commitments

TABLE 4.—*Yearly volume of all home mortgages insured by FHA: Number of units and amount of mortgages on new and existing homes, by sections, 1935–49*

Year	Grand total,[1] new and existing construction		Total, new construction		Total, existing or refinanced construction	
	Units	Amount	Units	Amount	Units	Amount
1935	25,453	$93,882,012	5,091	$22,331,303	20,362	$71,550,709
1936	83,920	308,945,106	21,415	95,060,335	62,505	213,884,771
1937	110,850	424,372,999	38,479	168,866,553	72,371	255,506,446
1938	116,315	473,246,124	50,592	227,399,275	65,723	245,846,849
1939	160,449	669,416,154	103,186	461,018,197	57,263	208,397,957
1940	173,867	736,490,344	127,455	561,542,477	46,412	174,947,867
1941	208,044	890,138,634	161,509	707,126,350	46,535	183,012,284
1942	230,545	958,461,005	179,963	750,829,315	50,582	207,631,690
1943	189,398	762,170,318	140,432	552,218,446	48,966	209,951,872
1944	157,161	707,437,001	106,319	483,740,388	50,842	223,696,613
1945	103,418	474,343,990	54,829	257,243,300	48,589	217,100,690
1946	85,771	422,009,490	22,523	120,148,509	63,248	301,860,981
1947	150,114	894,715,900	71,384	476,927,200	78,730	417,788,700
1948	318,335	2,108,669,650	203,978	1,424,614,084	114,357	684,055,566
1949	316,497	2,198,212,300	182,366	1,305,716,300	134,131	892,496,000
Total	2,430,137	12,122,511,027	1,469,521	7,614,782,032	960,616	4,507,728,995

Year	New construction					
	Sec. 203		Sec. 603		Sec. 611	
	Units	Amount	Units	Amount	Units	Amount
1935	5,091	$22,331,303	----	----	----	----
1936	21,415	95,060,335	----	----	----	----
1937	38,479	168,866,553	----	----	----	----
1938	50,502	227,399,275	----	----	----	----
1939	103,186	461,018,197	----	----	----	----
1940	127,455	561,542,477	----	----	----	----
1941	157,541	693,695,100	3,968	$13,431,250	----	----
1942	104,958	490,044,149	75,005	260,785,166	----	----
1943	9,186	45,184,400	131,246	507,034,046	----	----
1944	327	1,758,050	105,992	481,982,338	----	----
1945	1,585	7,600,450	53,244	249,642,850	----	----
1946	11,143	62,968,857	11,380	57,179,652	----	----
1947	10,643	69,701,400	60,741	407,225,800	----	----
1948	29,348	215,413,484	174,630	1,209,200,600	----	----
1949	134,283	968,499,250	47,808	335,567,050	275	$1,650,000
Total	805,232	4,091,083,280	664,014	3,522,048,752	275	1,650,000

Year	Existing or refinanced construction					
	Sec. 203		Sec. 603		Sec. 603–610	
	Units	Amount	Units	Amount	Units	Amount
1935	20,362	$71,550,709	----	----	----	----
1936	62,505	213,884,771	----	----	----	----
1937	72,371	255,506,446	----	----	----	----
1938	65,723	245,846,849	----	----	----	----
1939	57,263	208,397,957	----	----	----	----
1940	46,412	174,947,867	----	----	----	----
1941	46,535	183,012,284	----	----	----	----
1942	49,179	201,401,278	1,403	$6,230,412	----	----
1943	46,043	199,329,738	2,923	10,622,134	----	----
1944	48,568	214,610,007	2,274	9,086,606	----	----
1945	47,284	211,699,500	1,305	5,401,190	----	----
1946	58,952	284,388,033	4,296	17,472,948	----	----
1947	70,603	375,965,750	8,119	41,801,850	8	$21,100
1948	110,297	664,930,966	2,989	15,725,250	1,071	3,390,350
1949	132,058	886,064,750	165	753,950	1,908	5,677,300
Total	934,155	4,391,545,905	23,474	107,094,340	2,987	9,088,750

[1] For yearly volume of all home mortgages insured, by sections, see Table 1.

under this section expired April 30, 1948, but the volume of commitments outstanding as of that date enabled a high volume of insuring activity to continue during 1948 and into the spring of 1949, with 48,000 new units being insured in the 12-month period ending December 31, 1949. Although Section 203 new-construction insurance rose fourfold in 1949, total new-home mortgage insurance was off 8 percent from 1948. Practically all of the record 134,000 existing units insured during the year were under Section 203.

Status of processing.—During 1949, an all-time record number of 508,000 home mortgage applications were processed by FHA. As indicated in Table 5, about 7 out of every 8 applications processed during the year resulted in commitments to insure, while slightly over one-eighth were rejected. Of the cases disposed of during the year, nearly 2 out of every 3 were insured. Expired commitments constituted the remainder or slightly over one-fifth of the total cases disposed of during 1949.

TABLE 5.—*Disposition of cases closed: 1- to 4-family home mortgages processed under Sec. 203, 1940–49*

[Percentage distribution]

Disposition of cases closed [1]	Total construction				New construction				Existing construction			
	1940	1947	1948	1949	1940	1947	1948	1949	1940	1947	1948	1949
Rejections [2]	18.8	19.4	19.3	13.4	15.3	15.0	26.9	12.5	27.9	21.3	16.3	14.2
Conditional commitments expired [2]	8.2	30.6	21.8	15.7	10.1	56.9	25.8	14.2	3.2	19.6	20.3	17.2
Firm commitments expired [2]	4.2	5.3	4.4	6.3	3.3	7.6	5.7	8.9	6.3	4.3	3.9	3.7
Insured	68.8	44.7	54.5	64.6	71.3	20.5	41.6	64.4	62.6	54.8	59.5	64.9
Total cases closed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

State Distribution

Totals for the year.—About 16 percent of the home mortgages insured during 1949 were secured by properties located in the State of California. After this State, which accounted for 47,800 cases (see Table 6), the next leading State was Texas with 21,200 cases, followed by Michigan with 15,700, New York with 13,300, Pennsylvania with 12,900, and Washington with 12,700. These six States accounted for about 41 percent of the United States total—approximately the same as in 1948.

TABLE 6.—*State distribution of all home mortgages: Number and face amount of home mortgages insured by FHA under Secs. 203 and 603, for the year 1949*

State location of property	Total [1]		Sec. 603 Total construction [2]		Sec. 203 New construction		Sec. 203 Existing construction	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Alabama	3,469	$24,291,600	122	$896,000	1,855	$13,344,950	1,492	$10,050,650
Arizona	4,428	28,615,500	1,054	6,866,350	2,337	15,883,150	1,037	5,866,000
Arkansas	3,727	22,941,281	14	104,000	1,900	12,179,500	1,813	10,657,781
California	47,779	365,989,350	8,965	72,010,750	20,005	154,654,350	18,809	139,324,250
Colorado	3,743	27,492,800	94	749,000	2,175	16,576,050	1,474	10,107,750
Connecticut	2,543	20,607,800	100	500,300	432	3,596,200	2,011	16,511,300
Delaware	374	2,719,900	19	146,300	279	2,039,000	76	534,600
District of Columbia	288	2,785,250	115	1,186,200	56	511,700	117	1,087,350
Florida	11,506	85,679,600	1,314	11,932,400	8,471	61,285,250	1,721	12,461,950
Georgia	5,284	37,136,250	694	4,713,900	2,674	19,109,050	1,916	13,313,300
Idaho	1,505	9,886,500	9	54,800	547	4,065,550	949	5,766,150
Illinois	10,510	86,588,250	1,792	14,298,050	2,494	20,741,400	6,233	51,548,800
Indiana	10,712	75,377,750	1,199	9,249,700	5,254	36,918,400	4,259	29,209,650
Iowa	2,874	20,335,550	57	416,150	903	6,878,450	1,914	13,040,950
Kansas	5,764	41,260,450	213	1,530,150	3,098	23,912,750	2,453	15,817,550
Kentucky	3,303	23,523,900	135	1,205,850	1,120	8,092,100	2,048	14,225,950
Louisiana	6,129	47,323,650	325	2,753,200	2,848	22,346,750	2,956	22,223,700
Maine	746	4,645,000	8	55,350	178	1,241,100	560	3,348,550
Maryland	5,188	41,239,400	1,423	12,817,050	1,725	12,793,300	2,040	15,629,050
Massachusetts	1,968	14,245,650	104	1,459,000	521	3,834,950	1,253	8,951,700
Michigan	15,667	116,436,100	2,390	18,743,600	6,548	49,561,050	6,729	48,131,450
Minnesota	3,139	25,043,800	654	5,334,300	1,231	9,815,350	1,254	9,894,150
Mississippi	2,935	17,921,050	169	1,070,700	2,016	12,686,000	750	4,164,350
Missouri	8,014	60,037,950	217	1,602,200	2,744	21,923,000	5,053	36,422,750
Montana	946	5,922,050	6	42,200	214	1,530,300	726	4,349,550
Nebraska	2,963	20,547,850	280	2,228,200	817	6,169,300	1,866	12,150,350
Nevada	655	5,473,100	5	40,500	407	3,517,800	243	1,914,800
New Hampshire	290	1,905,600	11	79,000	102	710,400	177	1,116,200
New Jersey	11,575	87,487,885	1,726	13,580,000	4,938	38,958,210	4,911	34,949,675
New Mexico	3,112	21,272,550	160	1,310,000	2,601	17,751,650	351	2,210,900
New York	13,284	102,585,700	3,482	27,133,850	6,051	47,765,850	3,751	27,686,000
North Carolina	4,592	32,247,500	737	5,527,400	2,596	17,867,250	1,259	8,852,850
North Dakota	289	2,176,300	39	292,700	133	1,047,400	117	836,200
Ohio	11,402	86,918,950	1,519	12,184,650	4,582	35,132,200	5,301	39,602,100
Oklahoma	9,080	61,719,150	721	5,395,850	4,809	33,138,150	3,550	23,185,150
Oregon	5,255	37,626,050	751	5,795,050	1,788	13,194,750	2,716	18,636,250
Pennsylvania	12,911	96,160,850	5,071	39,669,250	4,214	32,808,050	3,626	23,683,550
Rhode Island	225	1,861,100	34	261,350	93	787,950	98	811,800
South Carolina	4,222	22,473,400	470	4,287,000	885	5,706,350	2,867	12,480,050
South Dakota	1,107	7,244,100	24	183,800	396	2,881,000	687	4,179,300
Tennessee	6,062	40,274,150	738	5,574,000	3,822	25,214,300	1,502	9,485,850
Texas	21,229	140,891,828	2,670	19,310,240	12,122	80,621,250	6,437	40,960,338
Utah	2,263	16,757,150	369	2,885,150	941	7,185,200	953	6,686,800
Vermont	214	1,514,600	4	29,800	40	304,750	170	1,180,050
Virginia	7,276	51,892,000	1,058	7,296,750	2,746	19,335,550	3,472	25,259,700
Washington	12,705	90,662,150	936	7,220,900	2,474	18,586,000	9,295	64,855,250
West Virginia	1,969	13,718,000	20	142,800	642	4,839,950	1,307	8,736,150
Wisconsin	2,237	18,461,100	247	1,956,500	844	6,938,800	1,146	9,565,800
Wyoming	780	5,107,450	116	857,100	212	1,569,950	452	2,680,400
Alaska	51	507,700	-------	-------	8	84,600	43	423,100
Hawaii	1,008	10,049,450	97	783,800	452	4,591,800	459	4,673,850
Puerto Rico	3,320	14,911,900	1,297	4,894,400	1,742	7,926,700	281	2,090,800
Virgin Islands	1	12,000	-------	-------	1	12,000	-------	-------
Total [3]	302,027	2,200,506,844	43,864	338,747,540	132,083	970,166,810	126,680	891,592,494

[1] Excludes 1,249 mortgages for $5,677,300 insured under Sec. 603 pursuant to Sec. 610, and 3 site-fabricated home mortgages for $1,650,000 insured under Sec. 611.
[2] Includes 502 refinanced cases amounting to $3,629,300.
[3] Cases tabulated in Washington during the period Jan. 1, 1949 through Dec. 31, 1949.

The following is a distribution of the year's home mortgage insuring activity by geographic divisions:

Insurance written under Secs. 203 and 603 by geographic divisions[2] during 1949

Geographic divisions	Number	Amount	Average
New England	5,986	$44,779,750	$7,481
Middle Atlantic	37,770	286,234,435	7,578
East North Central	50,537	383,782,150	7,594
West North Central	24,150	176,646,000	7,315
South Atlantic	40,609	289,892,200	7,123
East South Central	15,769	106,010,700	6,723
West South Central	40,165	272,875,909	6,794
Mountain	17,432	120,527,100	6,914
Pacific	65,739	494,277,550	7,519
Territories	4,380	25,481,050	5,818
United States total	302,627	2,200,506,844	7,271

The Pacific States led other geographic divisions in 1949 with more than one-fifth of the United States total, followed in order by the East North Central, South Atlantic, West South Central, and Middle Atlantic areas. In three divisions, the average amounts of mortgages insured under Sections 203 and 603 exceeded $7,500. The lowest averages were under $7,000 in the two South Central divisions and the Mountain division. The average for the United States was $7,271.

Cumulative totals.—California has also led all other States in the number of home mortgages insured cumulative from 1934 through 1949. The 390,000 mortgages secured by California properties have accounted for 17 percent of the United States total. Michigan has been the next leading State with 158,100 mortgages, followed by Texas with 140,200, Pennsylvania with 124,400, Illinois with 115,200, and Ohio with 107,300 (see Table 7 and Chart III). These six States have accounted for about 45 percent of the total number of home mortgages insured.

[2] The list of States located in the nine geographic divisions as defined by the Bureau of the Census is as follows:

New England:
- Maine.
- New Hampshire.
- Vermont.
- Massachusetts.
- Rhode Island.
- Connecticut.

Middle Atlantic:
- New York.
- New Jersey.
- Pennsylvania.

East North Central:
- Ohio.
- Indiana.
- Illinois.
- Michigan.
- Wisconsin.

West North Central:
- Minnesota.
- Iowa.
- Missouri.

West North Central—Continued
- North Dakota.
- South Dakota.
- Nebraska.
- Kansas.

South Atlantic:
- Delaware.
- Maryland.
- District of Columbia.
- Virginia.
- West Virginia.
- North Carolina.
- South Carolina.
- Georgia.
- Florida.

East South Central:
- Kentucky.
- Tennessee.
- Alabama.
- Mississippi.

West South Central:
- Arkansas.
- Louisiana.
- Oklahoma.
- Texas.

Mountain:
- Montana.
- Idaho.
- Wyoming
- Colorado.
- New Mexico.
- Arizona.
- Utah.
- Nevada.

Pacific:
- Washington
- Oregon.
- California.

TABLE 7.—*State distribution of all home mortgages: Number and face amount of home mortgages insured by FHA under Secs. 203 and 603, cumulative through 1949*

State location of property	Total[1]		Sec. 603		Sec. 203	
	Number	Amount	Number	Amount	Number	Amount
Alabama	28,046	$144,142,622	9,601	$50,472,050	18,445	$93,670,572
Arizona	20,023	104,964,124	7,120	43,203,200	12,903	61,760,924
Arkansas	22,257	107,225,748	4,869	24,492,600	17,388	82,733,148
California	389,998	2,069,953,593	125,854	741,609,050	264,144	1,328,344,543
Colorado	24,418	124,991,924	5,064	29,404,150	19,354	95,587,774
Connecticut	23,184	132,861,613	7,460	37,104,150	15,724	95,757,463
Delaware	5,101	27,713,750	2,631	14,621,600	2,470	13,092,150
Dist. of Columbia	5,874	40,647,350	2,778	20,690,500	3,096	19,956,850
Florida	65,710	362,534,946	26,819	164,860,740	38,891	197,674,206
Georgia	38,064	190,873,152	13,271	70,505,500	24,793	120,367,652
Idaho	9,562	42,987,455	527	3,103,550	9,035	39,883,905
Illinois	115,200	673,926,432	21,839	127,607,050	93,361	546,319,382
Indiana	77,652	386,891,483	15,588	91,999,850	62,064	294,891,633
Iowa	19,661	95,830,100	2,504	13,519,300	17,157	82,310,800
Kansas	37,088	185,670,917	10,326	57,628,700	26,762	128,042,217
Kentucky	21,198	115,651,456	4,616	26,896,250	16,582	88,755,206
Louisiana	36,503	212,897,395	12,377	75,593,124	24,126	137,304,271
Maine	6,744	28,863,250	1,240	6,460,050	5,504	22,303,600
Maryland	38,202	211,009,735	14,375	88,226,750	23,827	122,782,985
Massachusetts	13,235	72,135,719	3,074	17,260,085	10,161	54,875,634
Michigan	158,147	855,211,579	41,272	247,762,072	116,875	607,449,507
Minnesota	23,336	123,369,208	4,764	31,602,550	18,572	91,766,658
Mississippi	15,772	71,885,839	4,158	22,925,600	11,614	48,960,239
Missouri	56,733	297,566,103	7,068	38,334,550	49,665	259,231,553
Montana	7,072	32,591,091	332	2,832,850	6,740	29,758,241
Nebraska	20,173	98,642,337	5,838	31,249,480	14,335	67,392,857
Nevada	5,023	29,247,455	1,923	10,161,650	3,100	19,085,805
New Hampshire	3,444	15,809,986	327	2,111,950	3,117	13,698,036
New Jersey	99,103	538,748,377	16,527	105,579,850	82,576	433,168,527
New Mexico	10,035	55,530,575	2,618	16,543,050	7,417	38,986,625
New York	104,434	598,882,808	22,395	146,552,700	82,030	452,330,108
North Carolina	26,577	144,612,023	8,828	53,927,200	17,749	90,684,823
North Dakota	1,678	7,695,095	162	1,135,400	1,516	6,559,695
Ohio	107,311	590,097,271	24,741	146,542,000	82,570	443,555,271
Oklahoma	57,585	301,264,388	17,675	101,536,950	39,910	199,727,438
Oregon	25,837	133,930,250	6,757	39,688,900	19,080	94,241,350
Pennsylvania	124,361	622,518,822	30,382	184,788,350	93,979	437,730,472
Rhode Island	5,281	26,826,670	1,262	6,724,550	4,019	20,102,120
South Carolina	19,467	92,106,882	6,378	34,136,900	13,089	57,969,982
South Dakota	6,217	26,528,680	520	3,438,950	5,697	23,089,730
Tennessee	43,064	227,683,488	15,037	96,132,000	28,027	131,551,488
Texas	140,180	707,906,217	51,877	281,012,315	88,303	426,893,902
Utah	21,626	108,696,925	7,877	42,687,550	13,749	66,009,375
Vermont	3,097	12,812,171	283	1,371,500	2,814	11,440,671
Virginia	51,458	282,413,349	18,749	102,657,738	32,709	179,755,611
Washington	88,886	454,306,492	19,072	103,202,850	69,814	351,103,642
West Virginia	17,046	86,048,599	1,256	6,077,050	15,790	79,971,549
Wisconsin	20,729	116,265,766	4,383	25,171,550	16,346	91,094,216
Wyoming	7,697	32,887,851	1,124	6,574,350	6,573	26,313,501
Alaska	603	3,466,560	1	7,000	602	3,459,560
Hawaii	3,955	26,097,390	544	3,676,900	3,411	22,420,490
Puerto Rico	9,109	47,622,650	4,144	19,146,400	4,965	28,476,250
Virgin Islands	3	24,800	2	12,800	1	12,000
Total[2]	2,283,659	12,101,169,560	621,109	3,620,574,254	1,662,550	8,480,595,306

[1] Excludes 2,173 mortgages for $9,007,200 insured under Sec. 603 pursuant to Sec. 610, and 3 mortgages for $1,050,000 insured under Sec. 611.
[2] Cases tabulated in Washington through Dec. 31, 1949.

Terminations and Foreclosures

Of the 2,287,000 home mortgages insured by FHA from 1934 through 1949, about 985,000, or 43 percent, have been terminated. About

NUMBER OF HOME MORTGAGES INSURED UNDER SECTIONS 203 AND 603
CUMULATIVE THROUGH DECEMBER 31, 1949

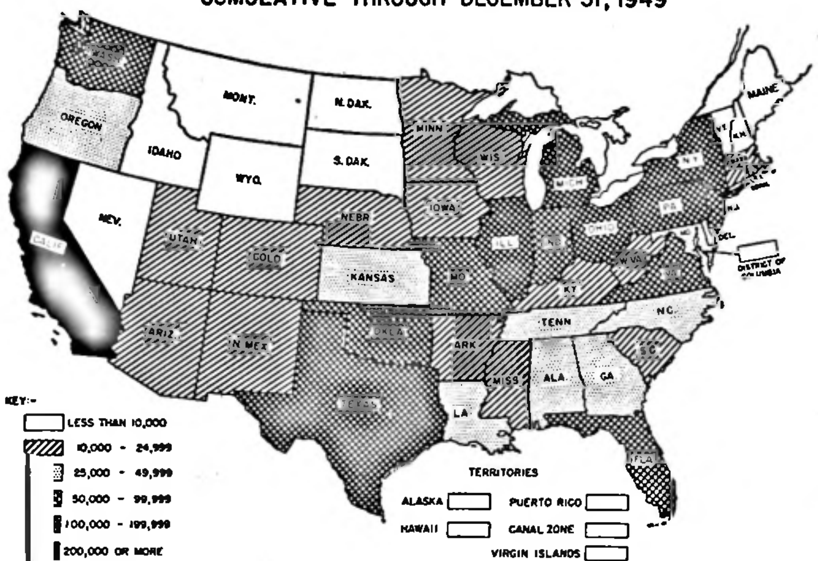


Chart III.

)0 of these terminations occurred in 1949—a drop of 27 percent 1948 and the lowest yearly volume since 1943.

.e termination of an FHA-insured mortgage occurs when it is off in full prior to maturity, is superseded by a new FHA mortgage, matures according to the terms of the mortgage, or is foreclosed by the mortgagee. When foreclosure takes place, the mortgagee has the option either of retaining the property or of transferring it to FHA in exchange for debentures and a certificate of claim. The cumulative number of terminations and the face amount of the mortgages terminated under the various home mortgage insurance programs are shown in Table 8.

: 8.—*Disposition of all home mortgages insured by FHA: Number and amount nortgages insured, terminated, and in force, by sections, cumulative through . 31, 1949*

Disposition	Total [1]		Sec. 203		Sec. 603	
	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	2,287,168	$12,122,511,027	1,662,687	$8,482,629,185	622,305	$3,629,143,092
Mortgages terminated:						
Prepayments in full	819,359	3,668,782,504	673,701	2,986,908,701	145,566	681,865,803
Prepayments by supersession	148,242	664,931,046	99,996	447,663,402	48,246	217,267,644
Matured loans	3,949	8,797,681	3,949	8,797,681	------	------
Mortgages assigned to FHA	------	------	------	------	------	------
Properties acquired by FHA	10,847	55,445,051	4,108	19,623,551	6,739	35,821,500
Withdrawals	2,037	9,308,051	1,457	6,577,551	580	2,730,500
Other terminations	528	2,279,059	400	1,770,159	128	508,900
Total terminations	984,962	4,409,543,392	783,701	3,471,341,045	201,259	938,194,347
Mortgages in force	1,302,206	7,712,967,635	878,986	5,011,288,140	421,046	2,690,948,745

[1] Includes 2,173 mortgages totaling $9,088,750 under Section 603–610 (2 mortgages for $8,000 prepaid in full); and 3 Section 611 mortgages (275 dwelling units) amounting to $1,650,000 insured and in force as of Dec. 31, 1949.

C Projects

Prepayments in full have accounted for the bulk of the terminated cases, numbering through the end of the year 819,000, or 36 percent of the number of mortgages insured and 83 percent of all cases terminated. About 148,000, or 15 percent of the number terminated, have been terminated by supersession of the original mortgage by a new FHA-insured mortgage. Only 13,000 mortgages have been foreclosed, and very few terminations—only 4,000 through the end of 1949—have resulted from the maturing of the loan.

Yearly trend.—Table 9 shows the annual trend of terminations, titles acquired by mortgagees, and foreclosures in process. As noted above, 1949 was marked by a 27 percent decline in the yearly number of home mortgages terminated, but titles acquired by mortgagees through foreclosure rose from 323 in 1948 to 1,183 in 1949. As in the previous year, most of the foreclosures were under Section 603—1,064 as compared with only 119 under Section 203. From 1935 through 1949 only 13,691 properties were acquired by mortgagees, or a little more than one-half of 1 percent of the mortgages insured. Of these, 10,847 were transferred to FHA in exchange for debentures and certificates of claim. Some 544 of the transfers occurred in 1949—nearly double the 284 transferred in 1948. Cumulatively, transfers of foreclosed properties to FHA have occurred for 4,108 Section 203 cases, or 0.25 percent of mortgages insured, compared with 6,739 cases, or 1.08 percent, for Section 603 operations.

State distribution.—Tables 10 and 11 show, by State location of property, the number of mortgages insured under Sections 203 and 603, the number of these mortgages which have been terminated—with separate identification of cases with titles acquired by mortgagees—and the number of mortgages still in force as of December 31, 1949.

At the end of 1949, about 47 percent of all Section 203 mortgages had been terminated, 8 States showing more than 55 percent of their mortgages terminated and 12 States showing less than 40 percent. In only 4 States did the number of titles acquired by mortgagees exceed 1 percent of the mortgages insured, the percentage for all States and Territories amounting to about one-third of 1 percent.

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, 1935–49*

Year	Terminations [1]: Number for the year	Terminations [1]: Cumulative through end of year: Number	Terminations [1]: Cumulative through end of year: Percent of total insured	Titles acquired by mortgagees [2]: Annual increase	Titles acquired by mortgagees [2]: Cumulative through end of year: Number	Titles acquired by mortgagees [2]: Cumulative through end of year: Percent of total insured	Foreclosures in process as of end of year: Number	Foreclosures in process as of end of year: Percent of insured mortgages in force
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	.46	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	[4] 783,701	47.13	119	5,647	.34	302	.02
Sec. 603								
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	1.26	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	[5] 35,013	176,465	30.44	284	6,980	1.21	170	.04
1949	[5] 24,796	[4] 201,261	32.23	1,064	8,044	1.29	979	.23
Total [6]								
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	.70	929	.09
1946	177,908	605,699	39.19	838	12,008	.78	109	.01
1947	169,496	775,195	45.95	177	12,185	.72	141	.02
1948	[5] 121,306	896,501	45.17	323	12,508	.63	263	.02
1949	[5] 88,461	[4] 984,962	43.06	1,183	13,691	.60	1,281	.06

[1] Includes terminations of mortgage insurance after acquisition of titles by mortgagees.
[2] Includes titles transferred to FHA and those retained by the mortgagees with termination of mortgage insurance, and titles to 82 foreclosed properties under Sec. 203, and 725 foreclosed properties under Sec. 603, which are subject to redemption or held by mortgagees pending final disposition.
[3] Less than 0.05 percent.
[4] Of the cumulative number of terminated mortgages, FHA refinanced 90,996 Sec. 203 cases and 48,246 Sec. 603 cases. A refinanced mortgage involves the same property covered by the original FHA insurance contract.
[5] Includes one mortgage insured under Sec. 603 pursuant to Sec. 610, terminated during the year.
[6] No terminations of mortgage insurance under Sec. 611 have been reported.

TABLE 10.—*State distributions of terminations of mortgage insurance contracts and titles acquired by mortgagees: Home mortgages insured by FHA under Sec. 203, 1935–49*

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, 1949
Alabama	18,445	6,679	48	36.21	0.26	11,766
Arizona	12,903	4,888	26	37.88	.20	8,015
Arkansas	17,388	5,185	51	29.82	.29	12,203
California	264,144	151,171	420	57.23	.16	112,973
Colorado	19,354	9,337	39	48.24	.20	10,017
Connecticut	15,724	6,032	36	38.36	.23	9,692
Delaware	2,470	1,194	25	48.34	1.01	1,276
District of Columbia	3,096	1,673	2	54.04	.06	1,423
Florida	38,891	15,589	174	40.08	.45	23,302
Georgia	24,793	10,797	93	43.55	.38	13,996
Idaho	9,035	4,320	20	47.81	.22	4,715
Illinois	93,361	52,172	207	55.88	.22	41,189
Indiana	62,064	27,957	145	45.05	.23	34,107
Iowa	17,157	8,504	30	49.57	.17	8,653
Kansas	26,762	12,264	350	45.83	1.31	14,498
Kentucky	16,582	7,045	80	42.49	.48	9,537
Louisiana	24,126	7,924	54	32.84	.22	16,202
Maine	5,504	2,396	48	43.53	.87	3,108
Maryland	23,827	12,527	80	52.57	.34	11,300
Massachusetts	10,161	5,292	159	52.08	1.56	4,869
Michigan	116,875	54,506	546	46.64	.47	62,369
Minnesota	18,572	10,719	80	57.72	.43	7,853
Mississippi	11,614	5,097	61	43.89	.53	6,517
Missouri	49,665	21,404	200	43.10	.40	28,261
Montana	6,740	3,163	10	46.93	.15	3,577
Nebraska	14,335	7,087	45	49.44	.31	7,248
Nevada	3,100	1,288	----	41.55	----	1,812
New Hampshire	3,117	1,606	24	51.52	.77	1,511
New Jersey	82,576	37,867	548	45.86	.66	44,709
New Mexico	7,417	2,548	4	34.35	.05	4,869
New York	82,039	32,299	641	39.37	.78	49,740
North Carolina	17,749	8,028	59	45.23	.33	9,721
North Dakota	1,516	948	8	62.53	.53	568
Ohio	82,570	46,505	178	56.32	.22	36,065
Oklahoma	39,910	14,744	140	36.94	.35	25,166
Oregon	19,080	8,061	23	42.25	.12	11,019
Pennsylvania	93,979	47,040	239	50.05	.25	46,939
Rhode Island	4,019	2,173	26	54.07	.65	1,846
South Carolina	13,089	4,395	53	33.58	.40	8,694
South Dakota	5,697	2,814	21	49.39	.37	2,883
Tennessee	28,027	12,198	132	43.52	.47	15,829
Texas	88,303	34,336	175	38.88	.20	53,967
Utah	13,749	6,965	38	50.66	.28	6,784
Vermont	2,814	1,598	37	56.79	1.31	1,216
Virginia	32,709	12,291	85	37.58	.26	20,418
Washington	69,814	28,863	97	41.34	.14	40,951
West Virginia	15,790	6,382	20	40.42	.13	9,408
Wisconsin	16,346	9,213	52	56.36	.32	7,133
Wyoming	6,573	3,805	16	57.89	.24	2,768
Alaska	602	311	2	51.66	.33	291
Hawaii	3,411	1,735	----	50.86	----	1,676
Puerto Rico	4,965	766	----	15.43	----	4,199
Virgin Islands	1	----	----	----	----	1
Total	[2] 1,662,687	783,701	[1] 5,647	47.13	.34	[2] 878,986

[1] Includes titles transferred to FHA and those retained by the mortgagees with termination of mortgage insurance, and titles to 82 foreclosed properties which are subject to redemption or held by mortgagees pending final disposition.
[2] Includes 137 insured cases not yet tabulated by States as of Dec. 31, 1949.

TABLE 11.—*State distribution of terminations of mortgage insurance contracts and titles acquired by mortgagees: Home mortgages insured by FHA under Sec. 603, 1941–49*

Location of property	Total mortgages insured	Terminations: Number		Terminations: As a percent of mortgages insured		Insured mortgages in force Dec. 31, 1949
		Total	Titles acquired [1]	Total	Titles acquired	
Alabama	9, 601	3, 432	319	35. 75	3. 32	6, 169
Arizona	7, 120	522	334	7. 33	4. 69	6, 598
Arkansas	4, 869	1, 784	13	36. 64	. 27	3, 085
California	125, 854	43, 001	48	34. 17	. 04	82, 853
Colorado	5, 064	1, 401		27. 67		3, 663
Connecticut	7, 460	3, 968	1, 595	53. 19	21. 38	3, 492
Delaware	2, 631	1, 437		54. 62		1, 194
District of Columbia	2, 778	738	2	26. 57	. 07	2, 040
Florida	26, 819	3, 911	120	14. 58	. 45	22, 908
Georgia	13, 271	4, 248	117	32. 01	. 88	9, 023
Idaho	527	143		27. 13		384
Illinois	21, 839	9, 834	6	45. 03	. 03	12, 005
Indiana	15, 588	4, 815	10	30. 89	. 06	10, 773
Iowa	2, 504	1, 012	146	40. 42	5. 83	1, 492
Kansas	10, 326	3, 971	90	38. 46	. 87	6, 355
Kentucky	4, 616	1, 467	2	31. 78	. 04	3, 149
Louisiana	12, 377	5, 015	325	40. 52	2. 63	7, 362
Maine	1, 240	621	15	50. 08	1. 21	619
Maryland	14, 375	6, 037	918	42. 00	6. 39	8, 338
Massachusetts	3, 074	1, 458	20	47. 43	. 65	1, 616
Michigan	41, 272	12, 149	667	29. 44	1. 62	29, 123
Minnesota	4, 764	1, 407	3	29. 53	. 06	3, 357
Mississippi	4, 158	660		15. 87		3, 498
Missouri	7, 068	2, 944	180	41. 65	2. 55	4, 124
Montana	332	96		28. 92		236
Nebraska	5, 838	2, 750	124	47. 11	2. 12	3, 088
Nevada	1, 923	766		39. 83		1, 157
New Hampshire	327	95	5	29. 05	1. 53	232
New Jersey	16, 527	5, 591	138	33. 83	. 83	10, 936
New Mexico	2, 618	418		15. 97		2, 200
New York	22, 395	4, 522	324	20. 19	1. 45	17, 873
North Carolina	8, 828	1, 788	27	20. 25	. 31	7, 040
North Dakota	162	18		11. 11		144
Ohio	24, 741	10, 155	87	41. 05	. 35	14, 586
Oklahoma	17, 675	5, 124	215	28. 99	1. 22	12, 551
Oregon	6, 757	1, 874	7	27. 73	. 10	4, 883
Pennsylvania	30, 382	10, 940	23	36. 01	. 08	19, 442
Rhode Island	1, 262	556	1	44. 06	. 08	706
South Carolina	6, 378	1, 445	26	22. 66	. 41	4, 933
South Dakota	520	125		24. 04		395
Tennessee	15, 937	2, 886	103	18. 11	. 65	13, 051
Texas	51, 877	14, 137	241	27. 25	. 46	37, 740
Utah	7, 877	3, 063	397	38. 89	5. 04	4, 814
Vermont	283	131	10	46. 29	3. 53	152
Virginia	18, 749	7, 176	916	38. 27	4. 89	11, 573
Washington	19, 072	8, 915	189	46. 74	. 99	10, 157
West Virginia	1, 256	608	277	48. 41	22. 05	648
Wisconsin	4, 383	1, 785	3	40. 73	. 07	2, 598
Wyoming	1, 124	198		17. 62		926
Alaska	1	1		100. 00		
Hawaii	544	113	1	20. 77	. 18	431
Puerto Rico	4, 144	8		. 19		4, 136
Virgin Islands	2					2
Total	[2] 622, 305	201, 259	8, 044	32. 34	1. 20	[2] 421, 046

[1] Includes titles transferred to FHA and those retained by the mortgagees with termination of mortgage insurance and titles to 725 foreclosed properties which are subject to redemption or held by mortgagees pending final disposition.
[2] Includes 1,196 insured cases not yet tabulated by States as of Dec. 31, 1949.

Of the home mortgages insured since 1941 under Section 603, slightly less than one-third have been terminated. Proportions of terminated cases range from more than one-half of all cases in four States and Territories to less than one-fourth in 13 States or Territories. Foreclosures amounted to 1.3 percent of all mortgages insured under Section 603—substantially higher than the ratio of 0.3 percent reported under Section 203. There were 9 States showing foreclosures of more than 3.0 percent, but 13 States or Territories showed none.

The cumulative numbers of mortgages insured, terminated, and in force under Sections 203 and 603 are shown below by geographic divisions:

The number of mortgages insured, terminated, and in force under Secs. 203 and 603 combined, by geographic divisions [3] as of Dec. 31, 1949

Geographic divisions	Mortgages insured	Mortgages terminated	Mortgages in force
New England	54, 985	25, 926	29, 059
Middle Atlantic	327, 898	138, 259	189, 639
East North Central	479, 039	229, 091	249, 948
West North Central	164, 886	75, 967	88, 919
South Atlantic	267, 499	100, 264	167, 235
East South Central	108, 980	39, 464	69, 516
West South Central	256, 525	88, 249	168, 276
Mountain	105, 456	42, 921	62, 535
Pacific	504, 721	241, 885	262, 836
Territories	13, 670	2, 934	10, 736
Tabulating Adjustment	1, 333		1, 333
Total	2, 284, 992	984, 960	1, 300, 032

Defaults of home mortgages.—During 1949, there were significant increases in the number of Section 203 and Section 603 mortgages in default and in the number of titles held by mortgagees pending final disposition or mortgagor's redemption. At the end of 1949, there were 5,122 Section 203 mortgages in default as compared with only 2,375 at the end of 1948. In addition there were 82 titles held by mortgagees under Section 203 pending final disposition of title or redemption by the mortgagor.

Under Section 603, the number of outstanding defaults increased from 2,553 at the end of 1948 to 6,524 at the end of 1949. Titles held by mortgagees also increased to a total of 725 at the end of 1949 under Section 603.

The 1949 total of 12,453 defaults and potential acquisitions under these two sections amounted to nearly 1 percent of the 1,300,032 mortgages in force as of the year end, compared with a 1948 year-end ratio of slightly under one-half of 1 percent. Ratios of defaulted cases increased under Section 203 from 0.37 percent to 0.59 percent and under Section 603 from 0.70 percent to 1.72 percent between the end of 1948 and December 31, 1949.

Financial Institution Activity

FHA-insured mortgage loans are made by private lending institutions directly to mortgagors financing the purchase of their homes

[3] For list of States located in each geographic division see text footnote 2 in this section.

under the monthly payment plan. Approved mortgagee institutions may originate loans and hold them to maturity or termination in their own portfolio, or originate them for sale to other approved mortgagees. That an active market in insured mortgages exists—one of the original purposes of the National Housing Act—is evidenced by the widespread investment in FHA-insured loans by various types of financial institutions and by the recognized transferability of such investments in a secondary market.

Originations and holdings.—During 1949 mortgage companies originated the largest proportion—27.4 percent—of the 303,900 home mortgages totaling $2.2 billion insured by FHA, followed by insurance companies with 23.0 percent and national banks with 17.2 percent. The number and amount of loans originated by each type of mortgagee and the number of institutions active in the various home mortgage programs are shown in Table 12.

TABLE 12.—*Type of institution originating home mortgages: Number and face amount of mortgages originated during the year 1949*

Type of institution as classified Dec. 31, 1949	Mortgages originated [1]						
	Total [2]			Sec. 203			
	Number	Amount	Percentage distribution [3]	Number of institutions	Number	Amount	Percentage distribution [3]
National bank	51,475	$380,028,725	17.2	1,161	43,343	$315 983,275	17.0
State bank	40,854	291,825,050	13.2	1,323	34,313	246,601,800	13.3
Mortgage company	84,667	604,325,571	27.4	403	69,660	489,526,081	26.3
Insurance company	68,117	506,985,041	23.0	386	61,792	456,653,841	24.5
Savings and loan association	33,562	237,893,457	10.8	857	28,721	201,081,607	10.8
Savings bank	13,890	106,949,550	4.9	174	10,995	84,510,200	4.5
All other [4]	11,311	78,184,600	3.5	41	9,930	67,402.500	3.6
Total	303,876	2,206,192,504	100.0	4,345	258,763	1,801,759,304	100.0

	Sec. 603				Sec. 603-610			
	Number of institutions	Number	Amount	Percentage distribution [3]	Number of institutions	Number	Amount	Percentage distribution [3]
National bank	155	8,001	$63,543,800	18.8	9	131	$501,650	8.8
State bank	185	6,440	44,702,100	13.2	7	101	521,750	9.2
Mortgage company	223	14,429	112,364,340	33.2	9	578	2,435,150	42.8
Insurance company	118	6,321	50,308,200	14.8	4	4	23,000	.4
Savings and loan association	188	4,451	34,990,650	10.3	9	390	1,821,200	32.0
Savings bank	58	2,851	22,001,750	6.5	2	44	377,600	6.7
All other [4]	15	1,371	10,770,700	3.2	1	1	5,400	.1
Total	942	43,864	338,747,540	100.0	41	1,249	5,685,750	100.0

[1] Cases tabulated in Washington during 1949.
[2] Excludes 3 mortgages for $1,650,000 insured under Sec. 611.
[3] Based on amount of mortgage.
[4] Includes Federal agencies, industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.

As in previous years, the volume of business for each type of institution was not in proportion to the number of individual lending institutions in each category. State banks, for example, which ranked first in the number of institutions originating Section 203 mortgages, ranked fourth in the dollar amount of insured mortgage business done. The 403 mortgage companies, on the other hand, representing 9 percent of the number of institutions, accounted for over 26 percent of the Section 203 mortgages insured in 1949.

Mortgage companies characteristically originate mortgages with the intention of selling them to other institutions, commonly in conjunction with a servicing agreement. They, therefore, also account for a large proportion of total sales, while purchases and holdings by mortgage companies are relatively small. Insurance companies, on

TABLE 13.—*Type of institution holding home mortgages: Number and face amount of mortgages insured under Secs. 203, 603, and 603–610 and held in portfolio as of Dec. 31, 1949*

Type of institution as classified Dec. 31, 1949	Mortgages held [1]						
	Total [2]			Sec. 203			
	Number	Amount	Percentage distribution [3]	Number of institutions	Number	Amount	Percentage distribution [3]
National bank	257,175	$1,419,382,326	19.1	2,785	193,077	$1,023,290,764	21.5
State bank	179,087	985,018,190	13.2	3,470	136,262	722,273,856	15.2
Mortgage company	38,880	266,540,603	3.6	427	30,323	206,397,853	4.3
Insurance company	488,835	2,034,685,223	30.5	538	311,055	1,827,916,041	38.5
Savings and loan association	105,906	614,974,412	8.3	1,626	74,174	416,365,810	8.8
Savings bank	114,686	703,109,722	9.4	274	69,883	403,685,141	8.5
Federal agency	52,085	365,721,821	4.9	2	9,311	52,440,221	1.1
All other [4]	20,782	149,009,231	2.0	135	18,520	98,819,781	2.1
Total	1,265,242	7,438,441,528	100.0	9,257	843,505	4,751,180,467	100.0

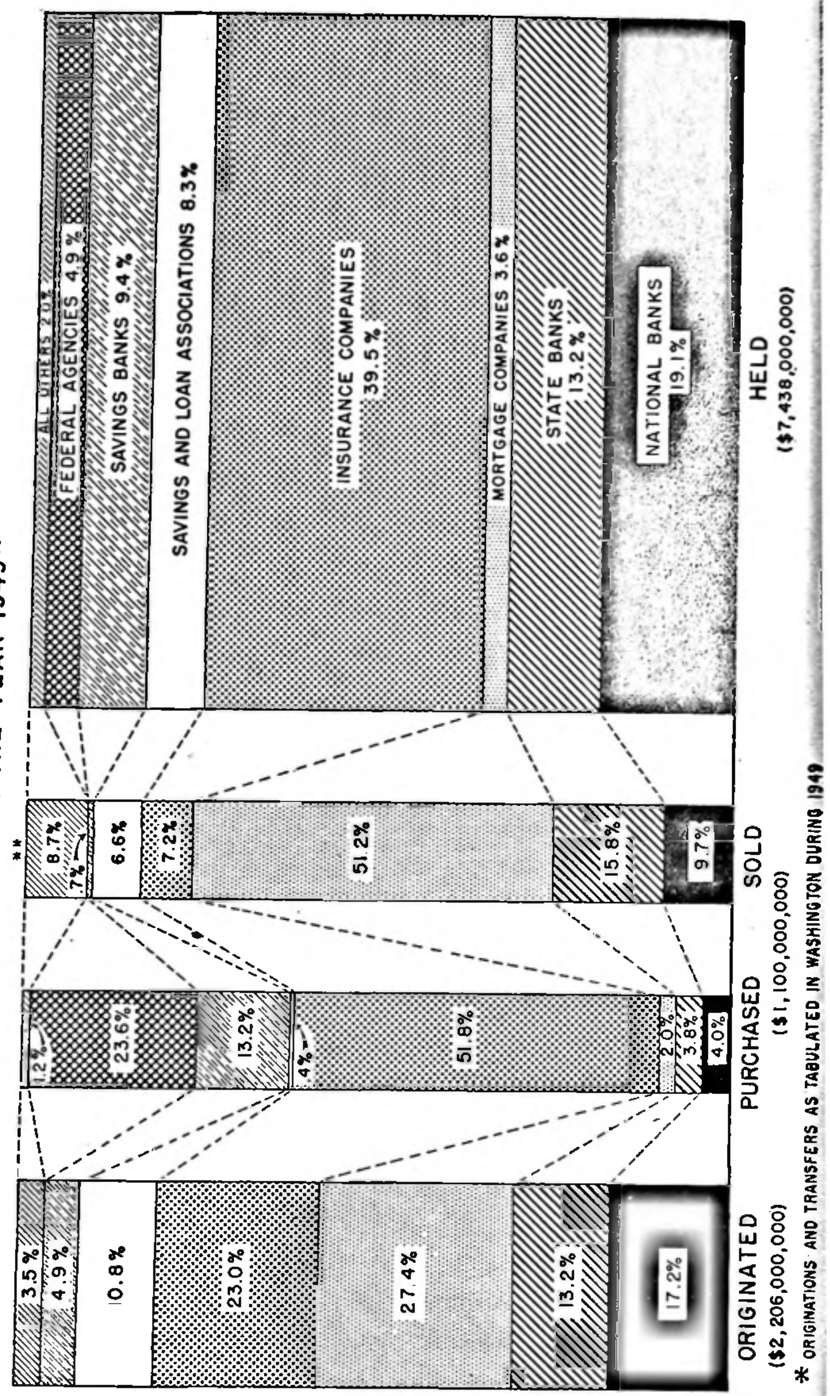
	Sec. 603				Sec. 603-610			
	Number of institutions	Number	Amount	Percentage distribution [3]	Number of institutions	Number	Amount	Percentage distribution [3]
National bank	982	63,983	$395,674,612	14.8	10	115	$416,950	4.7
State bank	1,261	43,607	262,171,234	9.8	8	118	573,100	6.5
Mortgage company	230	8,516	59,961,250	2.2	10	47	181,500	2.1
Insurance company	276	176,781	1,106,325,632	41.3	6	90	443,550	5.1
Savings and loan association	702	31,346	196,742,152	7.3	7	386	1,866,450	21.2
Savings bank	158	44,524	297,831,531	11.1	5	279	1,593,050	18.1
Federal agency	2	42,033	309,503,200	11.6	1	1,041	3,688,400	42.0
All other [4]	48	8,255	50,164,350	1.9	2	7	25,100	.3
Total	3,059	419,045	2,678,403,961	100.0	49	2,092	8,788,100	100.0

[1] Less than face amount in force due to lag in tabulation.
[2] Excludes 3 mortgages for $1,650,000 insured under Sec. 611.
[3] Based on amount of mortgage.
[4] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.

TYPE OF INSTITUTION ORIGINATING, TRANSFERRING OR HOLDING HOME MORTGAGES

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

FOR THE YEAR 1949*



* ORIGINATIONS AND TRANSFERS AS TABULATED IN WASHINGTON DURING 1949

the other hand, which were the second largest originators of home mortgages in 1949, report FHA-insured holdings with face amounts aggregating $2,935,000,000 as of December 31, 1949, accounting for two-fifths of the $7,438,000,000 held by all types of mortgagees, as indicated in Table 13. National banks, ranking second, held one-fifth of the total ($1,419,000,000), followed by State banks, which held over one-eighth. Thus, the combined holdings of all commercial banks included about one-third of the face amount of all home mortgages in force as of the year end. Chart IV shows the distribution by type of mortgagee for mortgages originated, purchased, and sold during the year, as well as the total face amount held at the end of the year by different types of lending institutions.

Table 13 shows also the distribution of holdings of various types of lenders for home mortgages insured under the various programs. It is interesting to note, for instance, that Federal agencies, which held 1 percent of the mortgages insured under Section 203, account for 12 percent of the holdings of mortgages insured under Section 603. Nearly three-fifths of the $366,000,000 of FHA-insured home mortgage holdings of Federal agencies at the close of 1949 consisted of Section 603 mortgages purchased by the Federal National Mortgage Association during 1949.

Transfers.—Transfers of insured home mortgages among FHA-approved financial institutions in 1949 involved 157,100 home mortgages with original face amounts aggregating $1,100,400,000, showing a rise of 24 percent above the dollar amount for 1948 (see Table 14). Under Section 203, over 2,600 institutions purchased from 1,400 selling institutions about 92,700 mortgages totaling $629,000,000; under Section 603, almost 1,000 institutions purchased 63,500 mortgages amounting to $467,900,000 from 832 institutions; and under Section 603–610, only 5 institutions purchased, and 14 institutions sold, the 884 mortgages for $3,500,000 transferred during the year.

Insurance companies, which led all other types of purchasing institutions in 1949, bought over one-half of all home mortgages transferred—two-thirds of the Section 203 mortgages, and slightly less than one-third of the Section 603 mortgages. The Federal National Mortgage Association bought the second largest amount, acquiring almost 24 percent of all home mortgages transferred—7 percent of the total under Section 203 and 45 percent under Section 603. Section 603 purchases by FNMA were substantially higher in proportion in 1949 than the 17 percent reported for 1948. The third largest buyers were the savings banks, purchasing about 13 percent of the total. The volume of home mortgages purchased by State banks declined during 1949, their share of the total amounting to 4 percent in 1949 as compared with 12 percent in 1948.

TABLE 14.—*Type of institution purchasing and selling all home mortgages: Number and face amount of home mortgages transferred (including resales) under Secs. 203, 603, and 603–610, for the year 1949*

Type of institution as classified Dec. 31, 1949	Number of institutions		Mortgages purchased			Mortgages sold		
	Purchasing	Selling	Number	Amount	Percentage distribution [1]	Number	Amount	Percentage distribution [1]
				Sec. 203				
National bank	293	277	5,577	$33,581,115	5.3	8,605	$55,900,623	8.9
State bank	400	340	5,591	35,490,868	5.6	14,916	97,366,783	15.5
Mortgage company	48	377	1,319	8,245,650	1.3	52,031	358,259,560	57.0
Insurance company	221	206	60,782	425,199,960	67.6	8,000	57,954,700	9.2
Savings and loan association	73	108	448	2,828,200	.5	3,154	20,346,400	3.2
Savings bank	98	17	10,274	71,504,723	11.4	514	3,265,150	.5
Federal agency	1	2	7,613	45,261,700	7.2	117	532,600	.1
All other [2]	23	25	1,080	6,883,900	1.1	5,347	35,271,300	5.6
Total	1,157	1,352	92,684	628,996,116	100.0	92,684	628,996,116	100.0
				Sec. 603				
National bank	74	148	1,555	$10,708,450	2.3	7,285	$50,779,000	10.9
State bank	114	180	970	6,580,850	1.4	11,662	76,739,050	16.4
Mortgage company	39	278	1,936	14,051,550	3.0	26,452	201,828,250	43.1
Insurance company	120	90	19,708	144,108,000	30.8	2,864	21,700,550	4.6
Savings and loan association	28	108	199	1,508,150	.3	6,863	52,103,050	11.2
Savings bank	49	10	9,508	73,324,650	15.7	548	3,814,450	.8
Federal agency	2	1	28,876	211,977,100	45.3	68	457,900	.1
All other [2]	13	17	781	5,611,750	1.2	7,791	60,378,350	12.9
Total	430	832	63,533	467,870,500	100.0	63,533	467,870,500	100.0
				Sec. 603-610				
National bank		3				75	$280,700	8.0
State bank		1				4	24,950	.7
Mortgage company		9				758	3,025,950	86.1
Insurance company	1		30	$167,350	4.8			
Savings and loan association		1				47	184,100	5.2
Savings bank	3		141	707,500	20.1			
Federal agency	1		713	2,040,850	75.1			
Total	5	14	884	3,515,700	100.0	884	3,515,700	100.0
				Total [3]				
National bank			7,132	$44,289,565	4.0	15,905	$107,060,223	9.7
State bank			6,561	42,071,718	3.8	26,582	174,130,783	15.8
Mortgage company			3,255	22,297,200	2.0	79,241	563,113,760	51.2
Insurance company			80,520	569,475,310	51.8	10,864	79,604,250	7.2
Savings and loan association			647	4,336,350	.4	10,064	72,603,550	6.6
Savings bank			10,923	145,536,873	13.2	1,062	7,079,600	.7
Federal agency			37,202	259,879,650	23.6	185	990,500	.1
All other [2]			1,861	12,495,650	1.2	13,138	95,640,650	8.7
Total			157,101	1,100,382,316	100.0	157,101	1,100,382,316	100.0

[1] Based on amount of mortgage.
[2] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[3] Excludes mortgages insured under Sec. 611.

In contrast to the institutional distribution of purchasers is the pattern of institutions selling home mortgages during the year. Mortgage companies sold over one-half of all home mortgages trans-

ferred—57 percent of the Section 203 mortgages and 43 percent of the Section 603 mortgages. These institutions purchased only 2 percent of the total, since they characteristically do not acquire or hold large mortgage portfolios. The second largest sellers of home mortgages were the State banks. They sold 16 percent of all home mortgages transferred, the proportion being about the same for Section 203 as for Section 603. National banks were the next ranking seller, selling about 1 out of every 10 home mortgages transferred.

Mortgage Loan Characteristics

The fact that one of every three new homes in the United States is financed with an FHA-insured mortgage recorded and analyzed in Washington provides a unique source of information about mortgage loans, the borrowers, and the houses which characterize today's home building activity. Reports on thousands of individual cases received in Washington from every State and Territory of the United States are summarized and analyzed during the year to provide facts which help in guiding national home financing policy. They comprise what is perhaps the largest single supply of uniformly gathered statistical data about current financing operations. Analyzed, they also provide builders, mortgage lenders, home buyers, and others concerned with this phase of our economy with figures on home building trends which serve as a factual basis for comparison—a yardstick for the industry, so to speak.

For new-home cases, the characteristics described in the following pages are most significant as a description of 1949 operations and for comparisons with prewar operations. Since 1940 was the last prewar year which was not greatly influenced by war conditions, including emergency terms for home mortgage insurance available under Section 603, the principal comparisons in the following analyses are made between 1940 and 1949. On the other hand, the significance of changes in characteristics of Section 203 operations in 1949 as compared with 1948 must be minimized because the preponderance of single-family home mortgage insurance in 1948 was handled under Section 603—an emergency program whose provisions had ceased to be effective by early 1949.

For existing homes, in contrast, Section 203 has provided the principal vehicle for mortgage insurance throughout the period of FHA operations since 1934. Direct comparisons of Section 203 data for 1949 with those for any previous year are therefore appropriate with respect to existing-home operations.

Type of data available.—What is the average amount of mortgage insured by the FHA? What is the annual income of the typical borrower under the FHA plan? What value property does the average home purchaser buy, and how does its value compare to his annual income? What is the monthly housing cost for typical homes of different value? How large are houses in different value groups, and what is the value of the land on which they are built?

The answers to these and related home financing questions are presented in the following pages in such a way as to show yearly trends in averages for the nation as a whole, together with detailed analyses for the year 1949 of the characteristics of mortgages, borrowers, and houses. Statistical analyses are confined to *single-family* homes, since the 2- 3- and 4-family units also eligible under this program comprise only a very small fraction of the total. This fact has been consistently true over the entire period of FHA experience; for both new and existing homes insured under Section 203, single-family homes prevailed. As Table 15 shows, in 1949 over 99 percent of the insured mortgages on new properties and 96 percent of those on existing properties covered single-family homes. Of the dwelling units securing these mortgages, 98 percent for new structures and 92 percent for existing were in single-family houses.

The type of mortgagor using FHA financing is indicated by the following significant detail: Over 93 percent of the new homes and 98 percent of the existing homes are owner-occupied at the time of mortgage insurance. For new homes, landlords building single-family houses for rent account for 1.2 percent, while the builders themselves appear as initial mortgagors for 5.8 percent of the transactions.

TABLE 15.—*Structures and dwelling units: Percentage distribution based on FHA-insured mortgages secured by 1- to 4-family homes, Sec. 203 for selected years 1940–49*

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										
1949	98.9	1.1	(1)	(1)	100.0	97.7	2.2	(1)	0.1	100.0	1.01
1948	98.0	1.7	0.1	0.2	100.0	95.6	3.4	0.3	.7	100.0	1.02
1947	97.5	2.2	.1	.2	100.0	94.6	4.4	.3	.7	100.0	1.03
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										
1949	96.1	3.9	(1)	(1)	100.0	92.4	7.4	0.1	0.1	100.0	1.04
1948	94.4	4.9	0.3	0.4	100.0	88.6	9.2	.8	1.4	100.0	1.07
1947	94.1	5.0	.3	.6	100.0	87.5	9.2	.8	2.5	100.0	1.08
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.

The typical 1949 case.—The typical new 1949 dwelling securing a Section 203 mortgage was a one-family structure of 5 rooms with a total floor area of about 840 square feet. The property had a total FHA valuation of $8,502, including the value of the house, the site, and physical improvements such as landscaping or a garage. The available market price of the site averaged $1,018, or about 12 percent of the total value. The typical new-home owner financed his purchase with a mortgage of $7,143, to be amortized over 23 years by monthly payments of $55.59. Monthly mortgage payments, on the average, amounted to about 16 percent of his income, which for the year totaled $3,880. The average property was valued at just over twice the home buyer's annual income.

CHARACTERISTICS OF MORTGAGES, HOMES, AND MORTGAGORS

FHA-INSURED SINGLE-FAMILY HOME MORTGAGES

SECTION 203, FOR SELECTED YEARS 1940 - 1949

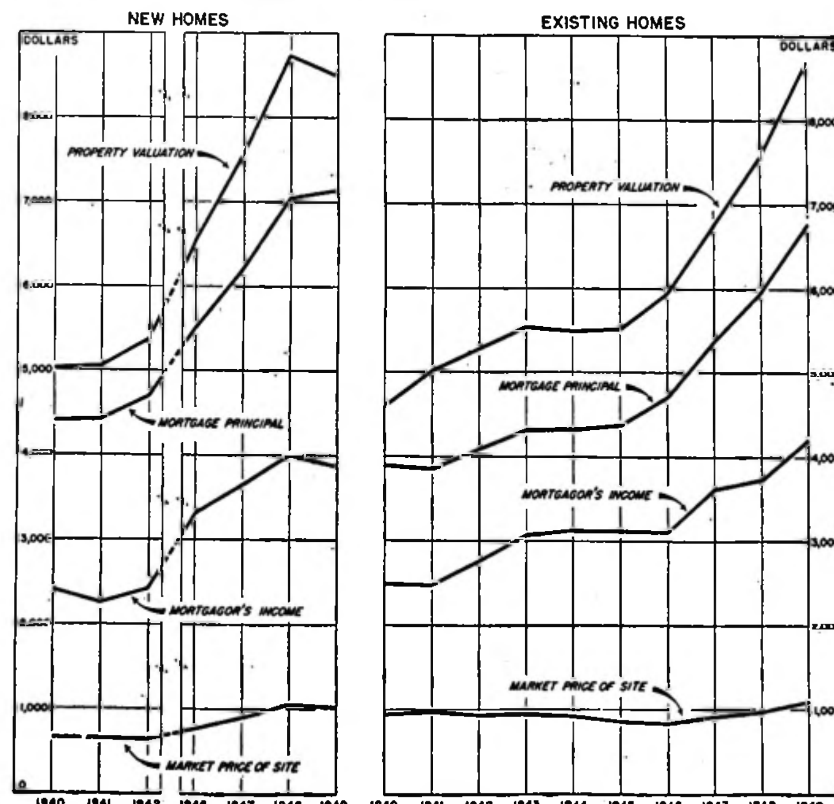


CHART V.

The rising trends which marked 1948 were not maintained for all loan characteristics in 1949, as Table 16 and Chart V show. The mortgage principal and mortgage term increased, reflecting the influence of legislation passed in August 1948 which permitted mortgages up to 95 percent of the property valuation and maturities up to 30 years. The FHA valuation of new homes, however, dropped nearly 3 percent from 1948, while that of existing homes increased nearly 15 percent, making 1949 the first year in Section 203 history in which the median valuation of existing homes was greater than that for new homes.

The downward trend in some of these representative figures reflects the increasing use in 1949 of Section 203 for financing new construc-

TABLE 16.—*Characteristics of mortgages, homes, and mortgagors: Based on FHA-insured mortgages secured by single-family homes, Sec. 203, for selected years 1940–49*

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	
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
1947	6,201	5,363	20.2	19.1	81.2	77.3	97.5	94.1
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	[5] 4,410	[5] 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	
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
1947	7,574	6,769	893	915	5.3	5.7	56.1	73.1
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]	
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
1947	3,643	3,014	50.84	45.25	15.7	14.5	1.97	1.83
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	16.1	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 as 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.

tion during the year in place of Section 603, which expired in 1948. The average market price of sites was $1,098 for existing-home properties and $80 less, or $1,018, for new-home properties. This relationship has also been generally true in FHA experience in other years, when site values were somewhat lower, due primarily to the more central locations of existing dwellings.

The typical mortgage payment for new-home mortgagors dropped by 4 percent from 1948, although the amount of mortgage increased over 1 percent. The longer period of maturity available during 1949 resulted in somewhat lower monthly payments. For existing-home buyers the increase in the median monthly payment was 12.8 percent, paralleling the 13.6 percent increase in the amount of mortgage. Average payments as a percent of average income dropped 0.1 percent for those mortgaging new homes, and increased 0.4 percent (from 14.4 in 1948 to 14.8 in 1949) for those mortgaging existing homes.

The 10-year trend.—For new-home construction over the 10-year period between 1940 and 1949, the typical mortgage principal rose from $4,410 to $7,143, while property valuation rose from $5,028 to $8,502 and mortgagor's income rose from $2,416 to $3,880. These factors reflect the general increase in prices and incomes over the 10-year period. It is interesting to note, however, that during these same years the ratio of average property value to the family's average annual income changed only insignificantly—from 1.97 in 1940 to 2.05 in 1949—while the ratio of average mortgage payment to average income actually decreased from 17.2 percent to 16 percent. Thus, despite rising costs reflected in higher property valuations, parallel increases in income actually lowered the proportion devoted to housing each month. It may be noted that, in both Table 16 and the preceding summary, medians are presented as representative of typical factors such as mortgages, valuations, and incomes, but ratios in all instances are based on arithmetic mean averages.

New homes built under Section 203 during 1949 typically contained fewer rooms than those in any previous year. Both the median number of rooms and the floor area show a decrease from the 1948 figures under Section 203, but show little change from those under Section 603. The room count for existing homes was unchanged from 1948, but is still below the typical 6.3 room count which prevailed before 1948. The floor area of new homes increased by about 1½ percent from 1948. More than half—50.4 percent—of all new homes reported are being built without garages, a higher proportion than in any comparable period in FHA statistics. On the other hand, 70.4 percent of the existing structures were reported with garages—practically no change from previous years.

The effective annual income of mortgagors buying new homes

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dropped 3 percent from 1948, while income of existing-home buyers increased more than 13 percent. Since the typical FHA valuation of new homes also dropped almost 3 percent, very little change in the ratio of property valuation to income of new-home buyers was noted. On the other hand, where existing homes were concerned, property valuation increased nearly 15 percent, while income rose only 13 percent, explaining the somewhat greater increase in the value-to-income ratio for existing homes. For both new- and existing-home buyers, the ratios of average property valuation to annual income reached all-time highs of 2.05 and 1.92, respectively, in 1949, rising fractionally from 1948 levels.

Monthly mortgage payments for purchasers of new homes under the FHA plan in 1949 reached an average of $55.59, compared with $35.15 in 1940. As stated before, however, current housing costs continued to bear about the same relationship to family income as they did 10 years ago.

Table 16 also highlights average trends in other characteristics. For example, the average term for new-home mortgages (22.8 years) remained practically unchanged from 1940, and the ratio of loan to FHA valuation also remained steady as regards both new homes (83.6 percent) and existing homes (76.6 percent). Property characteristics, on the other hand, showed more pronounced changes. Representative property valuations for new homes increased 69.1 percent, from $5,028 in 1940 to $8,502 in 1949, while the market price of the site increased from $662 to $1,018, or 53.8 percent. During that same period the typical size of new houses decreased—the number of rooms, 5.6 per house in 1940, was only 4.9 in 1949. The percentage of new homes with garages decreased from 75.6 percent in 1940 to only 49.6 percent in 1949—reflecting efforts toward cost reduction by eliminating what in recent years has been considered a less important amenity in private residences.

Amount of mortgage.—Under Section 203, FHA insured in 1949 home mortgages up to $16,000 for up to 20-year terms on all types of properties and up to 30-year terms on homes approved for mortgage insurance prior to construction. For properties approved prior to construction, insurable mortgages up to $6,000 were permitted up to 95 percent of value with 30-year terms for repayment. Larger mortgages on these properties were permitted 25-year terms, with mortgage amounts of $6,300 or less permitted up to 90 percent of value; mortgage amounts between $6,300 and $9,500 up to 90 percent of $7,000 plus 80 percent of additional value up to $11,000; and mortgage amounts above $9,500 up to 80 percent of value. FHA's successful emphasis on lower-cost housing is evidenced by the fact that, despite this wide range, the typical (median) mortgages in 1949

amounted to only $7,143 for new homes and $6,778 for existing homes; the great bulk—67.6 percent of the new and 55.9 percent of the existing homes—falling into the $5,000 to $8,000 bracket.

Table 17 shows the distribution by mortgage amount for the mortgages insured during 1949 and selected earlier years. This table shows a gradual increase in the average and median amount and a corresponding upward shift in the proportion of mortgages in each group between the prewar years and the postwar period. For instance, as shown in Chart VI, new-home mortgages for amounts of less than $4,000 accounted for 37 percent of the total in 1941 but for only 1 percent in 1949, while mortgages for amounts of more than $7,000 accounted for only 5 percent in 1941 but for 55 percent in 1949. Mortgages between $4,000 and $7,000 made up the remainder—59 percent in 1941 and 44 percent in 1949. Between 1948 and 1949 the median new-home mortgage increased from $7,058 to $7,143.

MORTGAGE PRINCIPAL IN 1941 AND 1949

SINGLE-FAMILY HOMES, SECTION 203

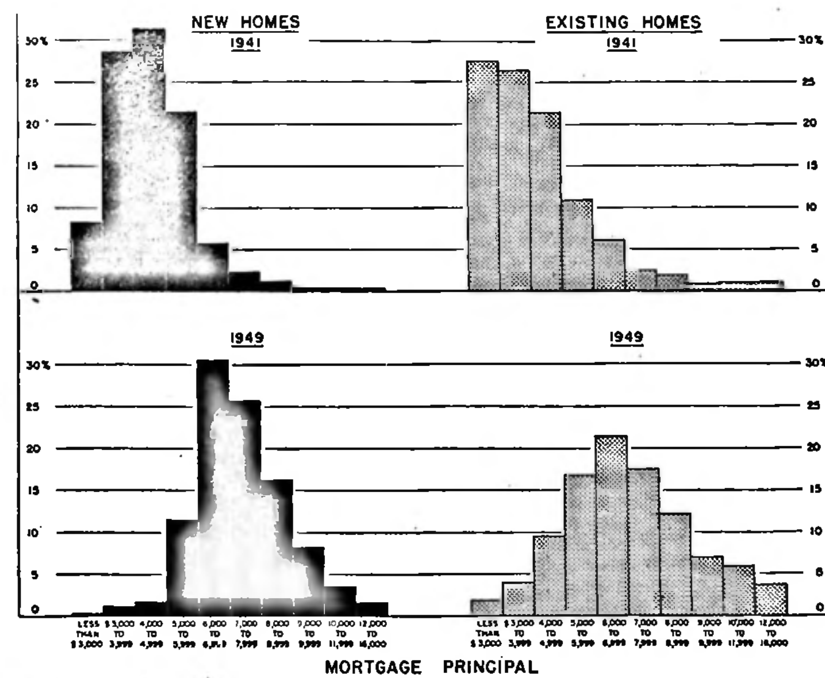

CHART VI.

Similar shifts from prewar years are evidenced for mortgages on existing homes. For these, mortgages for amounts of less than $4,000 accounted for 54 percent in 1941 but only 6 percent in 1949,

TABLE 17.—*Amount of mortgage principal: Percentage distribution based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, for selected years, 1941–49*

Mortgage principal	New homes[1] 1949	1948	1947	1946	1942	1941
Less than $2,000	(2)	(2)	0.1	0.1	0.1	0.3
$2,000 to $2,999	0.1	0.2	.5	1.1	3.7	8.0
$3,000 to $3,999	1.1	1.7	4.2	7.1	19.2	28.6
$4,000 to $4,999	1.7	7.4	14.6	22.6	38.8	31.4
$5,000 to $5,999	11.5	16.8	25.2	31.4	30.1	21.4
$6,000 to $6,999	30.5	21.4	20.4	25.0	5.0	5.8
$7,000 to $7,999	25.6	18.9	17.9	9.5	1.6	2.4
$8,000 to $8,999	16.2	19.3	11.9	2.4	.8	1.2
$9,000 to $9,999	8.2	6.5	2.3	.4	.2	.3
$10,000 to $10,999	2.4	3.6	1.3	.2	.2	.3
$11,000 to $11,999	1.1	1.8	.5	.2	.1	
$12,000 to $12,999	.7	1.1	.4	(2)	.1	.3
$13,000 to $16,000	.9	1.3	.7		.1	
Total	100.0	100.0	100.0	100.0	100.0	100.0
Average mortgage	$7,315	$7,184	$6,345	$5,548	$4,670	$4,483
Median mortgage	7,143	7,058	6,201	5,504	4,692	4,419

Mortgage principal	Existing homes 1949	1948	1947	1946	1944	1942	1941
Less than $2,000	0.1	0.3	0.6	1.0	2.4	2.8	5.2
$2,000 to $2,999	1.7	1.8	4.0	7.6	14.3	18.0	22.4
$3,000 to $3,999	4.0	7.4	11.6	19.2	24.2	26.9	26.4
$4,000 to $4,999	9.5	17.8	23.4	28.9	24.5	24.4	21.4
$5,000 to $5,999	16.8	23.0	24.1	21.3	15.8	13.6	10.9
$6,000 to $6,999	21.5	20.0	17.0	11.0	9.0	6.7	6.1
$7,000 to $7,999	17.6	12.6	9.2	4.7	3.8	2.9	2.6
$8,000 to $8,999	12.2	8.0	4.9	2.7	2.1	2.0	1.9
$9,000 to $9,999	7.0	3.3	1.8	1.2	1.1	.8	.9
$10,000 to $10,999	4.1	2.5	1.4	1.1	1.1	.8	1.1
$11,000 to $11,999	1.8	1.0	.6	.2	.3	.2	
$12,000 to $12,999	1.6	.9	.6	.4	.5	.4	1.1
$13,000 to $16,000	2.1	1.4	.8	.7	.9	.5	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average mortgage	$6,969	$6,181	$5,561	$4,920	$4,586	$4,298	$4,129
Median mortgage	6,778	5,960	5,363	4,697	4,317	4,076	3,847

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

while mortgages for $7,000 or more accounted for only 8 percent in 1941 but for 46 percent in 1949. Mortgages for $4,000 to $7,000 accounted for the remaining 38 percent and 48 percent, respectively, in 1941 and 1949.

These trends in the amount of mortgage debt assumed by the home buyer reflect principally the increasing cost of housing and, to a lesser extent, the fact that borrowers were able in 1949 to obtain mortgages which represented a slightly higher percentage of property value than in previous years. Legislation approved in August 1948 had authorized 95 percent mortgages and also increased by $900 the maximum amount of 90 percent mortgages and the limit for other mortgages up to $9,500.

TABLE 18.—*Mortgage principal by property valuation: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, 1949*

FHA property valuation[1]	Percentage distribution	Median mortgage principal	Mortgage principal: Less than $2,000	$2,000 to $2,999	$3,000 to $3,999	$4,000 to $4,999	$5,000 to $5,999	$6,000 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)															100.0
$4,000 to $4,999	1.1	$3,586		0.2	85.0	14.8										100.0
$5,000 to $5,999	2.7	5,233		.2	1.1	33.6	65.1									100.0
$6,000 to $6,999	18.1	6,128		(2)	.1	1.3	41.2	57.4								100.0
$7,000 to $7,999	18.4	6,500		(2)	.1	.7	7.4	83.6	8.2							100.0
$8,000 to $8,999	19.6	7,305		.1	.1	.4	2.2	14.7	82.5							100.0
$9,000 to $9,999	16.3	8,077		.1	.1	.4	1.5	8.2	35.6	54.1						100.0
$10,000 to $10,999	10.1	8,564		(2)	.2	.5	1.4	3.3	14.7	53.1	26.8					100.0
$11,000 to $11,999	5.5	9,249			.1	.6	1.0	2.1	6.8	22.8	60.6					100.0
$12,000 to $13,999	4.8	9,858		.2	.2	.2	.8	1.6	5.0	13.0	33.8	30.4	5.8			100.0
$14,000 to $15,999	1.9	11,469			.2		.2	.7	1.2	4.4	8.4	15.8	40.8	28.3		100.0
$16,000 or more	1.5	13,601			.1	.3	.6	.8	.7	1.8	2.9	8.9	4.8	38.3	40.8	100.0
Total	100.0	7,143		.1	1.1	1.7	11.5	30.5	25.6	16.2	8.2	2.4	1.1	1.0	.6	100.0
Existing homes																
Less than $4,000	1.7	$2,589	4.5	77.3	18.2											100.0
$4,000 to $4,999	2.1	3,484	.6	8.1	85.9	5.4										100.0
$5,000 to $5,999	5.2	4,440	.4	2.1	15.8	72.2	9.5									100.0
$6,000 to $6,999	11.3	5,255	.1	.5	3.6	31.1	57.6	7.1								100.0
$7,000 to $7,999	15.9	5,984	(2)	.2	1.8	7.4	41.2	48.4	1.0							100.0
$8,000 to $8,999	17.2	6,628	(2)	.2	.8	2.9	12.4	53.7	30.0							100.0
$9,000 to $9,999	14.2	7,429		.1	.5	1.7	4.0	16.4	63.7	13.6						100.0
$10,000 to $10,999	10.4	8,313		.1	.5	1.0	2.4	7.3	19.3	62.0	7.4					100.0
$11,000 to $11,999	7.0	8,888		(2)	.3	.7	1.6	4.8	10.7	35.9	46.0					100.0
$12,000 to $13,999	8.4	9,856		(2)	.2	.5	1.3	2.7	4.7	12.8	32.4	41.3	4.1			100.0
$14,000 to $15,999	3.4	11,446			.1	.4	.8	1.3	3.2	4.3	8.1	14.0	38.0	28.9		100.0
$16,000 or more	3.2	13,707			.2	.2	.2	.7	.9	1.5	2.3	6.2	5.6	39.1	44.1	100.0
Total	100.0	6,778	.1	1.7	4.0	9.5	16.8	21.5	17.6	12.2	7.0	4.1	1.8	2.2	1.5	100.0

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

Range of mortgages for each property value group.—Evidence that not all mortgages insured by FHA are at the upper limit of loan-to-value ratio allowed under the statute is brought out in Table 18 below. In the $11,000 to $12,000 value group, for instance, two-thirds of the mortgages are for amounts of $9,000 to $10,000, but the other third are for amounts as low as $3,000 to $4,000. In other words, although in many instances mortgage loans represent the highest permitted proportion of property value, nevertheless for a good part of the total the purchaser has a sizable equity in the property if only by comparison with FHA valuation. Allowing for the fact that the purchase price often exceeded FHA valuation, the mortgagor's investment was actually even higher than this table would indicate.

Loan-to-value ratio.—By statute, maximum ratios of loan to value for FHA-insured mortgages vary, depending on the estimated property value and whether the property was approved for insurance before construction. In general, the lower the valuation for properties accepted for insurance before construction, the higher the loan-to-value ratio permitted.

The effect of these statutory limits is illustrated by the figures in the column of Table 19 showing the median loan-value ratio, and in Chart VII. The median ratio ranges from 90.6 percent for properties valued between $5,000 and $6,000 to only 76.9 percent for properties

DISTRIBUTION OF LOAN-VALUE RATIO BY PROPERTY VALUATION

FHA-INSURED SINGLE-FAMILY HOME MORTGAGES

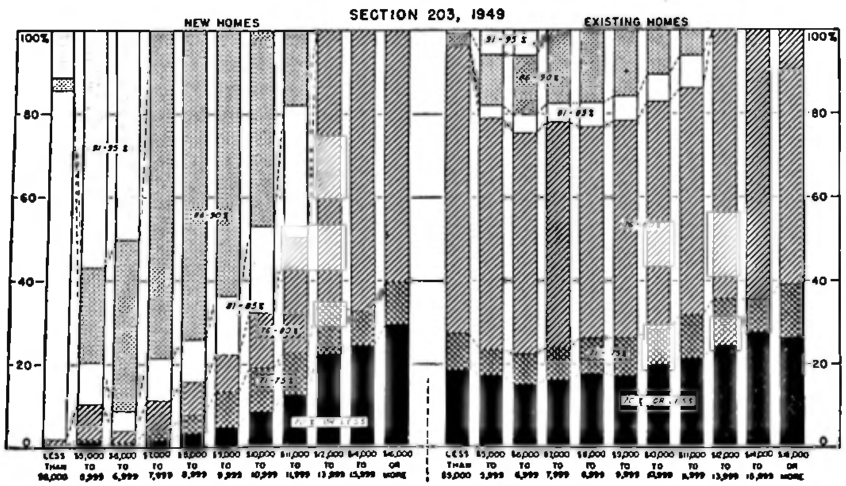

CHART VII.

TABLE 19.—*Ratio of loan to value by property valuation: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, 1949*

FHA property valuation [1]	Percentage distribution	Median loan value ratio	Ratio of loan to value (percent)										Total
			50 or less	51 to 55	56 to 60	61 to 65	66 to 70	71 to 75	76 to 80	81 to 85	86 to 90	91 to 95	
New homes													
Less than $4,000	(2)	------	------	------	------	------	------	------	------	------	------	------	------
$4,000 to $4,999 [3]	1.1	83.9	------	------	------	------	0.4	0.2	1.4	83.5	3.0	11.5	100.0
$5,000 to $5,999	2.7	90.6	0.1	0.2	0.2	0.2	.6	.7	8.5	9.8	22.8	56.9	100.0
$6,000 to $6,999	18.1	90.0	.1	(2)	.1	.2	.3	.6	2.8	4.7	41.1	50.1	100.0
$7,000 to $7,999	18.4	87.8	.2	.1	.3	.3	.8	2.1	7.4	10.1	78.7	------	100.0
$8,000 to $8,999	19.6	87.6	.4	.2	.6	.8	1.4	4.6	7.7	10.2	74.1	------	100.0
$9,000 to $9,999	16.3	87.1	.7	.5	.6	1.2	1.9	8.4	8.9	14.1	63.7	------	100.0
$10,000 to $10,999	10.1	85.3	1.3	.6	1.3	1.5	3.9	10.5	13.2	20.9	46.8	------	100.0
$11,000 to $11,999	5.5	80.9	1.7	.9	1.0	2.7	6.3	10.2	27.7	31.6	17.9	------	100.0
$12,000 to $13,999	4.8	77.2	2.4	1.3	2.7	5.0	10.9	12.0	65.7	------	------	------	100.0
$14,000 to $15,999	1.9	77.3	2.3	2.2	3.3	5.2	11.5	8.3	67.2	------	------	------	100.0
$16,000 or more	1.5	76.9	4.3	2.3	5.0	9.9	8.1	10.2	60.2	------	------	------	100.0
Total	100.0	87.3	.7	.4	.7	1.2	2.4	5.3	13.3	12.0	53.2	10.8	100.0
Existing homes													
Less than $4,000	1.7	77.6	0.9	0.9	1.2	2.1	15.6	6.2	72.1	------	0.5	0.5	100.0
$4,000 to $4,999	2.1	77.7	1.4	1.3	1.4	3.0	9.9	10.7	65.8	0.8	4.6	1.1	100.0
$5,000 to $5,999	5.2	78.4	1.8	1.7	2.0	2.4	9.3	6.3	55.5	3.0	12.1	5.9	100.0
$6,000 to $6,999	11.3	78.6	1.5	1.0	1.7	2.6	8.5	7.3	52.9	4.4	14.1	6.0	100.0
$7,000 to $7,999	15.9	78.4	1.5	1.3	2.1	3.1	8.2	7.9	54.0	4.5	17.4	------	100.0
$8,000 to $8,999	17.2	78.3	1.9	1.0	2.2	3.5	9.3	8.5	50.6	5.6	17.4	------	100.0
$9,000 to $9,999	14.2	78.3	2.1	1.4	1.4	3.5	8.9	9.1	52.1	5.7	15.8	------	100.0
$10,000 to $10,999	10.4	78.0	2.7	1.1	3.0	3.6	9.5	8.5	54.5	6.5	10.6	------	100.0
$11,000 to $11,999	7.0	77.7	2.4	2.0	3.4	3.9	9.8	10.5	54.1	7.9	6.0	------	100.0
$12,000 to $13,999	8.4	77.1	3.5	1.6	3.2	4.6	11.8	11.0	64.3	------	------	------	100.0
$14,000 to $15,999	3.4	77.1	4.1	2.9	4.1	4.8	11.9	7.9	64.3	------	------	------	100.0
$16,000 or more	3.2	76.9	3.3	2.6	5.0	5.6	9.9	12.8	60.8	------	------	------	100.0
Total	100.0	78.0	2.2	1.4	2.4	3.5	9.5	8.7	55.1	4.4	11.8	1.0	100.0

[1] Includes valuation of the house, all other physical improvements, and land.
[2] Less than 0.05 percent.
[3] Includes a high proportion of properties located in Puerto Rico.

of over $16,000. In other words, the higher the property valuation, the lower the ratio of loan to value. As shown in Table 19, the great bulk of the mortgages insured fall into the maximum permissible loan-to-value ratio groups. The typical ratios for all value groups combined are 87.3 percent for new homes and 78 percent for existing homes.

Duration.—The maximum number of years in which an FHA mortgage must be amortized is 20 years, except for homes inspected during construction and for which approval for insurance was given prior to construction. For these properties, the term of the mortgages insured in 1949 could extend to 25 years, or to 30 years for mortgages of $6,000 or less. The fact that in 1949 the average duration of mortgages was 22.8 years for new homes and 19.8 years for existing homes shows how near to the upper limit the bulk of FHA mortgages are written. These averages have shown only a gradual rise over a period of years. The increase in recent years in the average term of loans for existing properties is at least partly a result of the increasing number of existing properties which were approved for mortgage insurance prior to construction and which are accordingly eligible for the same extended mortgage terms available to new home buyers.

Income and Housing Expense

Perhaps the most important factor in home ownership is an income sufficient to enable the borrower to continue making his monthly mortgage payments until the loan is paid off. That families with modest incomes are enabled to achieve home ownership under the FHA plan is illustrated by the high proportion of FHA-insured loans to families with incomes of less than $5,000 per year. The monthly mortgage payments (covering amortization, interest, insurance premiums, and property taxes) made by the greater number of these families range between $40 and $60 per month. The cost of maintaining and operating the house needs to be added to the mortgage payment, of course, to arrive at the total monthly housing expense, which ranged for most families from $70 to $95 per month. Detailed analyses of these factors are shown on the following pages.

Annual income trends.—The home purchaser's income is the most important factor in determining the kind of house he buys. The distribution in Table 20 and Chart VIII by income groups shows the

DISTRIBUTION OF MORTGAGOR'S EFFECTIVE ANNUAL INCOME
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES
SECTION 203, 1949

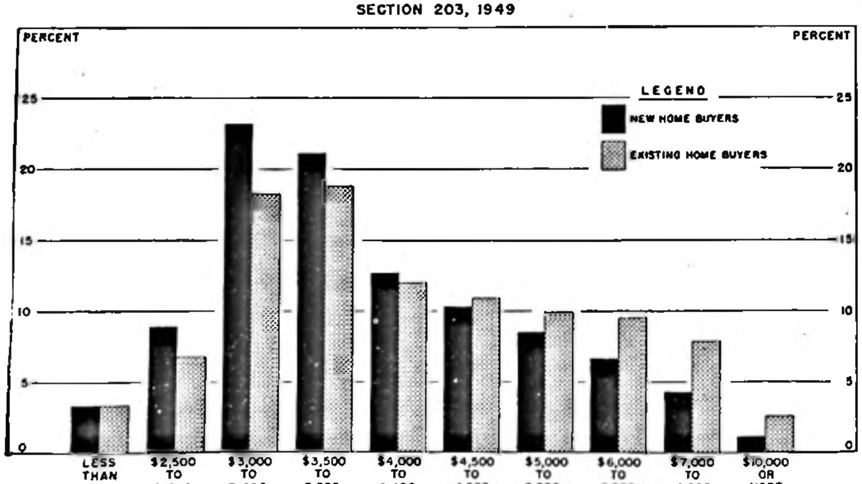

CHART VIII.

proportion of families in each income group. It also shows the trend in the average and median annual income of borrowers over the last 10 years. Tabulations of incomes of FHA home borrowers indicate the estimated earning capacity of the borrower expected to prevail for about the first third of the mortgage term. Excluded from current family incomes in preparing these estimates are incomes of secondary workers and overtime earnings of the principal earner, if that income is not likely to continue indefinitely to be available for family expenditures such as housing.

The median income shown for new-home borrowers in 1949 is $3,880, a decrease from $4,000 in 1948. This change indicates that the special emphasis on new low-cost home construction in the last year enabled families of somewhat lower incomes to purchase homes

TABLE 20.—*Mortgagor's effective annual income: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, for selected years 1940–49*

Mortgagor's effective annual income [1]	New homes [2]					
	1949	1948	1947	1946	1942	1940
Less than $1,500	(3)	(3)	0.1	0.2	1.5	5.1
$1,500 to $1,999	0.2	0.6	1.2	2.7	17.6	23.4
$2,000 to $2,499	3.1	5.1	11.3	16.0	37.0	28.3
$2,500 to $2,999	8.9	7.7	11.2	15.8	14.7	15.4
$3,000 to $3,499	20.5	17.8	19.8	19.7	12.8	11.9
$3,500 to $3,999	23.8	18.7	18.9	17.6	7.0	6.2
$4,000 to $4,499	12.7	13.2	9.4	8.8	3.0	3.2
$4,500 to $4,999	10.3	11.5	10.3	7.5	2.2	2.0
$5,000 to $5,999	8.5	8.6	6.0	4.1	1.5	1.9
$6,000 to $6,999	6.6	8.6	6.1	4.3	1.3	1.2
$7,000 to $9,999	4.3	6.3	4.5	2.4	1.0	.9
$10,000 or more	1.1	1.9	1.2	.9	.4	.5
Total	100.0	100.0	100.0	100.0	100.0	100.0
Average income	$4,285	$4,404	$3,978	$3,619	$2,721	$2,665
Median income	3,880	4,000	3,643	3,313	2,410	2,416

Mortgagor's effective annual income [1]	Existing homes						
	1949	1948	1947	1946	1944	1942	1940
Less than $1,500	(3)	0.1	0.1	0.3	0.6	1.5	5.2
$1,500 to $1,999	0.3	.9	1.7	4.2	5.1	14.0	20.5
$2,000 to $2,499	3.0	6.5	12.2	19.4	26.4	27.9	25.0
$2,500 to $2,999	6.8	9.9	12.9	14.8	13.7	13.0	13.9
$3,000 to $3,499	16.1	19.4	20.5	19.3	17.1	15.5	11.6
$3,500 to $3,999	21.0	18.8	17.1	14.5	12.8	9.2	6.9
$4,000 to $4,499	12.0	12.0	8.5	7.1	5.6	4.2	4.0
$4,500 to $4,999	10.9	9.8	9.0	6.7	5.9	4.0	3.1
$5,000 to $5,999	9.9	7.1	5.9	4.3	3.3	3.2	3.3
$6,000 to $6,999	9.5	7.1	5.8	4.4	4.1	3.0	2.5
$7,000 to $9,999	7.9	6.2	4.5	3.5	3.7	2.8	2.5
$10,000 or more	2.6	2.2	1.8	1.5	1.7	1.7	1.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average income	$4,742	$4,308	$3,941	$3,640	$3,530	$3,229	$3,012
Median income	4,219	3,731	3,614	3,101	3,120	2,751	2,490

[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.

in 1949 under the FHA plan. Contributing to this decline also was the use of Section 203 during 1949 for mortgage insurance on lower value classes of construction which in 1948 were predominantly financed with Section 603 mortgages. Incomes of purchasers of existing homes, on the other hand, averaged somewhat higher than in preceding years.

While 12 percent of the families buying new homes in 1949 reported incomes of less than $3,000, some 67 percent reported incomes of $3,000 to $5,000, and 21 percent reported incomes of $5,000 or over. Of the existing-home buyers, 10 percent reported incomes of less than $3,000, 60 percent reported incomes of $3,000 to $5,000, and 30 percent reported incomes of $5,000 or more.

Monthly mortgage payment.—The monthly mortgage payment a family makes is principally determined by the size and repayment period of the mortgage debt incurred. The size of the debt in turn reflects the value of the property financed. The median mortgage payment for new-home buyers was $55.59 in 1949, down from $58.08 in 1948, but substantially higher than prewar levels—reflecting higher costs of housing as well as higher annual incomes of home purchasers. Table 21 and Chart IX show the percentage distribution of mortgage payments for the year 1949 and selected preceding years for both new and existing homes.

DISTRIBUTION OF TOTAL MONTHLY MORTGAGE PAYMENT
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES
SECTION 203, 1949

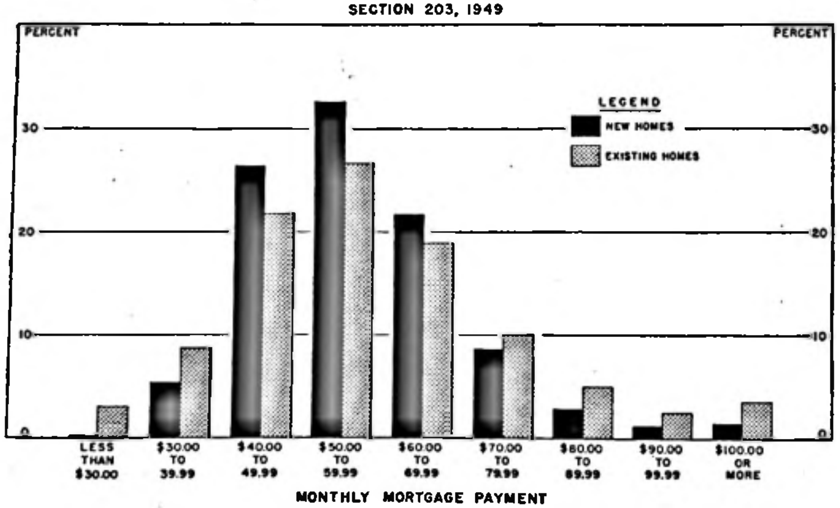

CHART IX.

TABLE 21.—*Total monthly mortgage payment: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, for selected years, 1941–49*

Total monthly mortgage payment [1]	New homes [2]					
	1949	1948	1947	1946	1942	1941
Less than $25.00	0.1	0.2	0.5	1.3	5.6	11.0
$25 to $29.99	.1	.7	2.4	4.1	10.9	17.1
$30 to $34.99	.6	2.6	6.7	11.3	20.5	21.1
$35 to $39.99	4.7	6.7	12.2	13.7	20.2	18.8
$40 to $44.99	12.1	8.1	12.7	16.6	19.0	13.0
$45 to $49.99	14.2	11.4	13.1	14.5	8.0	6.7
$50 to $54.99	16.3	13.1	12.7	17.1	3.6	4.1
$55 to $59.99	16.2	11.7	11.1	10.0	2.6	2.9
$60 to $64.99	12.3	11.8	10.9	5.8	2.1	1.9
$65 to $69.99	9.3	11.5	8.2	3.2	.1	1.2
$70 to $74.99	5.6	8.5	4.3	1.4	.7	.8
$75 to $79.99	3.0	5.0	1.8	.4	[3]	.4
$80 to $89.99	2.8	4.6	1.7	.3	.3	.4
$90 to $99.99	1.2	2.1	.7	.2	.2	.2
$100 or more	1.5	2.0	1.0	.1	.2	.4
Total	100.0	100.0	100.0	100 0	100.0	100.0
Average payment	$57.15	$58.70	$51.86	$46.06	$38.07	$36.88
Median payment	55.59	58.08	50.84	46.18	37.46	35.21

Total monthly mortgage payment [1]	Existing homes						
	1949	1948	1947	1946	1944	1942	1941
Less than $25.00	1.5	1.2	2.5	5.5	8.0	10.5	15.8
$25 to $29.99	1.5	3.0	5.4	9.0	11.8	13.8	15.2
$30 to $34.99	2.8	6.5	10.6	16.0	16.1	16.7	16.3
$35 to $39.99	5.9	11.6	14.8	18.3	15.8	16.2	14.4
$40 to $44.99	9.4	14.0	15.9	15.3	13.4	12.6	11.0
$45 to $49.99	12.3	14.4	14.0	11.6	10.1	9.2	7.8
$50 to $54.99	13.7	12.5	11.2	7.8	7.4	6.4	5.1
$55 to $59.99	12.9	10.7	8.1	5.0	4.8	4.2	3.6
$60 to $64.99	10.6	7.5	5.6	3.5	3.3	4.5	2.6
$65 to $69.99	8.3	5.7	3.8	2.2	2.4	.2	1.8
$70 to $74.99	5.8	3.8	2.4	1.6	1.6	2.2	1.4
$75 to $79.99	4.2	2.4	1.5	1.2	1.1	.1	1.0
$80 to $89.99	5.0	2.9	1.8	1.2	1.5	1.8	1.4
$90 to $99.99	2.5	1.5	.9	.6	.9	.1	.9
$100 or more	3.6	2.3	1.5	1.2	1.8	1.5	1.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average payment	$58.38	$52.18	$47.53	$43.25	$42.91	$40.75	$39.50
Median payment	56.12	49.76	45.25	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 1943–45.
[3] Less than 0.05 percent.

Over seven-tenths of all new-home payments amounted to from $40 to $65 a month, with just over 5 percent calling for payments of less than $40 and the remainder, or over 20 percent, calling for payments of $65 or more. These mortgage payments include payment for first year to principal, interest, FHA insurance premium, hazard insurance, taxes, and special assessments, but do not include the cost of maintenance and operation of the properties. The latter two items are included in the total housing expense shown in Chart X.

Average characteristics of income groups.—Selected characteristics of property, mortgage, and mortgagor are presented in Table 22, based on new and existing home-mortgage transactions insured under Sec-

AVERAGE MONTHLY MORTGAGE PAYMENT AND HOUSING EXPENSE BY MONTHLY INCOME
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES, 1949

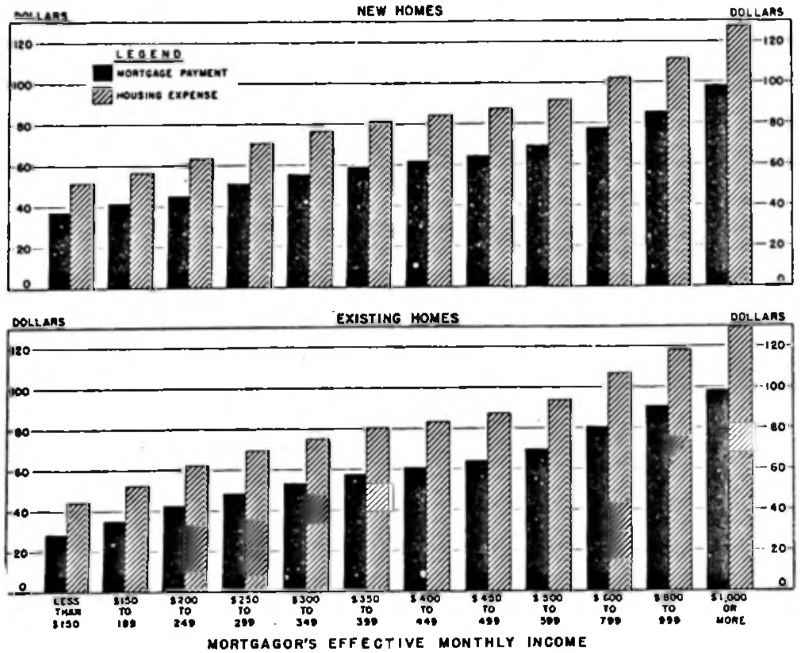

CHART X.

tion 203 during 1949. The average monthly income of new-home buyers was $357.09, ranging between $181.66 for those mortgagors earning from $150.00 to $199.99 per month to $1,321.50 for those in the highest monthly income group of $1,000.00 or more. For successively higher income groups, the average FHA estimate of valuation of the homes purchased increased from $6,436 for properties purchased by members of the lowest income group to $14,460 for those borrowers making $1,000 or more per month—the ratio of valuation to annual income declining from 3.0 to 0.9 between the lowest and the highest income groups. The average mortgage amounts paralleled the average valuations within specific income groups, with the total monthly mortgage payments—which reflect both the principal amount and the term of the mortgage—ranging from $41.54 to $98.43 per month with an over-all average of $57.15. Adding to this payment the estimated monthly cost of maintenance, regular operating expense items, and the monthly payment on a secondary loan, if any, brought the average monthly housing expense being assumed by new-home buyers to $78.37, or slightly more than one-fifth of the average income. Within individual income groups, the ratio of average hous-

ing expense to income declined from 31.3 percent to 9.6 percent as the income of the purchasers increased from the lowest to the highest groups.

Comparable averages for existing-home purchasers are also shown in Table 22. As may be seen, the average characteristics for this group of mortgagors generally parallel those discussed above in connection with new-home transactions. Reflecting the lower loan-value ratios, the average mortgage principal and monthly mortgage payment generally averaged somewhat lower than for new homes. The ratios of FHA valuation to borrowers' annual income for existing-home mortgages were nearly identical with those for new homes.

TABLE 22.—*Average characteristics by mortgagor's monthly income: Based on FHA-insured mortgages secured by single-family, owner-occupied homes, Sec. 203, 1949*

Mortgagor's effective monthly income [1]	Percentage distribution	Average								
		Mortgagor's monthly income [1]	Monthly income tax	FHA valuation [2]	Mortgage principal	Total monthly mortgage payment [3]	Total monthly housing expense [4]	Monthly rental value [5]	Mortgage as a percent of FHA valuation	Ratio of FHA valuation to annual income
		New homes								
Less than $150	(6)									
$150 to $199.99	1.4	$181.66	$13.77	$6,436	$5,567	$41.54	$56.86	$53.27	86.5	3.0
$200 to $249.99	10.8	225.24	17.07	7,023	6,085	45.29	63.69	57.91	86.6	2.6
$250 to $299.99	23.2	270.03	20.02	7,779	6,696	51.04	71.06	63.82	86.1	2.4
$300 to $349.99	23.4	316.10	22.90	8,506	7,208	55.50	76.85	69.09	84.7	2.2
$350 to $399.99	13.5	366.72	29.05	9,096	7,637	59.14	81.22	73.25	84.0	2.1
$400 to $449.99	11.1	414.13	36.66	9,570	7,977	62.07	84.60	76.81	83.4	1.9
$450 to $499.99	4.5	466.03	43.36	9,988	8,247	64.84	87.40	80.03	82.6	1.8
$500 to $599.99	6.8	525.09	52.35	10,674	8,674	69.12	91.92	84.81	81.3	1.7
$600 to $799.99	3.7	655.22	71.71	12,114	9,694	78.00	102.20	95.16	80.0	1.5
$800 to $999.99	.8	847.89	103.88	13,508	10,601	85.94	111.64	104.91	78.5	1.3
$1,000 or more	.8	1,321.50	170.34	14,460	11,185	98.43	127.47	112.29	77.4	.9
Total	100.0	357.09	31.55	8,781	7,385	57.15	78.37	71.01	84.1	2.0
		Existing homes								
Less than $150	0.1	$131.44	$13.65	$5,132	$3,306	$28.70	$44.20	$45.39	64.4	3.3
$150 to $199.99	1.5	179.90	10.61	5,570	4,134	35.07	52.41	47.82	74.2	2.6
$200 to $249.99	8.5	224.13	15.11	6,730	5,086	42.60	62.26	56.54	75.6	2.5
$250 to $299.99	18.3	269.85	19.56	7,599	5,832	48.48	69.57	63.52	76.7	2.3
$300 to $349.99	20.7	315.65	21.91	8,425	6,448	53.45	75.28	69.41	76.5	2.2
$350 to $399.99	13.0	366.79	28.36	9,048	6,981	58.01	80.51	74.13	77.2	2.1
$400 to $449.99	12.2	413.93	34.65	9,555	7,337	61.07	83.89	77.84	76.8	1.9
$450 to $499.99	5.6	465.98	42.24	10,068	7,709	64.41	87.82	81.17	76.6	1.8
$500 to $599.99	9.8	525.00	51.08	10,853	8,336	70.01	94.16	87.69	76.8	1.7
$600 to $799.99	6.7	661.34	71.32	12,456	9,564	80.79	107.11	99.88	76.8	1.6
$800 to $999.99	1.8	847.82	102.58	13,830	10,672	91.00	118.64	110.85	77.2	1.4
$1,000 or more	1.8	1,295.40	169.72	15,079	11,285	98.77	129.22	119.52	74.8	1.0
Total	100.0	395.20	35.54	9,117	6,984	58.38	80.00	74.65	76.6	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 payments 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-round tenant-occupancy, excluding any premium obtainable because of local housing shortages or newness of the individual property.
[6] Less than 0.05 percent.

Housing expense by income groups.—How much does a family pay for its housing? One indication is the monthly housing expense reported for FHA borrowers in different income groups. The typical figure for the $250 to $300 per month income group of those buying new homes, for instance, is $71.29. Reference to Table 23 and Chart XI, however, shows a wide range of housing expense reported for this group. Actually, only about one-sixth (18.6 percent) of the home purchasers in this group had a $70 to $75 housing expense in 1949, with almost the same proportions in each of the two class intervals above and below the $70 to $75 median group. The remaining sixth reported either less than $60 or over $90 expenses per month. The wide range of housing expense estimates for each income class in Table 23 illustrates that no rule of thumb is adequate for general application—each case must be determined by its individual circumstances. On the other hand, the table does show the range of housing expenses assumed by families of various incomes.

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

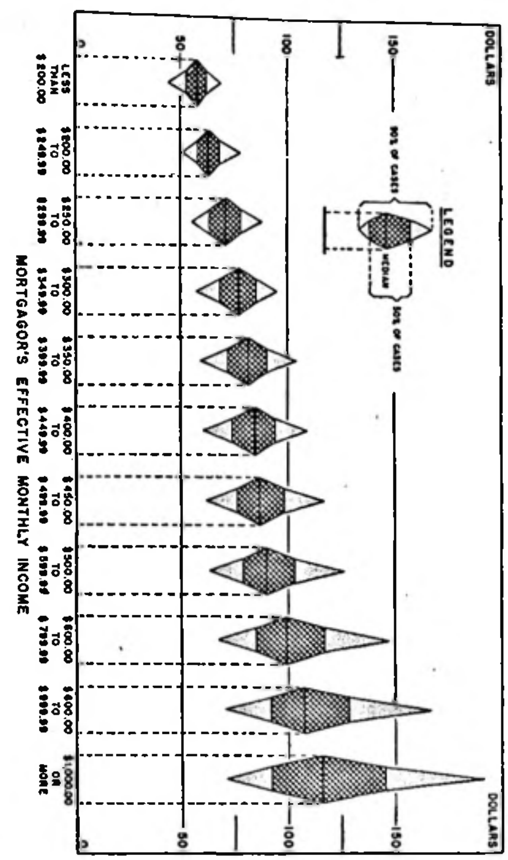

CHART XI.

TABLE 23.—*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, 1949*

Mortgagor's effective monthly income [1]	Percentage distribution	Median monthly housing expense	Prospective monthly housing expense [2]																	
			Less than $35	$35 to $39.99	$40 to $44.99	$45 to $49.99	$50 to $64.99	$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 $150.00	(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
$150 to $199.99	1.4	$57.88	0.5	1.0	3.0	8.5	19.2	30.8	25.4	8.7	1.7	1.0	0.2	-	-	-	-	-	-	-	100.0
$200 to $249.99	10.8	63.17	(3)	.1	.5	2.5	8.6	19.7	20.2	18.3	11.8	6.6	2.5	0.2	-	-	-	-	-	-	100.0
$250 to $299.99	23.2	71.29	.1	(3)	.1	.7	3.5	8.6	16.0	16.2	18.6	16.0	17.5	2.6	0.1	-	-	-	-	-	100.0
$300 to $349.99	23.4	77.38	(3)	(3)	.1	.3	2.0	5.3	8.8	11.2	14.7	16.0	28.3	12.0	1.2	0.1	-	-	-	-	100.0
$350 to $399.99	13.5	81.77	.1	(3)	.1	.3	1.4	3.7	6.2	7.6	11.9	13.5	28.3	19.5	6.3	1.0	0.1	-	-	-	100.0
$400 to $449.99	11.1	84.98	.1	-	.1	.1	.9	3.0	5.2	7.0	9.4	11.1	26.8	21.9	10.3	3.5	.5	0.1	-	-	100.0
$450 to $499.99	4.5	87.01	.1	.1	.1	.1	.8	2.6	3.5	5.8	8.5	11.1	23.9	20.7	13.0	6.7	2.4	.4	0.2	-	100.0
$500 to $599.99	6.8	90.18	.1	(3)	(3)	.1	.6	1.7	3.4	4.6	7.2	8.6	23.2	20.4	13.9	8.2	4.5	1.8	1.1	0.6	100.0
$600 to $799.99	3.7	99.60	.1	-	-	.3	.3	.6	1.9	3.6	4.0	6.8	15.1	18.0	15.1	12.3	8.8	5.5	3.6	4.0	100.0
$800 to $999.99	.8	107.86	.3	-	-	-	.3	.6	1.4	2.0	3.9	2.8	11.0	15.4	15.7	11.8	10.7	6.7	6.4	11.0	100.0
$1,000 or more	.8	116.17	.6	-	-	-	-	.9	1.2	1.5	3.8	3.8	10.6	8.3	13.9	8.8	7.1	11.2	5.3	23.0	100.0
Total	100.0	76.71	.1	.1	.2	.7	2.9	6.9	11.1	11.0	12.8	12.6	21.1	11.6	4.6	2.0	1.0	.5	.3	.5	100.0
			Existing homes																		
Less than $150.00	0.1	$43.54	15.4	15.4	30.8	25.6	5.1	7.7	-	-	-	-	-	-	-	-	-	-	-	-	100.0
$150 to $199.99	1.5	52.63	2.4	8.6	15.2	14.7	17.5	15.2	13.7	8.1	3.7	0.5	0.4	-	-	-	-	-	-	-	100.0
$200 to $249.99	8.5	63.30	.5	2.3	4.6	6.1	10.4	15.1	16.7	18.0	14.1	7.7	4.1	0.4	-	-	-	-	-	-	100.0
$250 to $299.99	18.3	70.50	.2	.9	1.9	2.9	5.6	8.7	12.4	15.8	16.2	14.8	17.6	2.8	0.2	-	-	-	-	-	100.0
$300 to $349.99	20.7	76.27	.1	.5	1.0	1.7	3.3	5.8	8.6	12.1	13.4	14.1	25.1	11.8	2.2	0.3	-	-	-	-	100.0
$350 to $399.99	13.0	81.06	.1	.6	1.0	1.3	2.3	4.1	6.3	9.1	10.9	11.8	23.8	17.8	8.6	1.8	0.5	-	-	-	100.0
$400 to $449.99	12.2	84.09	.2	.4	.7	.8	1.9	3.5	4.9	7.7	10.2	10.5	23.0	17.9	11.2	5.5	1.3	0.3	-	-	100.0
$450 to $499.99	5.6	87.63	.2	.5	.6	.9	.9	3.4	4.5	5.7	9.1	9.5	19.4	18.4	13.3	8.2	3.7	1.3	0.4	-	100.0
$500 to $599.99	9.8	93.15	.1	.1	.3	.6	1.1	1.8	3.3	4.8	6.5	7.2	18.7	17.9	14.6	9.8	6.6	3.7	1.7	1.2	100.0
$600 to $799.99	6.7	104.73	.1	.1	-	.2	.7	1.0	1.9	3.2	4.1	5.1	11.9	14.4	15.4	11.7	9.9	7.4	5.1	7.8	100.0
$800 to $999.99	1.8	116.00	.2	-	.2	.3	.6	.7	.8	2.0	2.2	3.2	7.9	11.1	13.6	12.0	11.5	9.1	7.2	17.4	100.0
$1,000 or more	1.8	120.89	.2	-	.2	.2	.7	.3	1.1	1.8	1.3	2.9	7.3	10.3	8.8	8.5	9.2	9.5	7.7	30.0	100.0
Total	100.0	78.20	.2	.8	1.5	2.0	3.6	5.8	7.8	10.3	11.1	10.8	18.7	11.6	6.6	3.5	2.1	1.3	.8	1.5	100.0

[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 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.
[3] Less than 0.05 percent.

Property Characteristics

Typical facts about houses financed under the FHA plan are brought out in the several statistical analyses made in the following pages for properties securing mortgages insured during 1949. They relate to the FHA valuation of the property; floor area and room count for the house; the market price of the site; property tax charges; and estimated monthly rental for properties in different value groups.

Valuation of single-family homes.—Table 24 presents percentage distributions which indicate the trend in FHA valuations reported in selected years between 1940 and 1949. Estimates of value tabulated include the house, all other physical improvements, and the land. The general trend in both new and existing homes indicates almost steady increases in valuations since 1940. In 1940 more than 50 percent of the new homes were valued at between $4,000 and $6,000; in 1949 only 3.8 percent were in this range. In 1940, 3.8 percent of the new homes were valued at between $8,000 and $10,000; in 1949 nearly 36 percent. Homes valued at $10,000 and over made up less than 2 percent of the 1940 total and nearly 24 percent of the 1949 total.

Average and median valuations of existing homes increased each year from 1940 through 1949. New-home averages and medians increased until 1949, when they dropped by about 2½ percent from the 1948 high. In the period between 1940 and 1949, the FHA valuations of homes insured under Section 203 increased by about 69 percent for new homes and some 75 percent for existing homes.

The distribution of single-family properties by valuation is shown in Table 24 and Chart XII. For both new and existing homes, a fairly even distribution of cases is shown within the value range of $6,000 to $10,000, with a slight concentration in the $8,000 to $9,000 value group. Properties valued at less than $6,000 accounted for less than 10 percent of the existing homes and less than 5 percent of new homes, whereas properties valued at $10,000 or more accounted for nearly one-fourth of the new homes and one-third of the existing-home total. On the whole, the $6,000 to $10,000 homes, which make up well over half of the total, are the most popular range for FHA mortgage financing.

The gradual shift in the distribution by property valuation parallels the rise in average and median amounts over the past 10 years. The value range of the greatest concentration of new homes, for instance, has shifted from the $4,000-to-$6,000 range in 1940 to a $6,000-to-$9,000 range in 1949. A similar shift can be traced for existing-home values, almost half of which in 1940 were between $3,000 and $6,000, whereas in 1949 this proportion fell into the $6,000-to-$10,000 range.

TABLE 24.—*Property valuation: Percentage distribution based on FHA-insured mortgages secured by new and existing single-family homes, Sec. 203, for selected years, 1940–49*

FHA property valuation [1]	New homes [2]					
	1949	1948	1947	1946	1942	1940
Less than $2,000	------	------	(3)	------	(3)	0.1
$2,000 to $2,999	------	------	(3)	------	0.9	3.1
$3,000 to $3,999	------	0.1	0.5	2.3	9.5	18.6
$4,000 to $4,999	1.1	1.0	3.4	10.0	26.8	26.8
$5,000 to $5,999	2.7	6.7	14.3	20.2	33.7	23.6
$6,000 to $6,999	18.1	14.1	20.3	27.9	20.7	16.5
$7,000 to $7,999	18.4	16.0	17.8	22.4	4.4	5.7
$8,000 to $8,999	19.6	15.7	16.8	11.1	1.8	2.6
$9,000 to $9,999	16.3	15.6	12.7	3.4	.9	1.2
$10,000 to $10,999	10.1	11.8	7.2	1.5	.5	.7
$11,000 to $11,999	5.5	7.1	2.9	.5	.2	.3
$12,000 to $13,999	4.8	7.4	2.4	.5	.3	.4
$14,000 to $15,999	1.9	2.7	.9	.2	.2	.2
$16,000 or more	1.5	1.8	.8	(3)	.1	.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Average valuation	$8,753	$8,065	$7,817	$6,597	$5,385	$5,109
Median valuation	8,502	8,721	7,574	6,558	5,368	5,028

FHA property valuation [1]	Existing homes						
	1949	1948	1947	1946	1944	1942	1940
Less than $2,000	------	(3)	(3)	------	0.7	0.4	1.1
$2,000 to $2,999	0.2	0.2	0.6	1.0	4.1	4.9	9.8
$3,000 to $3,999	1.5	1.2	3.0	7.3	13.8	16.6	21.8
$4,000 to $4,999	2.1	4.7	8.2	10.8	20.7	22.1	22.5
$5,000 to $5,999	5.2	11.7	18.0	24.6	20.7	20.8	17.3
$6,000 to $6,999	11.3	19.0	22.5	20.3	16.2	14.9	10.8
$7,000 to $7,999	16.9	17.9	17.4	12.1	9.8	8.3	6.1
$8,000 to $8,999	17.2	15.1	11.5	7.0	5.2	4.3	3.6
$9,000 to $9,999	14.2	10.1	7.2	3.4	2.8	2.4	1.9
$10,000 to $10,999	10.4	7.1	4.5	2.5	1.8	1.8	1.5
$11,000 to $11,999	7.0	4.2	2.2	1.1	1.0	1.0	.9
$12,000 to $13,999	8.4	4.9	2.7	1.8	1.5	1.2	1.3
$14,000 to $15,999	3.4	1.9	1.1	.7	.7	.6	.7
$16,000 or more	3.2	2.0	1.1	.8	1.0	.7	.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average valuation	$9,093	$8,075	$7,190	$6,209	$5,809	$5,568	$5,179
Median valuation	8,700	7,579	6,769	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.

Averages by property value groups.—Averages of selected characteristics for houses in various valuation groups shown in Table 25 serve as a quick "bench mark" which builders, mortgagees, and home purchasers can use in comparing their own with the national figures. It may be particularly noted that the averages in this table are arithmetic means, as distinct from medians or "typical" cases described at various places elsewhere in the report. Medians generally reflect more effectively the concentrations of cases at the middle of distributions, while averages give relatively more weight to the cases at the ends of distributions.

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DISTRIBUTION OF PROPERTY VALUATION
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES
SECTION 203, 1949

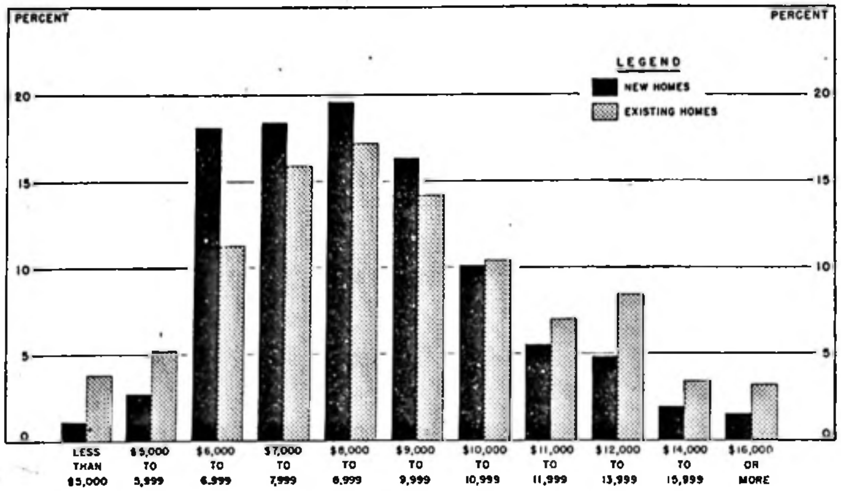


CHART XII.

As the average valuation for Section 203 new homes increased from $4,192 for new homes in the $4,000-to-$4,999 group to $18,338 for those properties valued at or above $16,000, the median mortgage principal rose from $3,586 to $13,601, with the typical loan-value ratio ranging from a maximum of 90.6 percent for homes in the $5,000 valuation interval down to 76.9 percent for the properties in the highest value group. Generally paralleling the increasing valuations, the average market price of site varied between $574—representing 10.2 percent of the average valuation in the $5,000 interval—to $2,732, or 14.9 percent of the average of the highest valuation group.

The estimated monthly property taxes averaged $8.09. Total monthly payments for the first year covering principal and interest, FHA insurance premium, property taxes, and hazard insurance premiums averaged for all cases $56.88 per month. This payment ranged between $28.99 and $108.97 in the various value classes. Property taxes alone averaged $8.09 per month for all valuation groups combined. The average housing expense, which is reported by property valuation classes for the first time in this report, varied between $38.10 and $134.74 and averaged about 37 percent above the mortgage payment.

TABLE 25.—*Average characteristics by property valuation: Based on FHA-insured mortgages secured by single-family homes, Sec. 203, 1949*

FHA property valuation [1]	Percentage distribution	Average: Property valuation	Average: Mortgage principal [2]	Average: Market price of site [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 (sq. ft.) [9]	Median loan-value ratio (percent)	Ratio of site to total value (percent)	Percentage of structures with garage
New homes													
Less than $4,000	(10)												
$4,000 to $4,999 [11]	1.1	$4,192	$3,586	$1,120	$4.77	$28.99	$38.10	$40.17	4.8	560	83.9	26.7	7.0
$5,000 to $5,999	2.7	5,606	5,233	574	4.13	38.70	54.74	48.69	4.0	704	90.6	10.2	8.8
$6,000 to $6,999	18.1	6,462	6,128	704	4.86	43.73	61.89	54.00	4.2	757	90.0	10.9	23.2
$7,000 to $7,999	18.4	7,449	6,500	866	6.65	50.12	70.41	62.86	4.4	824	87.8	11.6	53.8
$8,000 to $8,999	19.6	8,426	7,395	947	8.04	55.59	77.17	69.24	4.5	879	87.6	11.2	54.1
$9,000 to $9,999	16.3	9,378	8,077	1,043	9.32	60.78	83.26	75.45	4.7	934	87.1	11.1	52.8
$10,000 to $10,999	10.1	10,362	8,564	1,211	10.34	66.28	89.77	81.75	4.9	1,003	85.3	11.7	59.9
$11,000 to $11,999	5.5	11,323	9,249	1,343	11.34	70.44	94.92	87.98	5.1	1,081	80.9	11.9	60.6
$12,000 to $13,999	4.8	12,752	9,858	1,550	11.97	76.95	101.73	97.31	5.4	1,218	77.2	12.2	71.3
$14,000 to $15,999	1.9	14,714	11,469	1,944	13.58	88.66	115.62	112.29	5.7	1,385	77.3	13.2	78.4
$16,000 or more	1.5	18,338	13,601	2,732	15.31	108.97	134.74	134.71	6.0	1,639	76.9	14.9	83.9
Total	100.0	8,753	7,143	1,018	8.09	56.88	78.03	70.88	4.6	909	87.3	11.6	49.6
Existing homes													
Less than $4,000	1.7	3,385	2,589	464	2.09	23.60	41.10	31.33	4.1	965	77.6	13.7	11.5
$4,000 to $4,999	2.1	4,411	3,484	573	4.06	31.05	49.51	40.60	4.8	935	77.7	13.0	33.9
$5,000 to $5,999	5.2	5,421	4,440	636	5.32	37.15	56.54	48.20	4.8	899	78.4	11.7	53.1
$6,000 to $6,999	11.3	6,374	5,255	720	5.99	42.64	62.70	55.00	4.8	915	78.6	11.4	61.3
$7,000 to $7,999	15.9	7,380	5,984	847	7.08	48.62	69.23	62.71	4.9	961	78.4	11.5	67.7
$8,000 to $8,999	17.2	8,356	6,628	901	8.15	53.92	75.79	69.36	5.0	1,007	78.3	11.5	71.6
$9,000 to $9,999	14.2	9,310	7,429	1,069	9.11	59.71	82.58	76.04	5.1	1,063	78.3	11.7	73.4
$10,000 to $10,999	10.4	10,290	8,313	1,223	10.21	65.26	88.40	82.91	5.3	1,147	78.0	11.9	77.2
$11,000 to $11,999	7.0	11,296	8,888	1,350	10.90	70.40	94.75	89.09	5.5	1,202	77.7	12.0	78.9
$12,000 to $13,999	8.4	12,676	9,856	1,571	12.43	78.92	104.13	100.01	5.8	1,358	77.1	12.4	81.2
$14,000 to $15,999	3.4	14,696	11,446	1,955	14.36	91.11	119.10	114.83	6.1	1,531	77.1	13.3	85.9
$16,000 or more	3.2	18,270	13,707	2,761	18.14	112.76	144.25	141.18	6.5	1,833	76.9	15.1	91.5
Total	100.0	9,093	6,778	1,098	8.83	58.32	80.77	74.52	5.2	1,091	78.0	12.1	70.4

[1] Includes valuation of the house, all other physical improvements, and land.
[2] Data shown are medians.
[3] Estimated by FHA for equivalent site as including street improvements or utilities, rough grading, terracing, and retaining walls, if any.
[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-round 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] Less than 0.05 percent.
[11] Includes a high proportion of properties located in Puerto Rico.

In size, the new homes averaged between 4.0 rooms for homes in the $5,000 valuation group to 6.0 rooms for properties valued at or above $16,000; likewise, the average floor area increased from 560 square feet for dwellings in the lowest value group to a maximum of 1,639 square feet. On the average, just under half of these properties included garage facilities—the proportion varying widely in relation to the valuation.

In comparing the averages for characteristics of existing-home transactions with those for new homes, it may be noted that the percentage distribution of existing-home mortgages for 1949 was marked by a greater concentration in the higher value groups—32 percent of the cases in the sample being valued at or above $10,000 as compared with 24 percent for new homes. Within individual valuation groups, however, the average value, mortgage principal, and loan-value ratio are uniformly lower, and the average market price of site, monthly rental value, number of rooms, floor area, and proportion with garages were generally higher for existing than for new homes. It is particularly interesting to note that existing homes in the $6,000 to $10,000 value classes average as large or larger in area than new homes valued at $2,000 more.

Size of house.—The size of a house may be described in square feet of floor area or in number of rooms in the dwelling. Square foot area is calculated by measuring to the outside surfaces of exterior walls above basement or foundation; garage and finished space in attic are excluded. Room count includes all living, sleeping, and cooking areas, but excludes such spaces as bathrooms, toilet compartments, hallways, closets, and storage and similar spaces. The typical (median) FHA-financed new house had 841 square feet in floor area and a room count of 4.9 rooms, as shown in Tables 26 and 27. Existing homes were somewhat larger, with medians of 1,001 square feet in floor area, and 5.6 rooms. Naturally, the more expensive the house, the more space it contains. For new homes, median room counts ranged from 4.5 rooms for houses in the $5,000 to $6,000 group, to 6.4 rooms in houses of $16,000 or more in value. Similarly, calculated floor areas ranged from 559 square feet in the $4,000 to $5,000 house to 1,599 square feet for the property valued at $16,000 or more.

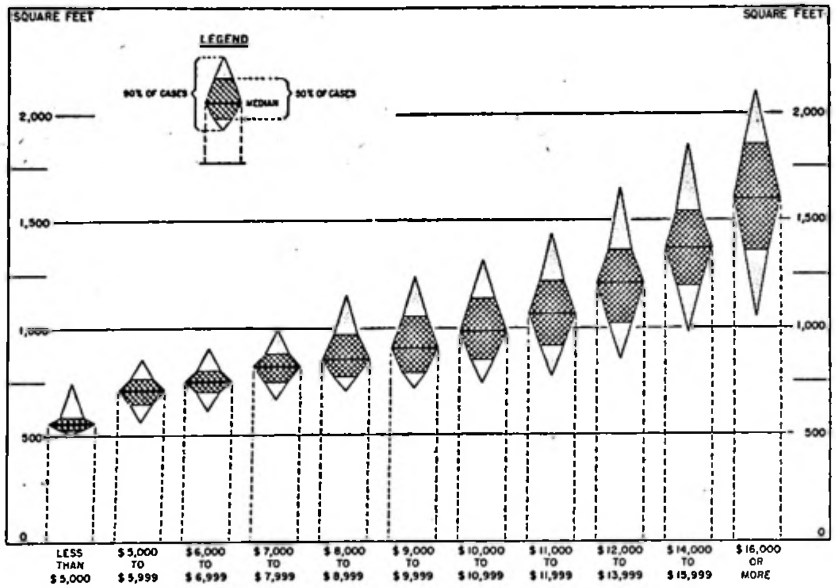
There was quite a range of sizes for houses in any one value group, rooms and floor area being only one factor determining value. For example, as indicated in Table 26 and Chart XIII, new houses valued between $9,000 and $10,000 ranged from under 600 square feet to more than 2,000 square feet with substantial percentages in each of the four size classes between 700 and 1,100 square feet.

TABLE 26.—*Calculated floor area by FHA valuation: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, 1949*

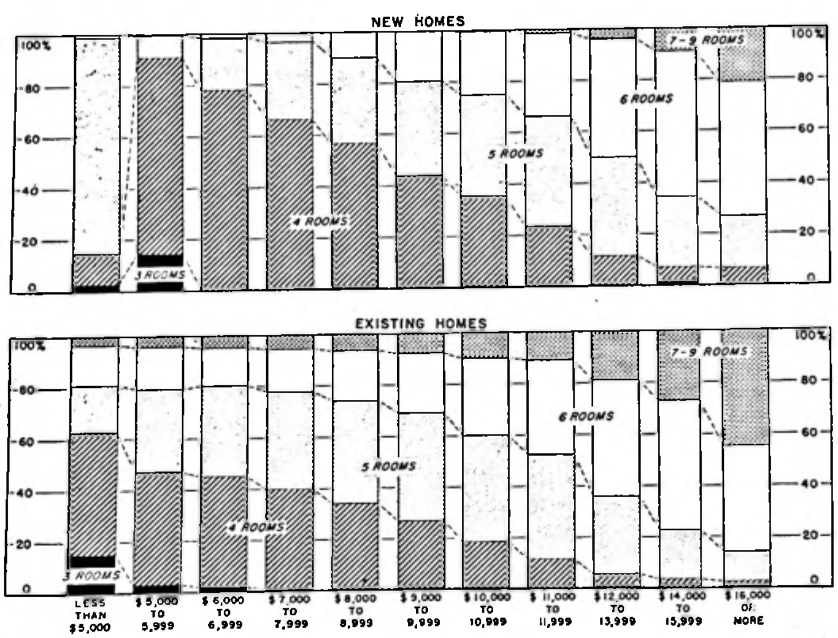
FHA property valuation [1]	Percentage distribution	Median floor area [2] (square feet)	Calculated floor area [2] in 100 square feet: Less than 600	600 to 699	700 to 799	800 to 899	900 to 999	1,000 to 1,099	1,100 to 1,199	1,200 to 1,299	1,300 to 1,399	1,400 to 1,499	1,500 to 1,599	1,600 to 1,699	1,700 to 1,799	1,800 to 1,899	1,900 to 1,999	2,000 or more	Total
									New homes										
Less than $4,000	(3)	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	100.0
$4,000 to $4,999 [4]	1.1	559	85.0	8.4	3.4	1.8	0.4	0.8	-----	0.2	-----	-----	-----	-----	-----	-----	-----	-----	100.0
$5,000 to $5,999	2.7	712	8.0	36.3	46.6	7.3	1.1	.5	-----	.1	0.1	-----	-----	-----	-----	-----	-----	-----	100.0
$6,000 to $6,999	18.1	751	2.9	20.8	51.2	19.9	4.3	.7	0.1	.1	-----	-----	-----	-----	-----	-----	-----	-----	100.0
$7,000 to $7,999	18.4	820	.3	7.3	34.3	40.6	12.2	4.1	1.0	.2	-----	-----	-----	-----	-----	-----	-----	-----	100.0
$8,000 to $8,999	19.6	856	2	3.2	31.2	27.8	18.5	12.1	4.3	2.4	.3	-----	-----	-----	-----	-----	-----	-----	100.0
$9,000 to $9,999	16.3	902	.1	.4	26.6	22.0	15.8	18.1	9.7	4.4	1.4	0.5	0.1	0.1	(3)	0.1	(3)	0.1	100.0
$10,000 to $10,999	10.1	987	.1	.5	10.7	26.3	14.3	17.1	16.3	9.1	3.2	1.3	.6	.2	0.2	.1	(3)	(3)	100.0
$11,000 to $11,999	5.5	1,065	.1	(3)	6.8	15.3	18.3	14.6	17.3	14.1	7.1	3.6	1.8	.6	.1	.1	-----	.2	100.0
$12,000 to $13,999	4.8	1,210	.1	(3)	1.4	6.4	14.3	12.4	13.5	17.8	14.4	8.0	5.4	2.4	2.5	.4	0.4	.6	100.0
$14,000 to $15,999	1.9	1,371	-----	.1	.3	.9	4.6	9.0	10.5	14.1	14.7	15.8	11.7	7.4	4.7	2.1	1.2	2.9	100.0
$16,000 or more	1.5	1,599	-----	.3	1.1	.8	1.7	3.7	4.2	8.3	9.7	9.6	10.7	10.1	10.1	9.0	4.8	15.9	100.0
Total	100.0	841	1.8	7.0	28.8	24.2	12.5	9.6	6.1	4.2	2.1	1.3	.8	.5	.4	.2	.1	.4	100.0
									Existing homes										
Less than $4,000	1.7	935	3.2	5.1	8.2	27.7	17.2	12.2	20.7	1.8	1.1	0.9	0.6	1.3	-----	-----	-----	-----	100.0
$4,000 to $4,999	2.1	866	7.1	13.6	18.4	16.5	8.4	10.8	5.6	7.6	4.4	2.6	1.9	1.7	0.4	0.2	0.2	0.6	100.0
$5,000 to $5,999	5.2	817	2.6	12.0	32.2	18.7	9.4	7.3	5.3	4.0	2.8	1.8	1.5	.8	.4	.4	.3	.5	100.0
$6,000 to $6,999	11.3	851	1.7	8.1	26.8	26.4	13.0	7.1	5.0	3.5	2.5	1.9	1.2	.8	.7	.4	.3	.6	100.0
$7,000 to $7,999	15.9	892	.4	5.4	20.1	20.4	16.6	10.1	6.9	4.2	3.2	2.2	1.5	1.0	.6	.4	.2	.8	100.0
$8,000 to $8,999	17.2	948	.3	2.9	17.5	20.6	18.2	14.8	8.1	5.4	3.5	2.7	1.8	1.1	1.0	.6	.4	1.1	100.0
$9,000 to $9,999	14.2	1,014	.2	.9	12.9	16.8	16.6	18.8	11.0	7.4	4.4	3.5	1.0	1.6	1.2	.8	.6	1.4	100.0
$10,000 to $10,999	10.4	1,005	.2	.4	6.4	14.7	13.9	15.1	14.5	10.8	7.6	4.8	3.9	2.4	1.5	1.2	.8	1.8	100.0
$11,000 to $11,999	7.0	1,164	.1	.2	3.0	10.1	13.6	13.4	14.9	14.6	9.4	6.8	4.4	3.4	2.4	1.0	.7	2.9	100.0
$12,000 to $13,999	8.4	1,306	.1	-----	.7	3.2	8.5	10.5	12.2	14.0	13.1	10.3	8.4	5.3	4.1	2.5	1.8	5.3	100.0
$14,000 to $15,999	3.4	1,467	.1	.1	.4	1.0	2.6	5.6	7.2	12.1	12.9	11.9	12.3	8.6	5.8	5.1	3.4	10.9	100.0
$16,000 or more	3.2	1,733	.2	.1	.4	.6	1.6	1.9	3.5	4.9	6.1	8.2	9.9	9.5	9.4	6.4	6.9	30.4	100.0
Total	100.0	1,001	.7	3.5	14.2	17.5	13.8	12.1	9.3	7.3	5.5	4.2	3.3	2.3	1.7	1.1	.8	2.7	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.
[4] Includes a high proportion of properties located in Puerto Rico.

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



DISTRIBUTION OF ROOMS BY PROPERTY VALUATION
FHA-INSURED SINGLE-FAMILY HOME MORTGAGES
SECTION 203, 1949



CHARTS XIII AND XIV.

TABLE 27.—*Rooms by property valuation: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, 1949*

FHA property valuation [1]	Percentage distribution	Median number of rooms [2]	Number of rooms [2]: 3 rooms	4 rooms	5 rooms	6 rooms	7–9 rooms	Total
			New homes					
Less than $4,000	(3)							
$4,000 to $4,999	1.1	5.4	2.6	12.1	84.3	1.0		100.0
$5,000 to $5,999	2.7	4.5	14.3	76.5	8.5	.6	0.1	100.0
$6,000 to $6,999	18.1	4.6	1.2	76.7	20.3	1.8	(2)	100.0
$7,000 to $7,999	18.4	4.8	.4	65.9	30.2	3.4	.1	100.0
$8,000 to $8,999	19.6	4.9	.4	56.0	33.5	10.0	.1	100.0
$9,000 to $9,999	16.3	5.2	.2	43.0	40.3	15.6	.3	100.0
$10,000 to $10,999	10.1	5.4	.2	35.2	39.5	24.7	.4	100.0
$11,000 to $11,999	5.5	5.6	.2	23.3	42.7	32.3	1.5	100.0
$12,000 to $13,999	4.8	6.0	.3	11.3	38.5	45.8	4.1	100.0
$14,000 to $15,999	1.9	6.3	1.2	5.9	27.4	56.2	9.3	100.0
$16,000 or more	1.5	6.4	.1	6.1	20.5	51.8	21.5	100.0
Total	100.0	4.9	.9	51.9	32.5	13.8	.9	100.0
Median valuation			$6,112	$7,813	$8,898	$10,567	$14,591	$8,502
			Existing homes					
Less than $4,000	1.7	4.5	24.7	55.6	7.9	10.5	1.3	100.0
$4,000 to $4,999	2.1	5.1	6.6	41.3	26.0	19.5	5.7	100.0
$5,000 to $5,999	5.2	5.1	2.9	43.9	32.5	16.3	4.4	100.0
$6,000 to $6,999	11.3	5.1	1.8	43.1	35.5	14.8	4.8	100.0
$7,000 to $7,999	15.9	5.3	.6	39.3	38.0	16.7	5.4	100.0
$8,000 to $8,999	17.2	5.4	.4	33.5	40.1	19.6	6.4	100.0
$9,000 to $9,999	14.2	5.5	.3	26.5	42.3	23.3	7.6	100.0
$10,000 to $10,999	10.4	5.8	.2	18.3	41.5	30.1	9.9	100.0
$11,000 to $11,999	7.0	5.9	.2	11.4	40.8	36.6	11.0	100.0
$12,000 to $13,999	8.4	6.3	.5	5.1	30.4	45.1	18.9	100.0
$14,000 to $15,999	3.4	6.5	.2	3.4	19.1	50.4	26.9	100.0
$16,000 or more	3.2	6.9	.4	2.1	11.6	40.9	45.0	100.0
Total	100.0	5.6	1.2	28.1	36.1	24.9	9.7	100.0
Median valuation			$5,322	$7,807	$8,807	$10,862	$10,000	$8,700

[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.

Reference to Table 27 and Chart XIV shows the same relationship expressed in room count. In the $9,000 to $10,000 new-house group, 44 percent had only 4 rooms, 40 percent had 5 rooms, and 16 percent had 6 rooms or more.

Existing homes in all valuation groups showed larger floor areas and higher room counts than new homes. In the $9,000 to $10,000 group, only 27 percent had 4 rooms, 42 percent had 5 rooms, and 31 percent had 6 rooms or more.

Floor area.—The size of the house is one of the important factors in determining value, although by no means the sole determinant. How values of houses with similar floor area vary and how even the number of rooms in these houses ranges from three to over six rooms for each area group is shown in Tables 26 and 27.

TABLE 28.—*Number of rooms by calculated floor area: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, 1949*

Calculated floor area [1] (square feet)	Percentage distribution	Median number of rooms	Number of rooms [2]					Total
			3	4	5	6	7-9	
	New homes							
Less than 600	1.8	5.0	13.5	35.1	50.9	0.5	----	100.0
600 to 699	7.0	4.5	5.4	92.2	2.2	.2	(3)	100.0
700 to 799	28.8	4.6	.4	85.5	13.7	.4	(3)	100.0
800 to 899	24.2	4.8	.2	58.8	39.0	1.9	0.1	100.0
900 to 999	12.5	5.3	.2	30.3	59.2	10.1	.2	100.0
1,000 to 1,099	9.6	5.6	.2	14.7	59.3	25.5	.3	100.0
1,100 to 1,199	6.1	6.0	.2	7.5	41.3	50.5	.5	100.0
1,200 to 1,299	4.2	6.2	.2	3.3	32.2	63.2	1.1	100.0
1,300 to 1,399	2.1	6.3	.2	3.6	23.9	70.2	2.1	100.0
1,400 to 1,499	1.3	6.4	.2	1.2	17.7	76.0	4.9	100.0
1,500 to 1,699	1.3	6.4	1.1	2.7	19.1	63.8	13.3	100.0
1,700 to 1,999	.7	6.7	.6	3.4	10.2	52.3	33.5	100.0
2,000 or more	.4	7.5	.6	6.7	8.4	25.1	59.2	100.0
Total	100.0	4.9	.9	51.9	32.5	13.8	.9	100.0
	Existing homes							
Less than 600	0.7	4.2	41.4	40.0	13.6	2.8	2.2	100.0
600 to 699	3.5	4.6	5.1	78.6	13.5	2.6	.2	100.0
700 to 799	14.2	4.7	.8	71.3	23.5	3.9	.5	100.0
800 to 899	17.5	5.0	2.5	48.3	42.8	5.5	.9	100.0
900 to 999	13.8	5.4	.3	25.4	60.8	11.6	1.9	100.0
1,000 to 1,099	12.1	5.6	.3	14.6	60.3	22.3	2.5	100.0
1,100 to 1,199	9.3	5.9	.2	8.0	45.7	42.5	3.6	100.0
1,200 to 1,299	7.3	6.2	.4	2.8	33.0	57.0	6.8	100.0
1,300 to 1,399	5.5	6.4	.2	1.4	21.1	64.6	12.7	100.0
1,400 to 1,499	4.2	6.5	.3	.8	14.1	64.4	20.4	100.0
1,500 to 1,699	5.6	6.8	.2	.9	8.1	54.2	36.6	100.0
1,700 to 1,999	3.6	7.5	.2	.8	3.8	35.2	60.0	100.0
2,000 or more	2.7	8.2	.9	1.0	1.5	12.2	84.4	100.0
Total	100.0	5.6	1.2	28.1	36.1	24.9	9.7	100.0

[1] Area of spaces in the main building above basement or foundations, measured at the outside surfaces of all 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.

That neither room count nor floor area alone adequately describes home size is illustrated in Table 28, which shows that of the houses which have more or less the same floor area, some contain one or two rooms more than others. Of the houses with 1,000 to 1,100 square feet floor area, for instance, 15 percent have only 4 rooms, 59 percent have 5 rooms, and 26 percent have 6 rooms.

Statistics by Geographic Divisions

The map immediately following shows which States comprise each geographic division and how much of FHA's home mortgage insurance originates there. In the six tables which follow, there are presented selected characteristics of mortgages, of borrowers, and of properties for the nine census divisions of the United States. To the extent that geographic differences influence the characteristics of housing financed under the FHA plan, they are reflected by variations in the distributions and in the averages shown in these tables.

The distribution of mortgaged properties by type of structure appears in Table 29, together with average valuations of 1-, 2-, 3-, and 4-family houses, both new and existing, financed under the Section 203 program. Although one-family units comprise the bulk of Section 203 housing in all regions, 4-family houses are most prevalent in the West North Central division, where 0.8 percent of the structures and 3.2 percent of the dwelling units are of this type. The average valuation in such structures also happens to be highest in this region, amounting to $19,612, or $4,903 per family unit. A similar comparison can be made for existing homes.

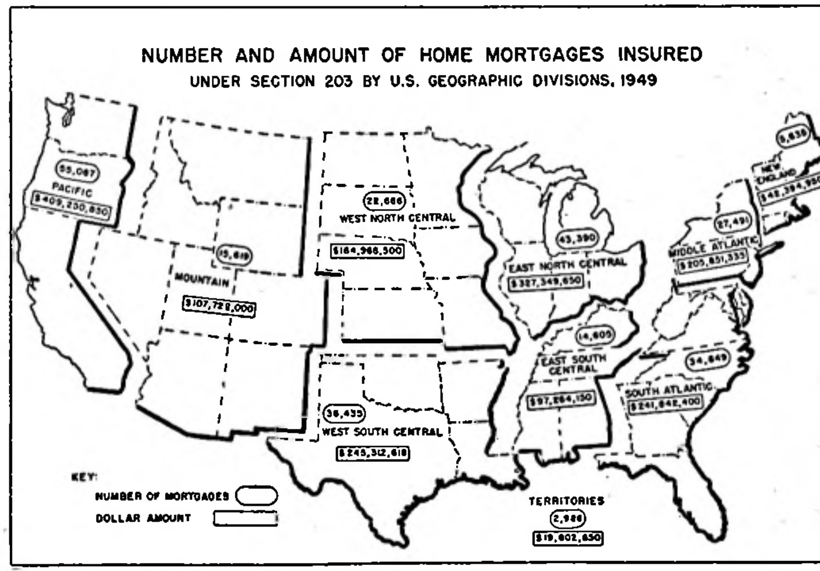


CHART XV.

TABLE 29.—*Structures and dwelling units: Percentage distribution based on FHA-insured mortgages secured by single-family homes, by geographic divisions, Sec. 203, July–December 1949*

Size of structure	United States total	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
	New homes									
Structures:										
1-family	98.5	99.6	99.4	99.3	98.0	98.5	99.1	99.0	98.2	97.1
2-family	1.2	.3	.6	.6	1.2	1.2	.8	.9	1.3	2.4
3-family	.1	.1	-------	-------	-------	(1)	(1)	(1)	.2	.3
4-family	.2	-------	(1)	.1	.8	.3	.1	.1	.3	.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Dwelling units:										
1-family	96.7	99.0	98.8	98.6	94.5	96.6	97.9	97.9	95.7	93.7
2-family	2.3	.7	1.1	1.1	2.3	2.3	1.6	1.7	2.6	4.7
3-family	.3	.3	-------	-------	-------	.1	.1	(1)	.6	1.0
4-family	.7	-------	.1	.3	3.2	1.0	.4	.4	1.1	.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average FHA property valuation: [2]										
1-family	$8,507	$9,089	$9,316	$8,750	$9,159	$8,193	$7,458	$7,673	$8,272	$8,904
2-family	14,150	12,750	14,625	14,476	15,858	13,372	12,215	13,693	13,857	14,416
3-family	16,825	15,000	-------	-------	-------	-------	-------	-------	17,205	16,918
4-family	16,456	-------	-------	10,606	19,612	13,676	17,850	9,338	18,533	18,646
Total	8,596	9,107	9,346	8,787	9,325	8,273	7,511	7,728	8,392	9,082
	Existing homes									
Structures:										
1-family	95.7	89.5	91.4	94.4	97.3	97.6	97.3	97.1	94.3	97.1
2-family	3.9	8.4	8.2	5.3	2.4	2.1	2.5	2.7	4.9	2.4
3-family	.2	1.8	.2	.2	.1	.1	(1)	.1	.3	.2
4-family	.2	.3	.2	.1	.2	.2	.2	.1	.5	.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Dwelling units:										
1-family	91.2	79.2	83.6	89.1	94.2	95.0	94.3	94.1	88.3	93.8
2-family	7.4	14.9	14.9	9.9	4.7	4.0	4.9	5.2	9.2	4.7
3-family	.6	4.8	.6	.6	.3	.4	.1	.2	.8	.5
4-family	.8	1.1	.9	.4	.8	.6	.7	.5	1.7	1.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average FHA property valuation: [2]										
1-family	$9,164	$9,807	$9,359	$9,809	$9,033	$8,928	$8,402	$8,321	$8,338	$9,403
2-family	10,873	10,420	10,268	10,700	10,937	11,620	11,351	10,980	10,076	12,152
3-family	12,932	11,095	11,906	13,650	15,003	15,384	-------	16,735	11,995	14,188
4-family	15,137	15,775	13,268	13,471	15,591	16,043	18,182	12,767	14,068	16,232
Total	9,251	9,901	9,447	9,867	9,099	9,003	8,496	8,403	8,463	9,496

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

Table 30 shows the proportion of mortgage loans insured for the various types of financial institutions participating in the FHA program. It shows that the degree to which each type of lending institution makes FHA-insured loans on a national basis is not necessarily representative for any specific division. Savings and loan associations, for instance, which for the country as a whole account for 13 percent of FHA's insured mortgage business, originated as much as 31 percent of the new-home mortgages in New England, but only 4.2 percent in the Middle Atlantic States. Similar disparities in the proportions and differences for each region are reflected for existing-home mortgages.

TABLE 30.—*Type of mortgagee by geographic divisions: Percentage distribution* [1] *based on FHA-insured mortgages secured by single-family homes, Sec. 203, July–December 1949*

Type of mortgagee	United States total	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
	New homes									
National bank	13.0	7.7	11.2	9.0	7.4	3.7	2.6	2.4	23.3	35.0
State bank	12.0	10.2	20.1	14.3	15.4	7.4	9.2	3.3	12.4	14.3
Mortgage company	31.0	3.4	30.6	37.9	28.6	37.2	39.3	49.9	16.3	11.1
Insurance company	20.2	11.5	5.7	21.5	25.5	27.0	30.2	22.5	20.0	17.7
Savings and loan association	13.0	31.4	4.2	12.7	21.8	9.7	12.9	10.6	20.2	16.6
Savings bank	4.8	35.8	28.0	1.6	.3	.3	-------	(2)	(2)	1.4
Federal agency	(2)	-------	(2)	(2)	(2)	-------	-------	-------	-------	(2)
All other [3]	6.0	(2)	.2	3.0	1.0	14.7	5.8	11.3	7.8	3.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Existing homes									
National bank	17.7	7.0	16.5	15.0	11.5	6.1	3.3	4.4	25.9	37.6
State bank	12.9	13.6	14.3	18.8	18.3	8.4	5.6	7.5	15.8	10.1
Mortgage company	22.9	3.8	36.5	23.9	14.0	33.4	31.4	33.2	13.6	15.1
Insurance company	20.5	18.2	10.7	28.0	35.5	41.1	52.5	37.1	26.9	24.7
Savings and loan association	10.5	18.1	4.5	11.6	19.3	7.1	6.6	11.5	16.8	7.0
Savings bank	4.8	39.3	17.4	1.8	.6	.4	(2)	-------	.1	4.7
Federal agency	(2)	-------	-------	(2)	-------	-------	-------	-------	-------	-------
All other [3]	1.7	-------	.1	.9	.8	3.5	.6	6.3	.9	.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Based on amount of mortgage.
[2] Less than 0.05 percent.
[3] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.

Table 31 contains a distribution by income groups for FHA borrowers for each geographic division. A remarkable similarity is presented, region by region, in the income distribution of families financing their homes under the FHA plan. This consistency is further evidenced by the narrow range in median incomes for these families—ranging from $298 per month in the West South Central division to $331 per month in the Middle Atlantic division. Incomes for families purchasing existing homes are somewhat higher than for those purchasing new homes in all geographic divisions; otherwise the relationship parallels that for new homes.

TABLE 31.—*Mortgagor's income: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Section 203, July–December, 1949*

Mortgagor's effective monthly income [1]	Geographic divisions									
	United States total	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
	New homes									
Less than $150.00	0.1	------	(2)	(2)	(2)	(2)	0.2	0.2	------	(2)
$150 to $199.99	1.6	2.5	0.3	1.3	1.4	2.5	2.8	3.3	1.1	0.5
$200 to $249.99	13.1	12.5	6.2	13.4	11.4	15.8	17.1	21.5	10.0	7.9
$250 to $299.99	25.9	21.6	24.7	29.3	23.1	25.5	25.8	25.8	23.0	27.1
$300 to $349.99	23.5	23.2	27.1	23.5	22.5	21.7	21.5	19.1	24.8	27.2
$350 to $399.99	12.7	13.2	14.4	11.9	13.6	12.1	12.0	10.9	14.2	13.4
$400 to $449.99	9.5	11.4	11.3	9.3	11.9	8.8	9.4	7.8	10.7	9.2
$450 to $499.99	4.2	4.7	5.1	3.5	5.0	4.0	3.6	3.8	4.6	4.5
$500 to $599.99	5.5	6.0	6.1	4.6	6.8	5.4	4.2	4.9	6.7	6.0
$600 to $799.99	2.9	3.1	3.6	2.4	3.2	3.2	2.3	2.1	3.4	3.1
$800 to $999.99	.5	.8	.8	.4	.6	.5	.6	.3	.9	.5
$1,000 or more	.5	1.0	.5	.4	.5	.5	.5	.3	.6	.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average income	$341.67	$358.97	$364.26	$332.74	$351.03	$339.48	$326.73	$321.60	$353.81	$350.43
Median income	309.75	328.00	331.28	305.84	323.22	306.97	303.72	297.59	321.63	319.06
	Existing homes									
Less than $150.00	0.1	0.1	(2)	(2)	0.1	0.1	(2)	0.1	0.2	(2)
$150 to $199.99	1.5	1.8	1.3	0.6	2.0	2.6	2.2	3.6	.9	0.5
$200 to $249.99	8.8	9.4	8.8	5.8	10.5	11.1	12.2	12.9	8.2	6.4
$250 to $299.99	18.8	18.3	10.3	18.6	18.2	18.8	19.2	20.0	18.1	18.9
$300 to $349.99	20.4	16.8	19.7	21.6	19.9	17.4	18.9	19.0	24.1	22.1
$350 to $399.99	13.4	11.1	12.7	14.3	13.0	12.4	13.1	13.5	13.3	14.1
$400 to $449.99	12.0	12.4	11.4	13.5	12.3	10.3	12.0	10.4	11.9	12.3
$450 to $499.99	6.0	6.2	6.6	6.1	6.0	5.9	5.8	5.0	4.8	6.4
$500 to $599.99	9.2	10.0	9.7	9.5	8.5	9.4	7.8	7.6	9.1	10.2
$600 to $799.99	6.5	8.1	6.7	6.6	6.1	8.5	5.5	5.1	6.1	6.3
$800 to $999.99	1.8	3.1	2.0	2.0	1.6	2.1	1.7	1.5	1.6	1.5
$1,000 or more	1.5	2.7	1.8	1.4	1.8	1.4	1.6	1.3	1.7	1.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average income	$391.88	$421.87	$400.34	$398.54	$386.19	$393.02	$381.33	$370.98	$387.04	$394.53
Median income	350.85	365.64	352.60	356.31	346.75	349.89	337.76	329.67	340.94	353.86

[1] Estimated amount of the mortgagor's earning capacity that is likely to prevail during approximately the first third of the mortgage term.
[2] Less than 0.05 percent.

Table 32 is a comparison of selected averages of housing costs and housing expenses for low, middle, and high-income families among FHA home mortgagors in the various geographic divisions. The figures shown here are a quick reference source for mortgage lenders, builders, and home purchasers, in that they indicate the relationships which are typical of each region, rather than of the country as a whole. In this way, any comparisons the reader wishes to make are pinpointed in the light of local, rather than national, experience.

TABLE 32.—*Average characteristics by mortgagor's income by geographic divisions: Based on FHA-insured mortgages secured by single-family, owner-occupied homes, Sec. 203, July–December 1949*

Mortgagor's effective monthly income [1]	Geographic divisions									
	United States total	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
New homes	Average monthly income [1]									
Less than $250	$220.93	$220.62	$226.98	$220.81	$220.56	$220.71	$216.34	$219.24	$221.25	$227.53
$250 to $399.99	307.77	315.18	314.08	303.18	309.19	307.36	303.08	305.46	308.57	309.11
$400 or more	509.90	520.57	517.39	504.34	499.61	521.47	501.38	501.53	511.60	511.17
Total	341.67	358.97	364.26	332.74	351.03	339.48	326.73	321.60	353.81	350.43
	Average property valuation [2]									
Less than $250	$6,951	$7,442	$8,094	$7,078	$7,663	$6,752	$6,301	$6,640	$6,920	$7,478
$250 to $399.99	8,231	8,637	9,001	8,439	8,812	7,840	7,307	7,548	8,012	8,491
$400 or more	10,124	10,700	10,336	10,684	10,528	10,306	9,039	9,437	9,307	10,357
Total	8,479	9,016	9,306	8,704	9,144	8,194	7,460	7,684	8,266	8,850
	Average total monthly mortgage payment [3]									
Less than $250	$45.01	$48.56	$49.10	$44.57	$48.79	$43.32	$41.81	$43.78	$49.10	$48.08
$250 to $399.99	53.47	59.03	58.15	54.09	56.98	49.85	48.01	49.74	54.93	54.97
$400 or more	65.51	71.00	66.90	69.08	66.29	64.95	58.46	61.37	65.89	66.64
Total	55.00	60.70	59.05	55.79	58.53	52.04	48.91	50.49	57.26	57.18
	Average prospective monthly housing expense [4]									
Less than $250	$63.60	$69.56	$71.63	$64.87	$65.91	$63.10	$50.01	$60.42	$68.62	$66.67
$250 to $399.99	74.70	81.71	82.75	76.61	77.15	71.22	67.64	67.55	77.24	75.72
$400 or more	88.62	94.33	93.06	94.36	88.24	89.16	81.10	80.20	87.58	89.30
Total	76.27	83.30	84.82	78.56	78.80	73.75	68.67	68.20	79.08	78.19
Existing homes	Average monthly income [1]									
Less than $250	$218.13	$217.82	$221.23	$222.06	$216.03	$215.95	$216.48	$213.95	$215.94	$223.94
$250 to $399.99	313.45	315.78	315.03	313.70	311.62	312.84	311.53	313.48	311.08	314.34
$400 or more	552.10	601.76	563.03	545.47	549.77	562.00	555.17	552.18	552.20	541.86
Total	391.88	421.87	400.34	398.54	386.19	393.02	381.33	370.98	387.04	394.53
	Average property valuation [2]									
Less than $250	$6,703	$6,687	$6,735	$7,539	$6,678	$5,974	$6,523	$6,306	$6,399	$7,321
$250 to $399.99	8,349	8,507	8,459	8,867	8,340	7,920	7,772	7,749	7,750	8,576
$400 or more	11,018	12,143	11,247	11,452	10,819	11,341	10,131	10,291	9,813	11,007
Total	9,166	9,887	9,350	9,794	9,032	8,935	8,400	8,312	8,350	9,413
	Average total monthly mortgage payment [3]									
Less than $250	$42.54	$44.92	$43.02	$46.42	$42.79	$37.03	$41.75	$40.35	$43.44	$46.55
$250 to $399.99	53.37	57.56	55.04	55.98	53.57	49.23	45.97	49.73	51.75	54.59
$400 or more	71.35	80.30	75.91	74.64	71.28	70.30	64.87	65.39	65.90	70.44
Total	58.90	65.79	61.80	62.67	58.65	55.46	53.68	53.03	55.95	60.06
	Average prospective monthly housing expense [4]									
Less than $250	$61.93	$65.64	$65.71	$68.47	$61.85	$55.75	$60.23	$56.21	$62.73	$67.37
$250 to $399.99	75.28	79.52	79.65	79.67	74.51	70.25	70.19	66.60	72.85	77.79
$400 or more	96.37	107.28	104.32	101.17	94.26	96.42	88.31	83.40	89.16	96.56
Total	81.70	89.73	87.65	87.36	80.10	78.07	74.97	70.08	77.64	84.20

[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.

Valuation of single-family homes securing insured mortgages in each geographic division are presented in Table 33. The range of the median valuation for new FHA-insured homes is significant. The lowest is $6,995 for the East South Central division, and the highest is $9,046 for the Middle Atlantic division, a spread of over $2,000 per house. A similar observation applies to existing-home valuations, the typical figure for which ranges from $7,685 for West South Central States to $9,293 for the East North Central States.

TABLE 33.—*Property valuation by geographic divisions: Percentage distribution based on FHA-insured mortgages secured by single-family homes, Sec. 203, July–December 1949*

FHA property valuation [1]	Geographic divisions: United States total	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
New homes										
Less than $4,000	(2)	------	(2)	(2)	------	(2)	0.1	------	------	------
$4,000 to $4,999	0.2	------	(2)	------	------	0.1	1.8	0.5	0.1	------
$5,000 to $5,999	2.7	0.3	(2)	0.9	0.6	5.1	6.6	6.4	2.9	0.2
$6,000 to $6,999	21.8	5.7	2.1	26.9	11.8	27.8	41.6	38.2	23.4	9.1
$7,000 to $7,999	19.6	21.3	6.9	13.2	16.8	24.6	21.3	23.3	24.4	25.1
$8,000 to $8,999	20.9	20.0	37.9	14.9	24.5	14.9	13.6	13.4	22.4	26.2
$9,000 to $9,999	15.0	18.5	26.3	17.8	16.7	10.2	6.3	7.6	13.4	18.1
$10,000 to $10,999	9.1	10.0	13.6	12.1	12.7	7.3	3.9	4.7	6.0	10.4
$11,000 to $11,999	4.6	7.2	6.4	6.7	7.5	3.5	1.9	2.7	2.6	4.8
$12,000 to $13,999	3.8	4.6	4.8	4.9	6.7	3.5	1.7	2.1	2.9	3.5
$14,000 to $15,999	1.3	1.2	1.3	1.5	1.5	1.6	.7	.5	1.2	1.5
$16,000 or more	1.0	2.2	.7	1.1	1.2	1.4	.5	.6	.7	1.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average valuation	$8,507	$9,089	$9,316	$8,750	$9,159	$8,193	$7,458	$7,673	$8,272	$8,904
Median valuation	8,124	8,633	9,046	8,614	8,817	7,554	6,995	7,174	7,939	8,549
Existing homes										
Less than $4,000	1.0	0.6	1.3	------	0.9	5.0	0.3	0.5	0.9	0.1
$4,000 to $4,999	1.8	2.4	2.1	0.4	3.6	2.3	1.5	2.7	3.0	.7
$5,000 to $5,999	5.2	3.5	4.8	2.0	7.2	7.6	8.1	9.8	6.5	2.9
$6,000 to $6,999	11.6	11.7	9.4	7.1	11.3	12.5	19.1	20.0	16.4	8.9
$7,000 to $7,999	16.3	13.4	13.5	13.8	14.9	15.1	21.4	20.5	20.2	17.0
$8,000 to $8,999	17.1	16.0	15.8	18.5	16.5	13.3	17.2	15.1	20.0	19.2
$9,000 to $9,999	14.0	12.1	14.4	16.3	13.6	11.0	10.9	9.9	13.1	16.7
$10,000 to $10,999	10.8	10.4	13.5	13.2	10.0	8.9	7.6	7.6	7.9	12.3
$11,000 to $11,999	7.3	7.6	8.4	10.1	7.4	6.4	3.8	4.5	4.0	7.9
$12,000 to $13,999	8.3	10.7	9.9	10.9	8.1	9.5	5.2	5.0	4.4	8.1
$14,000 to $15,999	3.4	4.1	3.9	4.0	3.4	4.8	2.5	2.3	1.7	3.1
$16,000 or more	3.2	7.5	3.0	3.7	3.1	3.6	2.4	2.1	1.9	3.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average valuation	$9,164	$9,807	$9,359	$9,809	$9,033	$8,928	$8,402	$8,321	$8,338	$9,403
Median valuation	8,721	9,056	9,053	9,293	8,596	8,516	7,833	7,685	8,050	9,021

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

Table 34 shows certain characteristics of properties and building sites, presented for low, middle, and high valuation properties in each geographic division. It is interesting to note, for instance, how estimated market price of building sites varies from region to region;

also how taxes and housing expense differ in various parts of the country from the national average. The differences are somewhat more pronounced in new-home properties than in existing-home properties. The greater the variation among geographic areas for a home characteristic, the more significant it may be in individual cases to use local or regional patterns as standards for comparison rather than national averages.

TABLE 34.—*Average characteristics by property valuation, by geographic divisions: Based on FHA-insured mortgages secured by single-family homes, Sec. 203, July–December 1949*

FHA property valuation [1]	Geographic divisions: United States total	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
New homes — Average property valuation [1]										
Less than $8,000	$6,838	$7,185	$7,263	$6,750	$7,035	$6,767	$6,597	$6,703	$6,895	$7,246
$8,000 to $9,999	8,801	8,715	8,732	8,965	8,843	8,813	8,679	8,744	8,785	8,800
$10,000 or more	11,734	11,875	11,422	11,615	11,708	12,058	11,763	11,797	12,144	11,789
Total	8,507	9,089	9,316	8,750	9,159	8,193	7,458	7,673	8,272	8,904
Average market price of site [2]										
Less than $8,000	$773	$626	$705	$602	$596	$743	$726	$820	$642	$1,029
$8,000 to $9,999	1,008	777	959	837	876	1,027	1,005	1,245	812	1,178
$10,000 or more	1,401	1,100	1,252	1,123	1,297	1,537	1,560	1,829	1,097	1,664
Total	981	817	1,014	841	918	952	854	1,017	764	1,231
Average monthly taxes [3]										
Less than $8,000	$5.68	$10.28	$9.40	$5.64	$7.34	$3.30	$4.66	$5.23	$7.77	$7.83
$8,000 to $9,999	8.92	13.94	11.41	8.83	8.58	5.12	5.91	6.65	9.84	9.18
$10,000 or more	11.60	14.03	14.99	12.28	10.37	8.34	8.25	7.86	14.16	12.07
Total	8.01	12.07	12.18	8.43	8.75	4.63	5.22	5.79	9.36	9.33
Average calculated floor area [4] (in square feet)										
Less than $8,000	774	750	732	716	716	780	803	782	820	791
$8,000 to $9,999	889	806	848	708	709	926	909	960	945	945
$10,000 or more	1,098	1,077	1,020	978	996	1,179	1,280	1,212	1,143	1,207
Total	879	859	884	812	833	886	884	865	908	948
Existing homes — Average property valuation [1]										
Less than $8,000	$6,514	$6,510	$6,382	$6,884	$6,315	$6,060	$6,522	$6,463	$6,482	$6,829
$8,000 to $9,999	8,791	8,761	8,798	8,808	8,800	8,798	8,694	8,743	8,716	8,820
$10,000 or more	12,377	13,123	12,102	12,270	12,471	12,686	12,438	12,474	12,105	12,228
Total	9,164	9,807	9,359	9,809	9,033	8,928	8,402	8,321	8,338	9,403

See footnotes at end of table.

TABLE 34.—*Average characteristics by property valuation, by geographic divisions: Based on FHA-insured mortgages secured by single-family homes, Sec. 203, July–December 1949*—Continued

FHA property valuation [1]	Geographic divisions									
	United States total	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
Existing homes—Continued	Average market price of site [2]									
Less than $8,000	$758	$657	$693	$706	$676	$719	$818	$784	$667	$900
$8,000 to $9,999	1,020	863	918	878	898	1,065	1,099	1,230	811	1,174
$10,000 or more	1,551	1,514	1,393	1,360	1,430	1,646	1,666	1,962	1,236	1,721
Total	1,102	1,060	1,031	1,040	984	1,111	1,079	1,148	828	1,281
	Average monthly taxes [3]									
Less than $8,000	$6.31	$9.39	$9.28	$6.49	$6.59	$3.66	$5.15	$4.87	$7.89	$7.21
$8,000 to $9,999	8.77	12.46	11.91	8.76	8.60	5.56	6.91	6.14	10.24	9.25
$10,000 or more	12.41	16.10	16.42	13.45	11.72	8.93	9.77	8.08	14.93	12.20
Total	9.10	12.96	12.84	10.19	8.83	5.87	6.04	5.87	10.07	9.66
	Average calculated floor area [4] (in square feet)									
Less than $8,000	936	904	1,117	937	955	920	932	911	879	909
$8,000 to $9,999	1,038	1,064	1,121	958	997	1,088	1,147	1,096	966	1,048
$10,000 or more	1,329	1,466	1,403	1,223	1,269	1,374	1,499	1,416	1,258	1,341
Total	1,098	1,175	1,229	1,064	1,068	1,111	1,114	1,065	983	1,108

[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 real-estate taxes, special assessments if any, and water rent provided its nonpayment results in a lien against the property.
[4] 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.

Rental Housing Mortgage Insurance

During 1949, FHA insured mortgages on rental housing projects under the terms of Section 207 of Title II, Section 608 of Title VI, Section 608 pursuant to Section 610 of Title VI, and Section 803 of Title VIII. In a fifth available program permitting insurance of yields on rental projects under the terms of Title VII, no applications were received nor insurance written during the year.

Section 207 was effectively revised by the Housing Act of 1948. This revision both increased the maximum allowable mortgage amounts per dwelling unit for all eligible projects and provided special incentives for development of cooperative housing projects. Most processing activity under Section 207 during 1949 related to proposals for housing cooperatives, with an aggregate of $7,313,000 of mortgages insured during the year on 2 cooperative projects with 813 dwelling units.

In August 1949, the Congress authorized a program of FHA insurance of mortgages on rental projects located on or near United States military establishments, as described in Section I of this report. By the end of the year insurance had been written under this program for $12,070,800 of mortgages on 7 projects with 1,540 dwelling units.

Most rental housing mortgage insurance in 1949 was carried out through Section 608 operations, as described below. The aggregate of just over $1,000,000,000 of insurance written under this section included $996,224,136 of mortgages on 1,836 new projects providing for 128,994 units; $3,607,600 of mortgages on 8 public war housing projects with 1,435 dwelling units, sold with mortgages insured under Section 608 pursuant to Section 610; and mortgages totaling $365,093 refinanced under Section 608 for 3 projects containing 78 dwelling units.

Details about the volume and characteristics of these insuring operations for rental projects are presented below.

Volume of Business

Over $1,000,000,000 of rental-project mortgages were insured by the FHA during 1949, setting a new record for the third successive year. The 1949 volume of rental housing insurance represented more than one-fourth of the total insurance written under all FHA programs this year and nearly 44 percent of the $2,300,000,000 of all rental-project mortgage insurance written by FHA through the end of 1949.

Table 35 shows the yearly volume of insurance written under the various FHA rental housing programs from 1935 through 1949. Almost all of this insurance covered the financing of new construction, including rehabilitation projects, with only 1 percent utilized for refinancing purposes. More than 330,000 family units are provided in the rental projects built or being constructed with the aid of FHA insurance.

The major program of rental-project insurance in 1949 was that under Section 608, accounting for almost 98 percent of the year's dollar volume. In fact, nearly 85 percent of the 15-year total of insurance written under all the rental housing sections of the National Housing Act is attributable to the Section 608 Veterans' Emergency Housing program, initiated May 22, 1946.

The magnitude of the rental-project workload of the FHA insuring offices in 1949 is indicated by the following summary:

Applications received—nearly $2 billion covering 244,000 units.
Commitments issued—over $1¼ billion covering 170,000 units.
Construction started—nearly 111,000 units.
Construction completed—more than 70,000 units.

TABLE 35.—*Yearly volume of all rental-project mortgages insured by FHA: Number of units and amount of mortgages on new and existing or refinanced construction, by sections, 1935–49*

Year	Grand total new and existing		Total, new construction		Total, existing or refinanced construction	
	Units	Amount	Units	Amount	Units	Amount
1935	738	$2, 355, 000	738	$2, 355, 000		
1936	624	2, 101, 000	624	2, 101, 000		
1937	3, 023	10, 483, 000	3, 023	10, 483, 000		
1938	11, 930	47, 638, 050	11, 930	47, 638, 050		
1939	13, 462	51, 851, 466	13, 462	51, 851, 466		
1940	3, 559	12, 948, 690	3, 446	12, 488, 690	113	$460, 000
1941	3, 741	13, 565, 000	3, 296	12, 014, 000	445	1, 551, 000
1942	5, 842	21, 214, 705	5, 458	19, 532, 705	384	1, 682, 000
1943	20, 179	84, 621, 970	20, 035	84, 046, 970	144	575, 000
1944	12, 430	56, 095, 906	9, 655	46, 105, 100	2, 775	9, 900, 806
1945	4, 058	19, 816, 951	3, 137	15, 902, 936	921	3, 914, 015
1946	2, 232	13, 174, 988	1, 579	10, 889, 011	653	2, 285, 977
1947	46, 604	359, 944, 206	46, 446	358, 602, 206	158	1, 342, 000
1948	79, 184	608, 711, 284	77, 808	605, 799, 784	1, 376	2, 911, 500
1949	132, 860	1, 019, 580, 629	131, 347	1, 015, 607, 936	1, 513	3, 972, 693
Total	340, 466	2, 324, 102, 845	331, 984	2, 295, 417, 854	8, 482	28, 684, 991

Year	New construction					
	Secs. 207 and 210		Sec. 608		Sec. 803	
	Units	Amount	Units	Amount	Units	Amount
1935	738	$2, 355, 000				
1936	624	2, 101, 000				
1937	3, 023	10, 483, 000				
1938	11, 930	47, 638, 050				
1939	13, 462	51, 851, 466				
1940	3, 446	12, 488, 690				
1941	3, 296	12, 014, 000				
1942	1, 163	4, 110, 000	4, 295	$15, 422, 705		
1943	41	139, 000	19, 994	83, 907, 970		
1944			9, 655	46, 105, 100		
1945	200	950, 000	2, 937	14, 952, 936		
1946	41	224, 000	1, 538	10, 665, 011		
1947		[1] 32, 000	46, 446	358, 570, 206		
1948			77, 808	605, 799, 784		
1949	813	7, 313, 000	128, 094	996, 224, 136	1, 540	$12, 070, 800
Total	[2] 38, 777	[2] 151, 699, 206	[3] 291, 667	[3] 2, 131, 647, 848	1, 540	12, 070, 800

Year	Existing or refinanced construction					
	Secs. 207 and 210		Sec. 608		Sec. 608–610	
	Units	Amount	Units	Amount	Units	Amount
1935						
1936						
1937						
1938						
1939						
1940	113	$460, 000				
1941	445	1, 551, 000				
1942	384	1, 682, 000				
1943	144	575, 000				
1944	2, 181	7, 175, 806	594	$2, 815, 000		
1945	691	2, 856, 015	230	1, 058, 000		
1946	653	2, 285, 977				
1947			158	1, 342, 000		
1948			10	63, 000	1, 366	$2, 848, 500
1949			78	365, 093	1, 435	3, 607, 600
Total	4, 611	16, 585, 798	1, 070	5, 643, 093	2, 801	6, 456, 100

[1] Increase in amount of a mortgage insured prior to 1947.
[2] Includes 38,760 units provided in new and rehabilitation projects securing insured mortgages totaling $151,606,206.
[3] Includes 291,692 units provided in new and rehabilitation projects securing insured mortgages totaling $2, 133, 715, 743.

State Distribution

Table 36 shows that during 1949 the FHA insured mortgages on rental projects in every State but 2, with Section 608 projects insured in every State but 3. However, nearly 3 out of every 4 rental units insured last year were located in 10 States: New York, New Jersey,

TABLE 36.—*State distribution of rental-project mortgages: Number, face amount, and units of FHA-insured mortgages under all rental-project programs and Sec. 608 VEH, during 1949*

Location of projects	All sections [1]			Sec. 608 VEH		
	Number	Amount	Units	Number	Amount	Units
Alabama	69	$15, 843, 300	3, 132	69	$15, 843, 300	3, 132
Arizona	1	103, 814	10	1	103, 814	10
Arkansas	7	486, 000	68	7	486, 000	68
California	292	56, 282, 345	7, 917	292	56, 282, 345	7, 917
Colorado	2	351, 900	49	2	351, 900	49
Connecticut	6	4, 317, 000	549	6	4, 317, 000	549
Delaware	8	11, 635, 900	1, 596	7	11, 590, 000	1, 576
District of Columbia	41	66, 982, 700	7, 651	41	66, 982, 700	7, 651
Florida	86	20, 419, 500	3, 095	86	20, 419, 500	3, 095
Georgia	47	40, 633, 900	6, 429	46	40, 285, 900	6, 279
Idaho	3	837, 300	112	3	837, 300	112
Illinois	34	13, 931, 197	1, 695	34	13, 931, 197	1, 695
Indiana	29	15, 303, 700	1, 955	29	15, 303, 700	1, 955
Iowa	10	3, 626, 700	446	10	3, 626, 700	446
Kansas	20	4, 830, 318	720	19	4, 730, 318	707
Kentucky	15	10, 612, 500	1, 334	10	2, 512, 500	334
Louisiana	14	11, 929, 900	1, 510	13	11, 667, 300	1, 360
Maine						
Maryland	80	87, 348, 100	11, 568	79	84, 515, 300	11, 220
Massachusetts	10	6, 001, 500	722	10	6, 001, 500	722
Michigan	68	17, 297, 000	2, 547	67	16, 217, 000	2, 047
Minnesota	71	16, 214, 679	1, 985	71	16, 214, 679	1, 985
Mississippi	20	5, 811, 900	959	20	5, 811, 900	95
Missouri	30	10, 745, 445	1, 365	30	10, 745, 445	1, 36
Montana	1	1, 138, 000	192			
Nebraska	18	5, 021, 383	682	18	5, 021, 383	6
Nevada						
New Hampshire	3	1, 395, 853	192	3	1, 395, 853	1
New Jersey	128	99, 625, 600	12, 238	128	99, 625, 600	12, 2
New Mexico	5	571, 300	84	5	571, 300	8
New York	201	221, 486, 797	25, 872	200	214, 264, 797	25, 07
North Carolina	27	23, 749, 683	3, 853	26	23, 502, 183	3, 768
North Dakota	1	125, 552	20	1	125, 552	20
Ohio	44	14, 126, 121	1, 742	44	14, 126, 121	1, 742
Oklahoma	19	3, 006, 100	434	19	3, 006, 100	434
Oregon	27	7, 110, 500	906	27	7, 110, 500	906
Pennsylvania	126	57, 382, 034	7, 051	126	57, 382, 034	7, 051
Rhode Island	3	684, 800	84	3	684, 800	84
South Carolina	25	17, 865, 000	2, 827	25	17, 865, 000	2, 827
South Dakota	2	231, 900	33	2	231, 900	33
Tennessee	28	9, 091, 800	1, 371	28	9, 091, 800	1, 371
Texas	83	38, 517, 989	5, 386	83	38, 517, 989	5, 386
Utah	3	920, 600	118	3	920, 600	118
Vermont	1	700, 000	92	1	700, 000	92
Virginia	88	69, 933, 600	9, 154	86	69, 588, 000	9, 024
Washington	19	10, 885, 948	1, 355	19	10, 885, 948	1, 355
West Virginia	3	1, 502, 800	430	2	224, 800	30
Wisconsin	28	4, 098, 346	517	28	4, 098, 346	517
Wyoming	2	126, 325	19	2	126, 325	19
Alaska	3	8, 401, 400	749	3	8, 401, 400	749
Hawaii	5	325, 600	45	5	325, 600	45
Puerto Rico						
Total	1, 856	1, 019, 580, 629	132, 860	1, 839	996, 589, 229	129, 072

[1] Includes mortgages insured during 1949 under:

Section 207 in:
- Kansas—1 for $91,000 and 13 units.
- New York—1 for $7,222,000 and 800 units.

Sec. 803 in:
- Kentucky—5 for $8,100,000 and 1,000 units.
- Maryland—1 for $2,832,800 and 348 units.
- Montana—1 for $1,138,000 and 192 units.

Sec. 608-610 in:
- Delaware—1 for $45,900 and 20 units.
- Georgia—1 for $348,000 and 150 units.
- Louisiana—1 for $262,600 and 150 units.
- Michigan—1 for $1,080,000 and 500 units.
- North Carolina—1 for $247,500 and 85 units.
- Virginia—2 for $345,600 and 130 units.
- West Virginia—1 for $1,278,000 and 400 units.

and Pennsylvania in the Middle Atlantic geographic division; Maryland, District of Columbia, Virginia, North Carolina, and Georgia in the South Atlantic division; Texas in the West South Central division; and California in the Pacific division.

The cumulative number of rental projects, units, and amount of mortgages insured in each State under all sections of the National Housing Act and the Section 608 VEH program alone are also presented in Table 37. Chart XVI shows the heavy concentration of FHA-insured rental units in the eastern seaboard States, and in Ohio, Michigan, Illinois, Texas, California, and Washington.

TABLE 37.—*State distribution of rental-project mortgages: Number, face amount and units of FHA-insured mortgages under all rental-project programs and Sec. 608 VEH, cumulative through 1949*

Location of projects	All sections [1]			Sec. 608 VEH		
	Number	Amount	Units	Number	Amount	Units
Alabama	148	$43, 405, 300	7, 358	140	$40, 940, 600	6, 777
Arizona	38	5, 203, 114	884	35	4, 177, 414	619
Arkansas	44	6, 195, 000	1, 021	43	5, 875, 000	822
California	824	134, 002, 182	21, 580	785	118, 950, 557	16, 994
Colorado	47	5, 993, 300	1, 080	24	3, 114, 300	430
Connecticut	46	19, 516, 800	2, 885	27	13, 832, 900	1, 703
Delaware	15	19, 203, 919	2, 670	11	18, 106, 800	2, 402
District of Columbia	150	119, 624, 349	18, 000	74	86, 042, 800	10, 230
Florida	302	66, 796, 600	9, 937	205	65, 542, 600	9, 531
Georgia	99	80, 108, 900	11, 629	88	75, 437, 600	10, 383
Idaho	7	4, 342, 600	542	7	4, 342, 600	542
Illinois	180	74, 758, 945	10, 241	143	60, 318, 345	7, 131
Indiana	82	28, 494, 242	4, 012	66	25, 527, 592	3, 284
Iowa	12	4, 253, 200	597	11	3, 703, 200	461
Kansas	61	14, 162, 859	2, 463	46	10, 301, 218	1, 463
Kentucky	79	22, 434, 356	3, 221	65	11, 843, 900	1, 579
Louisiana	68	33, 448, 097	4, 656	60	27, 049, 800	3, 257
Maine	13	2, 820, 661	665	1	120, 000	28
Maryland	264	214, 509, 743	31, 921	201	175, 348, 900	22, 594
Massachusetts	32	21, 405, 600	2, 083	27	18, 055, 700	2, 190
Michigan	205	40, 204, 877	6, 092	184	32, 954, 653	4, 143
Minnesota	103	22, 931, 261	3, 446	93	17, 945, 149	2, 204
Mississippi	20	6, 905, 000	1, 114	28	6, 871, 900	1, 102
Missouri	90	30, 416, 545	4, 683	66	21, 807, 245	2, 817
Montana	2	1, 228, 000	212	1	90, 000	20
Nebraska	34	7, 070, 783	1, 001	32	6, 634, 183	940
Nevada	10	1, 039, 300	168	10	1, 039, 300	168
New Hampshire	5	1, 497, 253	218	5	1, 497, 253	218
New Jersey	400	202, 731, 342	36, 789	328	235, 305, 350	29, 744
New Mexico	5	571, 300	84	5	571, 300	84
New York	505	408, 428, 581	54, 320	442	355, 844, 697	42, 479
North Carolina	80	42, 010, 783	7, 348	52	34, 225, 883	5, 124
North Dakota	2	170, 552	31	2	170, 552	31
Ohio	185	45, 668, 980	7, 018	115	30, 141, 091	3, 602
Oklahoma	98	18, 710, 450	2, 708	89	18, 134, 000	2, 544
Oregon	122	26, 131, 241	3, 824	89	21, 462, 300	2, 750
Pennsylvania	252	100, 933, 484	13, 982	225	90, 430, 484	11, 130
Rhode Island	6	1, 536, 800	234	5	1, 422, 800	198
South Carolina	41	24, 900, 100	3, 871	37	23, 900, 100	3, 581
South Dakota	7	890, 500	156	6	773, 000	110
Tennessee	57	15, 519, 350	2, 497	50	13, 734, 500	2, 049
Texas	298	81, 654, 215	11, 001	253	73, 341, 106	9, 704
Utah	9	2, 154, 900	338	4	1, 411, 300	182
Vermont	1	700, 000	92	1	700, 000	92
Virginia	306	191, 103, 200	30, 581	219	146, 695, 500	19, 068
Washington	87	39, 367, 835	5, 387	81	37, 629, 135	4, 938
West Virginia	4	2, 152, 800	604	2	224, 800	30
Wisconsin	71	13, 154, 931	1, 755	66	12, 389, 531	1, 577
Wyoming	5	401, 125	71	3	176, 725	27
Alaska	3	8, 401, 400	749	3	8, 401, 400	749
Hawaii	50	4, 676, 200	838	50	4, 676, 200	838
Puerto Rico	---	---	---	---	---	---
Total	5, 592	2, 324, 102, 845	340, 460	4, 695	1, 970, 332, 263	254, 813

[1] State distributions on a cumulative basis for Secs. 207, 608 War, 608–610, and 803 are available upon request from the Division of Research and Statistics of FHA.

UNITS IN RENTAL PROJECTS SECURING MORTGAGES INSURED BY F H A UNDER SECTIONS 207, 608, 608-610 AND 803, CUMULATIVE THROUGH DECEMBER 31, 1949

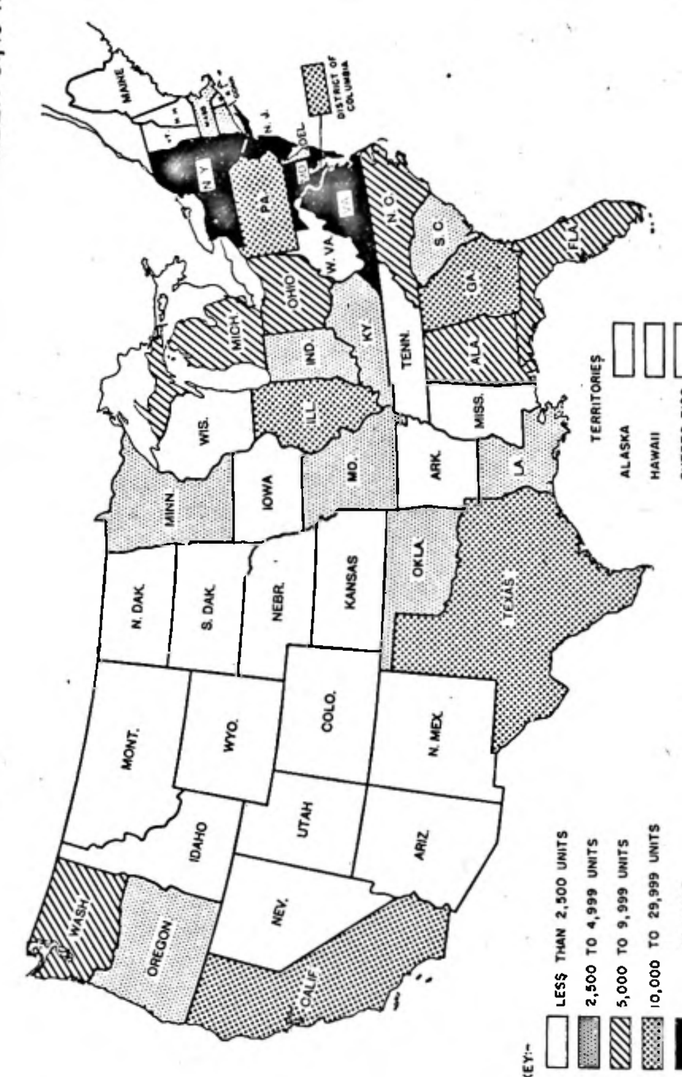


CHART XVI.

Terminations

As of the end of 1949, FHA insurance contracts had been terminated on only 416 rental-project mortgages with total face amounts of $159,000,000, or less than 7 percent of the aggregate amount of mortgages insured under all FHA rental programs. Almost all of these terminated mortgages had been insured under Section 207 and Section 210.[4]

As shown in Table 38, prepayment in full prior to maturity was the major reason for termination of FHA insurance contracts on rental projects. 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 85 percent of the total face amount of the mortgage insurance terminated.

FHA insurance contracts were terminated because of defaults on the part of the mortgagors for 57 mortgages having face amounts totaling $25,000,000, or 1.1 percent of the total amount of insurance written under all FHA rental programs. These default terminations affected about $17.7 million of mortgages insured under Section 207 and $7.5 million insured under Section 608.

TABLE 38.—*Disposition of all rental-project mortgages insured by FHA: Number and amount of mortgages insured, terminated, and in force, by sections, cumulative through Dec. 31, 1949*

Disposition	Total[1]		Sec. 207		Sec. 608	
	Projects	Amount	Projects	Amount	Projects	Amount
Mortgages insured	5,592	$2,324,102,845	381	$168,285,004	5,190	$2,137,290,941
Mortgages terminated:						
Prepayments in full	333	124,170,844	263	103,884,283	70	20,280,561
Prepayments by supersession	26	9,852,900	13	8,032,000	13	1,820,900
Matured loans	----	----	----	----	----	----
Mortgages assigned to FHA[2]	14	5,513,622	1	3,000,000	13	2,513,622
Properties acquired by FHA[3]	23	17,268,605	17	12,752,100	6	4,516,605
Withdrawals	9	1,638,900	7	1,406,900	2	232,000
Other terminations	11	804,200	8	578,300	3	225,900
Total terminations	416	159,249,071	309	129,653,583	107	29,595,488
Mortgages in force	5,176	2,164,853,774	72	38,631,421	5,083	2,107,695 453

[1] Includes 14 projects with mortgages amounting to $6,456,100 under Sec. 608-610 and 7 projects with mortgages amounting to $12,070,800 under Sec. 803 of which no insurance contracts have been terminated.
[2] Under Sec. 207, mortgage was sold with reinsurance.
[3] Under Sec. 207, of the properties acquired by FHA, 9 projects were sold with mortgages held by FHA; 7 projects were sold by FHA with reinsurance; and 1 project was sold by FHA without reinsurance. Under Sec. 608, 1 project was sold with reinsurance.

Of the 18 Section 207 projects or mortgage notes acquired by FHA because of defaults, all have been sold. An analysis of the financial experience of these terminated cases is presented in detail in Financial

[4] Section 210, which was enacted on February 3, 1938, expired in 1939. Data on the status of the $7,782,866 (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.

Statement 15 in Section III of this report. No Section 207 mortgages or projects have been acquired by FHA since 1943.

During 1949 the FHA was assigned 12 Section 608 mortgage notes, 10 of which had been insured under the Veterans' Emergency Housing program and 2 under the War Housing program. In addition, title was transferred to FHA for 4 Section 608 projects, 3 of which were covered by mortgages insured under the VEH program. This brings the total of Section 608 mortgages assigned to FHA to 13, all of which were held by FHA at the year end, compared with a cumulative total of 6 Section 608 projects acquired by FHA through title transfer, 5 of which were being operated by FHA at the close of 1949.

In addition to defaults which have resulted in termination of FHA insurance contracts, there were 84 Section 608 mortgages on completed projects which lending institutions had reported as being in default at the end of the year. Foreclosure proceedings had been started with respect to 13 of these defaulted mortgages, and in 10 of the remaining cases mortgages were in process of being assigned to the FHA.

Financial Institution Activity

Table 39 shows the volume of FHA-insured rental-project mortgages originated by the different types of financial institutions during the

TABLE 39.—*Type of institution originating rental-project mortgages: Number and face amount of mortgages originated for the year 1949 and cumulative through 1949*

Type of institution (as classified Dec. 31, 1949)	Year 1949				Cumulative Dec. 31, 1949			
	Number of institutions	Number	Amount	Percentage distribution[1]	Number of institutions	Number	Amount	Percentage distribution[1]
	All sections[2]							
National bank	60	295	$138,811,906	13.6	(Not available)	952	$316,793,781	13.6
State bank	50	531	462,191,471	45.3		1,325	852,870,116	36.7
Mortgage company	87	254	94,258,024	9.3		804	215,673,663	9.3
Life insurance company	46	460	163,360,411	16.0		1,684	605,113,754	26.0
Other insurance company	5	22	7,136,500	.7		34	9,387,800	.4
Savings bank	27	145	109,010,903	10.7		337	205,551,980	8.9
Savings and loan association	29	77	20,375,716	2.0		233	49,150,760	2.1
Federal agency	1	2	7,740,400	.8		16	16,548,400	.7
All other[3]	5	70	16,695,298	1.6		207	53,012,582	2.3
Total	310	1,856	1,019,580,620	100.0		5,592	2,324,102,845	100.0
	Sec. 608 VEH							
National bank	60	295	$138,811,906	13.9	104	858	$293,574,084	14.0
State bank	50	529	461,845,871	46.3	91	1,182	789,611,291	40.1
Mortgage company	83	244	84,132,524	8.5	131	622	165,708,764	8.4
Life insurance company	46	458	159,389,611	16.0	80	1,371	454,306,574	23.1
Other insurance company	5	22	7,136,500	.7	6	32	8,479,800	.4
Savings bank	25	142	100,461,403	10.1	39	275	174,464,805	8.9
Savings and loan association	20	77	20,375,716	2.0	50	192	40,292,218	2.0
Federal agency	1	2	7,740,400	.8	1	2	7,740,400	.4
All other[3]	5	70	16,695,298	1.7	8	161	36,154,327	1.8
Total	304	1,830	996,580,229	100.0	519	4,695	1,970,332,263	100.0

[1] Based on amount of mortgage.
[2] Secs. 207, 210, 608 War, 608 VEH, 608 pursuant to 610, and 803.
[3] Includes investment companies, private and State benefit funds, and endowed institutions.

year 1949 and cumulatively through the end of 1949, under all rental-project programs and under the Section 608 Veterans' Emergency Housing program separately.

State banks were by far the leading type of lending institutions originating rental-project mortgages in 1949, accounting for 45 percent of the amount of mortgages insured under all rental programs. Next in rank, but with only 16 percent of the originations, were life insurance companies, followed closely by national banks, which financed about 14 percent. Savings banks and mortgage companies accounted for about 11 percent and 9 percent, respectively, of the 1949 rental-project mortgage originations.

TABLE 40.—*Type of institution holding rental-project mortgages: Number and face amount of mortgages insured under Secs. 207, 608, 608–610, and 803 held in portfolios as of Dec. 31, 1949*

Type of institution (as classified Dec. 31, 1949)	Number of institutions	Number	Amount	Percentage distribution [1]	Number of institutions	Number	Amount	Percentage distribution [1]
	All sections				Sec. 207			
National bank	Not available	514	$180,306,938	8.6	3	3	$60,700	.2
State bank		681	507,517,168	24.1	5	7	2,513,219	6.5
Mortgage company		217	87,237,400	4.2	2	2	522,000	1.3
Life insurance company		2,432	797,179,766	37.9	13	39	14,799,502	38.3
Other insurance company		211	65,158,156	3.1	1	1	800,000	2.1
Savings bank		719	362,729,453	17.2	6	13	15,258,000	39.5
Savings and loan association		102	28,031,926	1.3	1	1	64,000	.2
Federal agency		85	33,468,700	1.6	1	1	35,000	.1
All other		131	42,934,515	2.0	2	5	4,579,000	11.8
Total	------	5,092	[2] 2,104,564,022	100.0	34	72	38,631,421	100.0
	Sec. 608 VEH				Sec. 608 War			
National bank	77	457	$163,770,141	8.6	11	49	$8,376,097	5.9
State bank	64	647	489,438,849	25.7	9	26	14,622,800	10.2
Mortgage company	66	202	82,396,500	4.3	8	12	3,970,900	2.8
Life insurance company	80	2,145	687,843,089	36.1	38	242	88,875,775	62.3
Other insurance company	18	207	63,942,056	3.4	3	3	415,200	.3
Savings bank	44	636	321,737,566	16.9	12	65	22,866,887	16.0
Savings and loan association	45	88	25,000,726	1.3	10	13	2,967,200	2.1
Federal agency	1	81	32,825,500	1.7	------	------	------	------
All other	10	121	37,718,890	2.0	2	5	636,625	.4
Total	414	4,584	[2] 1,904,674,217	100.0	93	415	142,731,484	100.0
	Sec. 608–610				Sec. 803			
National bank	------	------	------	------	1	5	$8,100,000	67.1
State bank	1	1	$942,300	14.6	------	------	------	------
Mortgage company	1	1	348,000	5.4	------	------	------	------
Life insurance company	3	4	1,690,600	26.2	2	2	3,970,800	32.9
Savings bank	3	5	2,867,000	44.4	------	------	------	------
Federal agency	1	3	608,200	9.4	------	------	------	------
Total	9	14	6,456,100	100.0	3	7	12,070,800	100.0

[1] Based on amount of mortgage.
[2] Less than face amount in force, due to lag in tabulation.

On a cumulative basis, State banks were also the top-ranking type of originating institution, with 37 percent of the amount of the mortgages. Life insurance companies, however, were not far behind, accounting for 26 percent of all rental-project mortgages insured by FHA since 1935. National banks, mortgage companies, and savings banks ranked next, in that order. Savings and loan associations have financed only 2 percent of FHA-insured rental-project mortgages, while two Federal agencies—the RFC Mortgage Company (dissolved in 1947) and the Federal National Mortgage Association (FNMA)—have accounted for less than 1 percent of the amount of the originations.

In the proportions of FHA-insured rental-project mortgages held in institution portfolios as of the close of 1949, life insurance companies predominated with nearly 38 percent of the total amount (Table 40). Ranking next were State banks, holding 24 percent, and savings banks with slightly more than 17 percent. Federal agency holdings, as tabulated in Washington, represented less than 2 percent of the total amount of FHA-insured rental-project mortgages with insurance in force at the year end.

As is evident from Tables 39 and 40, National and State banks and mortgage companies have been the principal sellers of FHA-insured rental-project mortgages, holding considerably smaller amounts than they originated. Data available on sales of Section 608 VEH mortgages reported to Washington during the last half of 1949 further substantiate the fact that these types of institutions are major sellers:

Type	Percent of Sec. 608 VEH sales July–December 1949
State banks	48.1
National banks	24.2
Mortgage companies	13.6
All others	14.1
Total	100.0

On the other hand, the most active types of purchasing institutions have been life insurance companies and savings banks, as evidenced in Tables 39 and 40 by the fact that their holdings substantially exceeded their originations. The data on purchases of Section 608 VEH mortgages reported for the last half of 1949 corroborate the predominance of life insurance companies and savings banks as buyers:

Type	Percent of Sec. 608 VEH purchases July–December 1949
Life insurance companies	41.0
Savings banks	19.8
Federal agencies	7.9
State and National banks	9.1
All others	22.2
Total	100.0

Project Characteristics

Under the rental housing provisions of the National Housing Act, the FHA during 1949 issued commitments for mortgage insurance on about 170,000 dwelling units in more than 2,000 individual projects, each covered by a separate mortgage. As in the other post-World War II years, the FHA's rental housing activity occurred almost exclusively under the Veterans' Emergency Housing program provisions of Section 608.

Table 41 presents a summary of the characteristics of loans, projects, and dwelling units covered by FHA rental housing commitments issued last year.

TABLE 41.—*Summary of characteristics of Sec. 608 VEH rental projects covered by FHA commitments issued during 1949*

Type of project [1]	Percent of total		Size of project (units)		Median			
	Projects	Units	Median	Average	Size of unit (rooms)	Monthly rental per unit [2]	Mortgage per unit [2,3]	Ratio of mortgage to replacement cost (percent)
Walk-up	68.8	58.2	31.5	66.4	4.1	$79.99	$7,392	87.4
Elevator	14.0	26.7	104.9	149.8	3.4	94.06	8,029	86.8
Row house	11.9	11.0	42.2	71.9	4.4	63.95	9,396	80.9
Semidetached	5.3	4.1	37.5	60.5	4.3	65.00	6,322	86.5
All types	100.0	100.0	41.6	78.4	4.0	82.49	7,608	87.2

[1] Projects classified by predominant type of structure.
[2] Exclusive of data for projects in Alaska covered by commitments issued under the Alaska Housing Act, enacted Apr. 23, 1949.
[3] Amount of mortgage allocable to dwelling use.

Yearly trends.—Comparisons of the 1949 rental projects with those approved for insurance or insured by FHA in previous years are made in Table 42, which shows selected characteristics of rental projects, dwelling units, and mortgages for the Section 207 projects of the prewar period 1935–41, the wartime Section 608 projects with mortgages insured from 1942 through 1946, and the postwar Section 608 projects covered by commitments issued during 1947, 1948, and 1949 under the Veterans' Emergency Housing program.

The Section 608 VEH projects approved in 1949 were substantially larger than those approved under the same program in previous years, about the same size as the wartime projects but somewhat smaller than the prewar Section 207 projects. The median project in 1949 contained about twice as many dwelling units as those in 1947 and 1948, but 30 units less than the median project of the 1935–41 period.

TABLE 42.—*Trend of characteristics of FHA rental projects and dwelling units under Sec. 207 and Sec. 608, 1935–49*

Year and program [1]	Number of units per project		Number of rooms per dwelling unit		Monthly rental		Mortgage allocable to dwelling use [2]	
	Median	Average	Median	Average	Per unit [2]	Per room [3]	Per unit	Per room
1949 (Sec. 608 VEH)	41.6	78.4	4.0	3.7	$82.49	$22.22	$7,190	$1,940
1948 (Sec. 608 VEH)	22.5	51.1	4.7	4.3	87.56	20.13	7,645	1,769
1947 (Sec. 608 VEH)	20.3	39.8	4.7	4.4	84.13	[4] 19.00	7,505	1,724
1942–46 (Sec. 608 War)	41.0	75.9	4.0	3.7	56.45	15.10	4,427	1,187
1935–41 (Sec. 207)	72.2	121.1	3.9	3.7	53.09	14.54	3,725	1,009

Year and program [1]	Percent of projects with				Percent of dwelling units in			
	Walk-up structures	Elevator structures	Row-house structures	Semidetached [5] structures	Walk-up structures	Elevator structures	Row-house structures	Semidetached [5] structures
1949 (Sec. 608 VEH)	68.8	14.0	11.9	5.3	58.2	26.7	11.0	4.1
1948 (Sec. 608 VEH)	84.4	3.1	10.9	1.6	76.7	13.1	9.0	1.2
1947 (Sec. 608 VEH)	85.9	1.1	10.4	2.6	83.6	2.7	12.1	1.6
1942–46 (Sec. 608 War)	81.6	-------	17.1	1.3	79.4	-------	17.6	3.0
1935–41 (Sec. 207)	87.0	9.9	[6]	3.1	84.4	14.0	[6]	1.6

[1] Data on Sec. 207 and Sec. 608 War Housing programs based on projects covered by insured mortgages; Sec. 608 Veterans' Emergency Housing program data based on projects covered by FHA commitments.
[2] Data shown are medians.
[3] Data shown are arithmetic means.
[4] Estimated.
[5] Includes relatively small proportions of units in detached-structure projects.
[6] In compilation of Sec. 207 data, row-house projects were classified as walk-ups.

In line with the increase in project size last year, the proportion of dwelling units in elevator-structure projects rose to 26.7 percent, an all-time high in FHA history, double the 13.1 percent in VEH projects in 1948 and almost twice the 14 percent in the prewar Sectio 207 projects. At the same time the proportion of walk-up uni reached an all-time low of 58.2 percent.

The median dwelling units in Section 608 VEH commitments issue in 1949 contained 4 rooms, between one-half and a full room less than the median units approved for insurance in 1947 and 1948. This decrease in size is due partially to the marked increase in the proportion of units in elevator projects, in which the typical unit tends to be somewhat smaller than in other types of projects. Table 41 shows that the median unit in elevator projects had 3.4 rooms. Another factor contributing to the decrease in size was the legislative change in the maximum amount of mortgage allocable to dwelling units from $1,800 per room—in effect during 1947 and for more than 80 percent of the units approved during 1948—to $8,100 per unit, which applied to all units covered by commitments issued in 1949. Under the $1,800 per-room maximum, the more rooms contained in the dwelling units of a project the larger the amount of the over-all mortgage that could be insured by FHA. On the other hand, the $8,100 per-unit maximum tended to dissipate the incentive to construct units of greater room count.

TABLE 43.—*Trend in size of dwelling units provided in FHA rental projects, 1935–49*

Year	Median number of rooms per unit	Percentage distribution by number of rooms per unit						Total
		Less than 3	3	3½	4	4½	5 or more	
	All types							
1949	4.0	11.0	15.3	23.2	20.8	22.7	7.0	100.0
1948	4.7	2.3	3.7	18.9	15.9	26.3	32.9	100.0
1947	4.7	1.5	4.8	16.6	15.2	28.3	33.6	100.0
1942–46	4.0	.2	29.8	20.9	28.0	16.9	4.2	100.0
1935–41	3.9	2.9	32.3	20.6	21.8	13.1	9.3	100.0
	Walk-up structure projects							
1949	4.1	3.3	15.3	24.5	23.3	24.6	9.0	100.0
Prewar 1935–41	3.9	2.1	32.9	20.8	21.8	12.8	9.6	100.0

NOTE: 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; and for the years 1947–49 on commitments to insure mortgages under Veterans' Emergency Housing provisions of Sec. 608.

Compared with the units in the prewar Section 207 projects, the units approved in 1949 tended to have higher room counts despite the greater proportion of units in elevator structures last year. As shown in Table 43, about half of the 1949 units had 4 rooms or more, as against 44 percent of the prewar units. In the case of walk-up projects alone, the difference is more marked, with 57 percent of the units approved in 1949 having 4 rooms or more, while only 44 percent of the prewar Section 207 units were that size.

The median monthly rental for Section 608 VEH projects approved in 1949 was $82.49, a decline of almost 6 percent from the $87.56 median for the 1948 projects. On a per-room basis, however, the average rental showed a 10 percent increase—from $20 in 1948 to $22 in 1949. Here again the influence of elevator projects in the 1949 FHA rental program is apparent, for, due to locations closer to the center of the city and the inclusion of almost all items of equipment, utilities, and services in the rentals for elevator apartments, these rentals tend to be higher than rentals for units in other types of projects. As is indicated in Table 41, the median unit rental for elevator projects approved in 1949—$95—was $15 higher than the walk-up project median rental and $30 more than the median rentals for row-house and semidetached-structure projects.

The average per-room rental for the 1949 projects is about 50 percent higher than for the prewar Section 207 projects.

Although the amount of mortgage allocable to dwellings registered a decrease on a unit basis from 1948 to 1949 of almost 6 percent, on a per-room basis there was an increase of more than 9½ percent. The greater influence of elevator projects in the 1949 program thus demonstrates itself again, for the per-room cost of construction that typifies elevator projects is substantially higher than the cost of construction for walk-up projects. Compared with the prewar Section 207 projects, the per-room amount of mortgage allocable to dwellings in projects covered by commitments issued during 1949 was 92 percent higher. This marked increase is due primarily to higher construction costs and the fact that 90 percent rather than 80 percent maximum mortgages were permitted. It is particularly noteworthy that although the amount of the mortgage on a per-room basis increased 92 percent from the period 1935–41 to 1949, the per-room rental rose only 53 percent.

Type of project.—Almost 7 out of every 10 projects in 1949 were garden-type developments in which walk-up structures—principally 2-story buildings—predominated. In terms of dwelling units provided, however, walk-up projects accounted for a slightly smaller proportion—not quite 6 out of every 10 units (Table 44 and Chart XVII).

Elevator-structure projects provided almost 27 percent of the units, although only 14 percent of the projects were of this type. About one out of every nine units was in a row-house project, and less than 5 percent of all units were in projects consisting of semidetached structures.

TABLE 44.—*Type of project: Percentage distribution based on FHA commitments to insure mortgages secured by rental projects, Sec. 608 VEH, 1949*

Type of project [1]	Projects	Dwelling units	Average number of units per project
Walk-up total	68.8	58.2	66
1- and 2-story combined	2.2	2.9	105
2-story	51.7	40.0	61
2- and 3-story combined	3.4	5.9	137
3-story	11.5	9.4	64
Elevator	14.0	26.7	150
Row house	11.9	11.0	72
Semidetached	5.3	4.1	60
Total	100.0	100.0	78

[1] Projects classified by predominant type of structure.

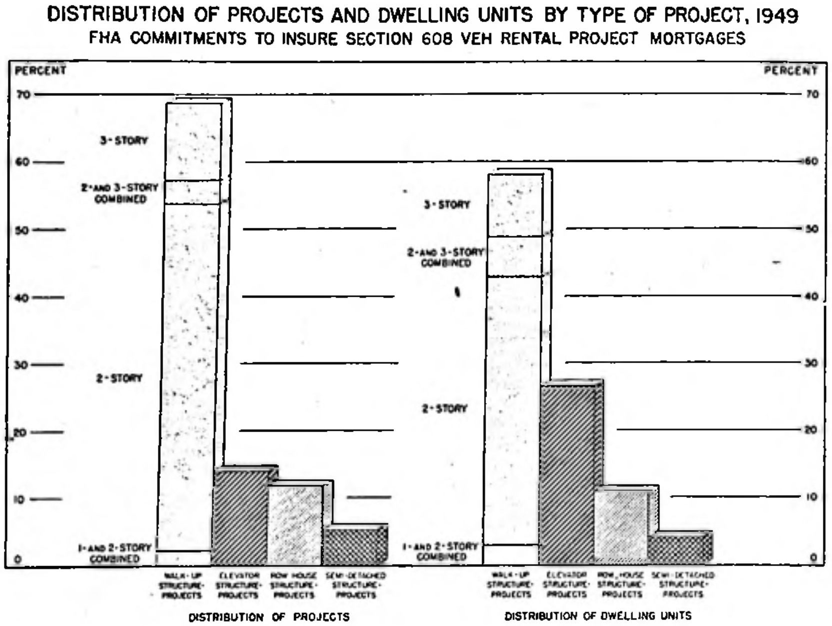


CHART XVII.

Size of project.—In size, the 1949 projects ranged from the prescribed minimum of 8 dwelling units to one with 612 units. The maximum size of projects is limited by the $5,000,000 maximum mortgage insurable under Section 608. The median size for all projects was 42 units, the average (arithmetic mean) 78 units. Although both median and average number of units are shown in Table 45, the

TABLE 45.—*Size of project by type of project: Percentage distribution based on FHA commitments to insure mortgages secured by rental projects, Sec. 608 VEH, 1949*

Number of dwelling units per project	All projects		Type of project							
			Walk-up		Elevator		Row house		Semidetached	
	Projects	Dwelling units	Projects	Dwelling units	Projects	Dwelling units	Projects	Dwelling units	Projects	Dwelling units
8 to 9	7.0	0.7	7.8	1.0	-------	-------	7.8	0.9	13.0	1.7
10 to 24	28.4	6.1	34.9	8.8	0.8	0.1	27.4	6.0	20.3	6.5
25 to 49	20.8	9.5	22.5	12.0	9.4	2.7	19.9	9.9	30.6	18.0
50 to 99	18.2	16.0	13.6	14.1	38.6	18.4	20.4	19.9	15.7	17.6
100 to 149	10.4	16.2	8.7	15.8	16.4	13.8	12.2	20.7	12.1	24.1
150 to 199	5.1	11.1	3.9	10.2	11.5	13.0	4.9	11.5	3.7	10.6
200 to 299	6.0	18.7	5.5	19.9	12.5	20.1	3.7	11.9	2.8	9.2
300 to 399	2.1	9.1	1.7	8.6	4.2	9.8	2.5	11.6	.9	4.6
400 to 499	1.3	7.2	1.1	6.7	3.1	9.4	1.2	7.6	-------	-------
500 or more	.7	5.4	.3	2.9	3.5	12.7	-------	-------	.9	7.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Units per project	Median 41.6	Average 78.4	Median 31.5	Average 66.4	Median 104.9	Average 149.8	Median 42.2	Average 71.0	Median 37.5	Average 60.5

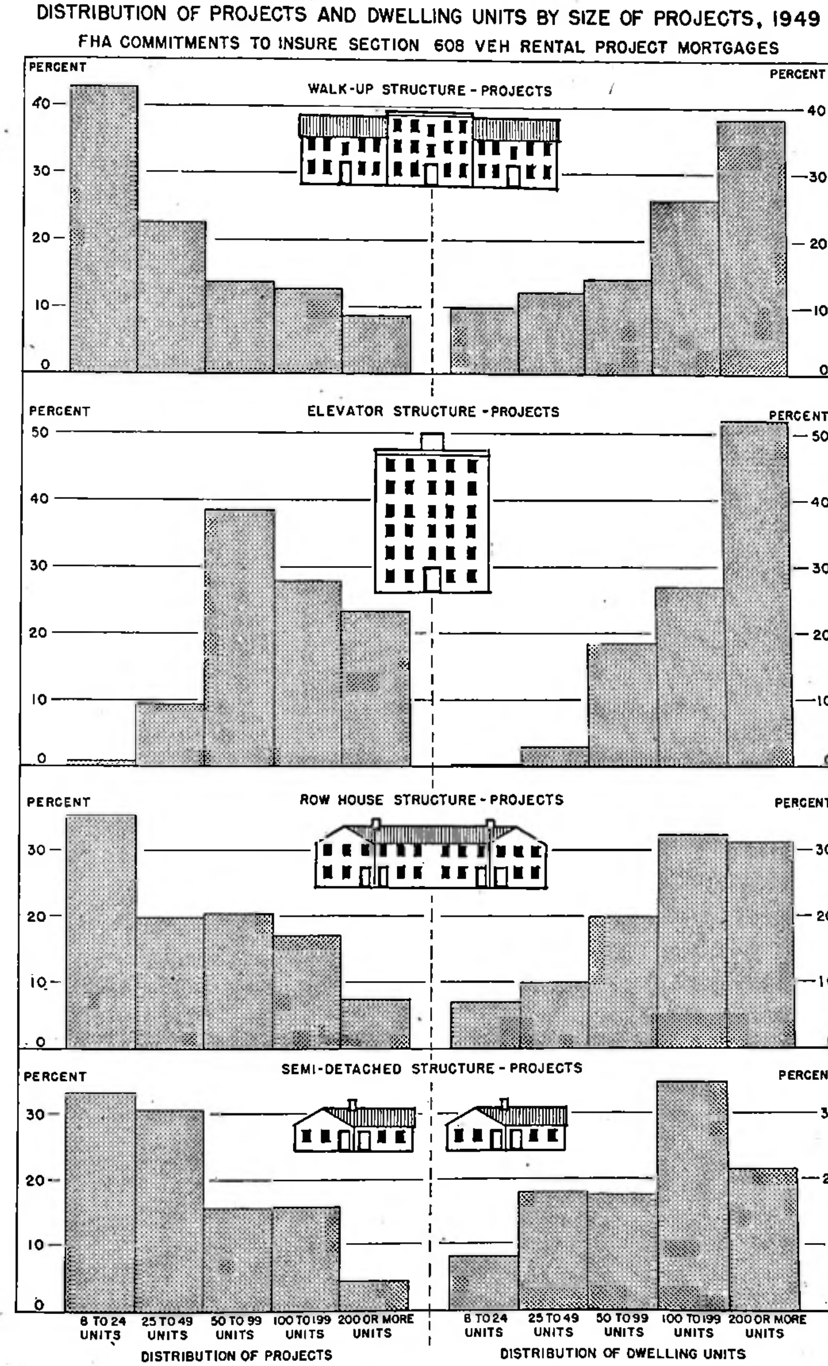


CHART XVIII.

median figures are more representative, since the averages tend to be weighted upward by the largest projects in the distributions. On the basis of median number of units, the walk-up structure projects were the smallest (32 units), the elevator projects the largest (105 units). More than half of the walk-up, row-house, and semidetached structure projects contained fewer than 50 units, while nearly 40 percent of the elevator projects were in the 50- to 99-unit bracket. On the other hand, the larger projects account for more than half of all units—about 6 out of every 10 nonelevator units are in projects of 100 or more units while more than half of the elevator units are provided by projects with 200 or more units. (See Table 45 and Chart XVIII.)

Mortgage allocable to dwellings.—Rental-project mortgages committed under Section 608 during 1949 were subject to a maximum limitation of $8,100 per unit. Prior to August 1948, when the $8,100 per unit maximum first became effective, an $1,800 per room maximum applied to all mortgages committed under the postwar provisions of Section 608. Under the wartime Section 608 and the prewar Section 207, the maximum was $1,350 per room.

As shown in Table 46 and Chart XIX, the rental units approved in 1949 were concentrated in mortgage amounts of $7,000 or more. In walk-up projects, 37 percent of the units were in projects with mortgages per unit between $7,000 and $7,999. Nearly one-fourth more of the walk-up units had mortgages of $8,000 to $8,100 per unit. In elevator projects the largest proportion of the units—more than three-fifths—were those with mortgages averaging $8,000 to $8,100. Over nine-tenths had mortgages of $7,500 or more per unit. In contrast, dwelling units in row-house and semidetached structure projects tend to have much lower average mortgage amounts—54 percent of the former and 51 percent of the latter being less than $6,500. Lower-cost projects are also common in the walk-up class, where 38 percent had mortgage amounts below $7,000 per unit.

The over-all median mortgage amount for dwelling purposes was about $7,600 per unit compared with a high of $8,029 for elevator projects and a low of $6,322 for semidetached-structure projects. The median for walk-up projects was slightly less than $7,400, for row-house projects about $6,400 per unit.

DISTRIBUTION OF AVERAGE MORTGAGE* PER UNIT BY TYPE OF PROJECT, 1949
FHA COMMITMENTS TO INSURE SECTION 608 VEH RENTAL PROJECT MORTGAGES

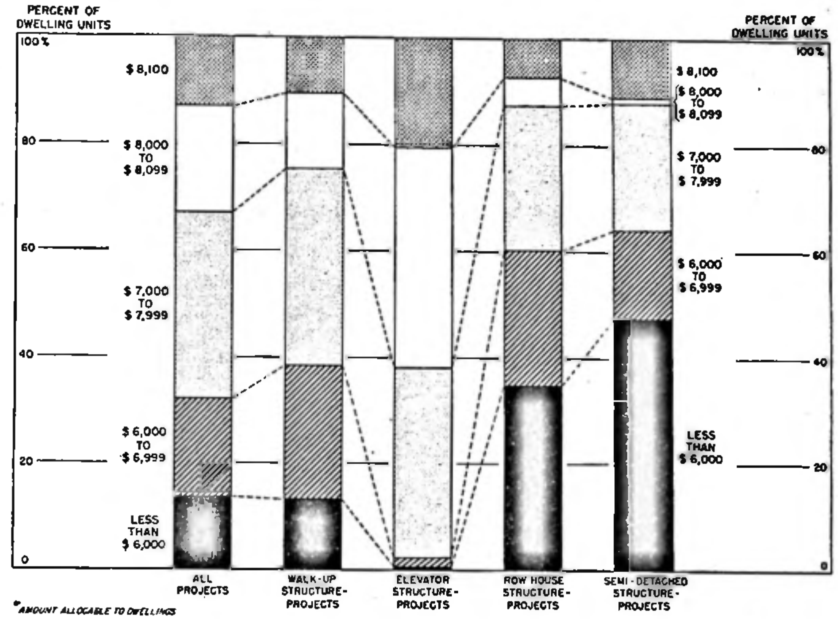


CHART XIX.

TABLE 46.—*Mortgage allocable to dwellings by type of project: Percentage distribution based on FHA commitments to insure mortgages secured by rental projects, Sec. 608 VEH, 1949* [1]

Average amount of mortgage per dwelling unit [2]	All projects		Type of project							
			Walk-up		Elevator		Row house		Semidetached	
	Projects	Dwelling units	Projects	Dwelling units	Projects	Dwelling units	Projects	Dwelling units	Projects	Dwelling units
Less than $5,000	4.6	5.4	3.4	4.5	0.4	0.1	15.6	17.5	7.4	20.6
$5,000 to $5,999	10.0	8.3	10.3	8.8	.8	.3	13.9	17.3	22.2	26.8
$6,000 to $6,499	10.2	8.7	11.5	10.7	.7	.7	13.9	19.2	10.2	4.0
$6,500 to $6,999	9.3	9.7	10.8	14.2	1.7	1.0	6.2	6.2	15.7	12.7
$7,000 to $7,499	14.4	13.2	14.4	15.1	10.6	7.3	16.4	16.8	20.4	16.8
$7,500 to $7,999	19.2	21.8	20.5	21.9	23.3	28.5	13.5	10.4	3.7	7.0
$8,000 to $8,099	14.9	19.9	12.4	14.2	37.1	41.3	8.6	5.3	2.8	1.1
$8,100	17.4	13.0	16.7	10.6	25.4	20.8	11.9	7.3	17.6	11.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median amount of mortgage [3]	$7,608		$7,392		$8,029		$6,396		$6,322	

[1] Exclusive of projects in Alaska covered by commitments issued under Alaska Housing Act (Apr. 23, 1949) which permits a maximum of $10,800 per unit in the amount of mortgage allocable to dwellings.
[2] Dwelling units and rooms not producing income, e. g., janitor units, are included in the computation of this average.
[3] Based on dwelling unit distribution.

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The data on the average mortgage amounts per unit also provide an indicator of the relative construction costs of dwelling units in the four basic types of projects.

Ratio of mortgage to replacement cost.—Rental-project mortgages committed during 1949 could not exceed 90 percent of the FHA estimate of the replacement cost of the entire project (including land) as of December 31, 1947, or as of the date the project analysis was prepared, whichever was the lower. The data in Table 47 are based on the ratio of the mortgage amount to the current replacement cost.

TABLE 47.—*Ratio of mortgage amount to current replacement cost of project by type of project: Percentage distribution based on FHA commitments to insure mortgages secured by rental projects, Sec. 608 VEH, 1949*

Mortgage as a percent of replacement cost	All projects		Type of project							
			Walk-up		Elevator		Row house		Semidetached	
	Projects	Dwelling units	Projects	Dwelling units	Projects	Dwelling units	Projects	Dwelling units	Projects	Dwelling units
Less than 70	1.1	0.6	1.1	0.5	1.4	1.0	0.8	0.2	....	....
70 to 79.9	10.2	7.3	10.1	6.5	10.8	10.1	9.8	4.3	11.1	8.1
80 to 82.4	8.1	6.0	8.1	4.4	7.0	7.9	11.4	8.3	4.6	11.6
82.5 to 84.9	15.6	13.1	16.3	14.0	12.2	10.9	15.9	12.3	14.8	16.3
85 to 87.4	26.3	26.8	24.3	25.4	31.0	28.0	31.4	31.7	29.6	25.1
87.5 to 89.9	28.8	35.4	20.7	37.4	33.8	37.1	18.0	23.8	27.8	26.0
90	9.9	10.8	10.4	11.8	3.8	5.0	12.7	19.4	12.1	11.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median ratio[1] (percent)	87.2		87.4		86.8		86.9		86.5	

[1] Based on dwelling unit distribution.

In 1949 more than half the Section 608's were covered by mortgages averaging from 85 to 89.9 percent of the replacement cost—more than three-fifths of the units in walk-up and elevator projects and more than half of the units in row-house and semidetached structure projects. The median ratio of mortgage to replacement cost for all types of dwelling units combined was 87.2 percent, and ranged from 86.5 percent for semidetached structure units to 87.4 percent for walk-up units.

Row-house projects accounted for the largest proportion of units having mortgage-to-cost ratios at the full 90 percent maximum, as contrasted with the elevator projects, wherein only 5 percent of the units were at the maximum ratio and nearly 30 percent were below an 85-percent ratio.

Size of unit.—The three most popular sizes of dwelling units in Section 608 properties approved in 1949 were the 3½-, 4- and 4½-room apartments, together accounting for about two out of every

three units. Slightly more than one of every four units had 3 rooms or less and only 7 percent had 5 or more rooms.

As shown in Table 48 and Chart XX, in the walk-up projects the most popular dwelling unit sizes were the 3½-, 4- and 4½-rooms, each accounting for about one-fourth of the total. Elevator projects were characterized by smaller units, one-third being the efficiency type of less than 3 rooms and another 47 percent containing 3 or 3½ rooms. In row-house projects, the larger-size units predominated, with the 4- and 4½-room apartments accounting for more than 70 percent. Similarly, in projects consisting of semidetached structures larger dwelling units were in the majority—more than half contained 4 rooms, while more than one-fourth provided 4½ rooms or more.

TABLE 48.—*Size of dwelling unit and median monthly rental by type of project: Based on FHA commitments to insure mortgages secured by rental projects, Sec. 608 VEH, 1949* [1]

Number of rooms per dwelling unit[2]	Percentage distribution by type of project					Median monthly rental by type of project				
	All projects	Walk-up	Elevator	Row house	Semi-detached	All projects	Walk-up	Elevator	Row house	Semi-detached
Less than 3	11.0	3.3	33.8	1.0	....	$78.39	$63.65	$82.12	$51.55	....
3	15.3	15.3	19.3	7.6	10.5	77.24	68.61	92.22	45.53	$46.01
3½	23.2	24.5	27.3	13.4	4.3	91.72	85.16	103.83	59.93	58.90
4	20.8	23.3	6.1	29.2	57.3	72.28	73.73	117.51	51.74	61.88
4½	22.7	24.6	11.5	42.5	16.2	85.27	86.78	121.45	67.63	75.0[illegible]
5	6.3	8.2	1.9	5.6	9.5	89.95	89.72	128.60	87.55	77.3[illegible]
More than 5	.7	.8	.1	.7	2.2	88.01	98.35	165.00	85.43	72.[illegible]
Total	100.0	100.0	100.0	100.0	100.0	82.49	79.99	94.96	63.95	65.[illegible]

[1] Exclusive of projects in Alaska, covered by commitments issued under the Alaska Housing Act enacted Apr. 23, 1949.
[2] FHA room count excludes bathrooms, dressing closets, halls, and similar spaces.

Monthly rental.—Monthly rentals reported for units in all 1949 projects combined were distributed evenly throughout a $50 to $125 range without a noteworthy clustering in any one rental bracket. As shown in Table 49, one-third of the units in all projects were approved for rentals ranging from $60 to $79 and another third in the $80 to $99 bracket. Monthly rentals of $100 or more were reported for 20 percent of the apartments, as against rentals of less than $60 for 12 percent of the units.

SIZE OF DWELLING UNIT AND MONTHLY RENTAL BY TYPE OF PROJECT, 1949
FHA COMMITMENTS TO INSURE SECTION 608 VEH RENTAL PROJECT MORTGAGES

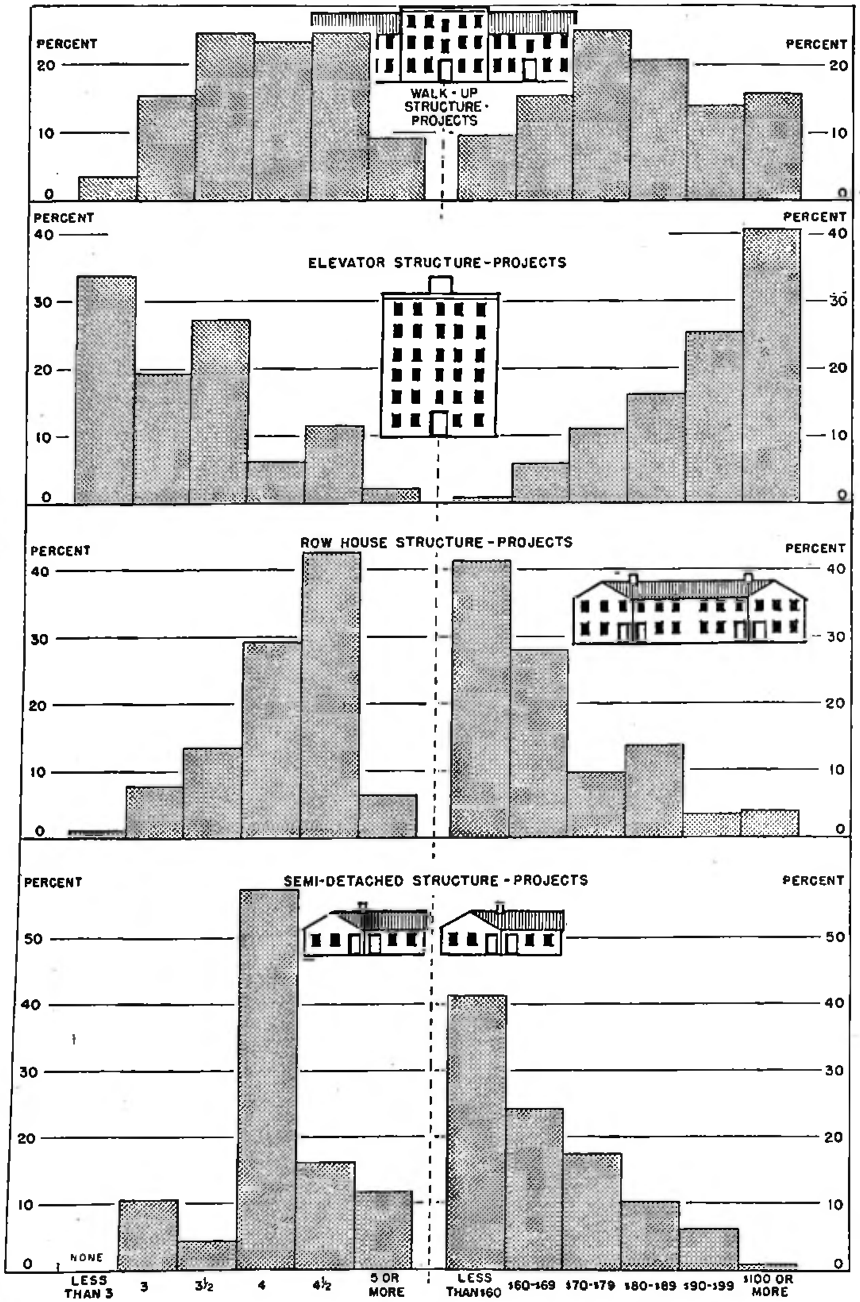


CHART XX.

The highest monthly rentals reported for units approved in 1949 were in elevator projects, in which two-thirds of the units had rents of $90 or more, and lowest in the row-house and semidetached-structure projects, with 70 percent and 65 percent of the units, respectively, approved to rent for less than $70 monthly.

TABLE 49.—*Monthly rental and median dwelling unit size by type of project: Based on FHA commitments to insure mortgages secured by rental projects, Sec. 608 VEH, 1949* [1]

Monthly rent per dwelling unit	Percentage distribution by type of project					Median number of rooms [2] by type of project				
	All projects	Walk-up	Elevator	Row house	Semidetached	All projects	Walk-up	Elevator	Row house	Semidetached
Less than $50	5.0	3.3	-------	18.5	25.8	4.1	4.0	-------	4.1	4.2
$50 to $59.99	7.1	6.3	0.8	22.7	15.4	4.0	3.8	2.3	4.2	4.1
$60 to $64.99	6.3	7.5	1.3	11.2	8.8	3.7	3.4	2.3	4.7	4.3
$65 to $69.99	8.2	7.8	4.6	16.9	15.4	4.1	3.9	2.3	4.7	4.3
$70 to $74.99	11.6	16.0	5.8	3.5	8.6	4.0	4.1	2.3	4.5	4.5
$75 to $79.99	7.7	9.1	5.2	6.2	8.7	4.0	4.1	2.3	4.7	5.1
$80 to $84.99	8.3	9.3	5.9	8.2	9.3	4.3	4.5	2.4	4.7	4.3
$85 to $89.99	9.9	11.3	10.3	5.5	.8	3.9	4.3	3.0	4.3	5.1
$90 to $94.99	8.8	7.0	16.3	1.2	4.6	3.6	4.1	2.8	4.8	4.7
$95 to $99.99	6.7	6.9	9.1	2.2	1.6	3.9	4.5	3.7	5.1	5.0
$100 to $109.99	8.5	8.1	12.9	3.0	.6	3.9	4.3	3.7	4.6	4.8
$110 to $124.99	8.4	5.8	18.3	.5	.4	4.4	4.7	3.9	4.9	4.5
$125 or more	3.5	1.6	9.5	.4	-------	4.7	4.8	4.6	5.3	-------
Total	100.0	100.0	100.0	100.0	100.0	4.0	4.1	3.4	4.4	4.3

[1] Exclusive of projects in Alaska, covered by commitments issued under the Alaska Housing Act enacted Apr. 23, 1949.
[2] FHA room count excludes bathrooms, dressing closets, halls, and similar spaces.

The high level of elevator-project rentals is attributable not only to the higher construction costs but also to the larger amount of equipment, services, and utilities furnished for elevator units and included in the rent. For 99 percent of the elevator units, the rentals cover a full complement of range, refrigerator, laundry facilities, heat, hot and cold water, janitor service, and ground maintenance. Current for lighting, gas or electricity for cooking and refrigeration and often for air-conditioning, are included in the rentals of more than one-third of these elevator units.

The lower level of the rentals for row-house and semidetached structures may be attributed to the fact that more than two-thirds of these units are located in the South where construction and operating costs are much lower. Heat and hot water, which are fairly large items of expense in the North, are excluded from the rentals of 85 percent of the row-house units and 99 percent of those in semidetached structures. Only 15 percent of the row-house units and 1 percent of the semidetached structures have rentals which include the full complement of equipment, services, and utilities.

Rentals reported for the walk-up projects approved in 1949 tend to be concentrated in the middle range—$70 to $89—while one-fourth of these units have rents of less than $70 and about 15 percent rents of $100 or more. (See Chart XX and Table 49.)

Almost two-thirds of the reported walk-up rentals include the full complement of range, refrigerator, laundry facilities, heat, hot and cold water, and janitor and grounds maintenance services. For about 8 percent of the units, additional cooking, refrigeration, and lighting utilities are covered by the reported rentals.

Size of dwelling unit by monthly rental.—The distribution of the dwelling units in the several monthly rental groups by size of the dwelling unit is shown for all projects in Table 50. Also presented are the median number of rooms for each rental group and the median monthly rental for each size of unit.

TABLE 50.—*Size of dwelling unit by monthly rental for all projects: Percentage distribution based on FHA commitments to insure mortgages secured by rental projects, Sec. 608 VEH, 1949* [1]

Monthly rental	Percentage distribution	Median number of rooms	Number of rooms per dwelling unit [2]							Total
			Less than 3	3	3½	4	4½	5	More than 5	
Less than $50	5.0	4.1	3.6	28.9	3.3	64.2	-------	-------	-------	100.0
$50 to $59.99	7.1	4.0	11.8	15.8	18.7	36.8	15.7	1.1	0.1	100.0
$60 to $64.99	6.3	3.7	9.3	36.6	13.6	15.9	23.7	.6	.3	100.0
$65 to $69.99	8.2	4.1	16.3	13.8	15.9	21.8	30.0	1.3	.3	100.0
$70 to $74.99	11.6	4.0	14.8	8.6	23.2	33.8	15.3	3.7	.6	100.0
$75 to $79.99	7.7	4.0	16.4	19.6	12.1	22.9	18.3	10.0	.7	100.0
$80 to $84.99	8.3	4.3	13.0	14.2	13.6	15.4	35.8	6.4	1.6	100.0
$85 to $89.99	9.9	3.9	12.8	18.0	23.8	11.6	20.4	12.0	.5	100.0
$90 to $94.99	8.8	3.6	28.2	16.1	27.3	8.1	12.9	8.1	.3	100.0
$95 to $99.99	6.7	3.9	1.6	9.4	46.0	9.2	22.4	9.7	.8	100.0
$100 to $109.99	8.5	3.9	1.9	12.8	45.1	10.8	22.1	6.1	1.2	100.0
$110 to $124.99	8.4	4.4	.1	7.7	29.5	14.4	38.6	8.2	1.5	100.0
$125 or more	3.5	4.7	-------	2.4	15.5	17.1	48.6	15.6	.8	100.0
Total	100.0	4.0	11.0	15.3	23.2	20.8	22.7	6.3	.7	100.0
Median rental			$78.39	$77.24	$91.72	$72.28	$85.27	$89.95	$88.91	$82.49

[1] Exclusive of projects in Alaska, covered by commitments issued under the Alaska Housing Act enacted Apr. 23, 1949.
[2] FHA room count excludes baths, dressing closets, halls, and similar spaces.

As is evident from the data in Table 50, there seems to be no definite correlation between monthly rentals and size of dwelling units approved for insurance in 1949 when all the units are combined and analyzed without reference to the type of project. For example, the median rental for the 4-room apartments ($72) is not only less than rentals for the larger 4½- and 5-room units, but also $20 less than the median for the smaller 3½-room units and even $5 less than the rentals for the units with only 3 rooms. Further, in comparing the median sizes of units in the various rental brackets, it is apparent that units in the $65 to $84 range are larger than those in the $85 to $109 level, but smaller than those with rents of $110 or more.

When a specific type of project is considered, however, the rents and sizes of apartments reveal a much closer relationship. The best

example is in the elevator projects (Table 48) where the median rents for each size of unit rise in line with the increase in the number of rooms per unit, and as shown in Table 49 the median unit sizes display a definite tendency to become larger as the rentals increase. Similar correlation between apartment sizes and rents is evident in the row-house (except for the 4-room units) and semidetached-structure projects.

Although in the case of the walk-up projects there is a general tendency for higher rents to be charged for the larger units, the median rentals for the 3½- and 4-room units—$85.16 and $73.73 respectively—are so out of line that they appear to have been accidentally interchanged. Further investigation reveals, however, that a substantial proportion of the 3½-room apartments is in projects located in the New York City area where high construction costs and continuing demand result in rentals considerably above those in most other sections of the country. On the other hand, almost half of the 4-room walk-up units are in projects located in the South, with more than half of these renting for less than $70 a month.

Monthly rental by number of bedrooms.—The influence of the dwelling unit size on monthly rental is more pronounced when the unit size is measured in terms of the number of bedrooms provided.

MEDIAN MONTHLY RENTAL BY NUMBER OF BEDROOMS PER UNIT BY TYPE OF PROJECT, 1949

FHA COMMITMENTS TO INSURE SECTION 608 VEH RENTAL PROJECT MORTGAGES

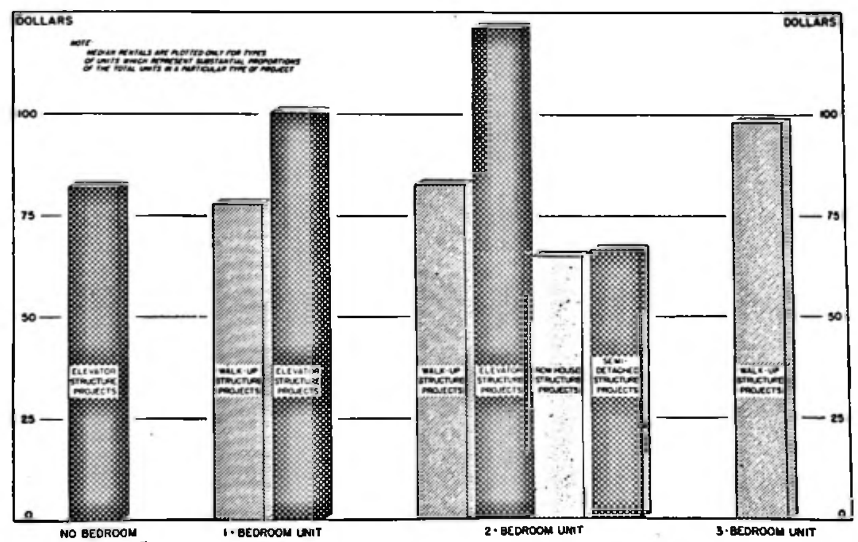


CHART XXI.

In each of the four types of projects the median monthly rental increases with each addition of a bedroom. (See Table 51 and Chart XXI.) In walk-up projects, 1-bedroom units have a median rental of $78, compared with $83 for 2-bedroom apartments and $98 for 3-bedroom units. The greatest increases occur in the elevator projects, where the median rental for 2-bedroom units is $20 more than the median for 1-bedroom apartments and the $165 median for 3-bedroom units is more than $40 higher than that of 2-bedroom apartments.

TABLE 51.—*Monthly rental by number of bedrooms per unit: Based on FHA commitments to insure mortgages secured by rental projects, Sec. 608 VEH, 1949* [1]

Number of bedrooms per unit	Percentage distribution	Median monthly rental	Percentage distribution by monthly rental per unit									
			Less than $50	$50 to $59.99	$60 to $69.99	$70 to $79.99	$80 to $89.99	$90 to $99.99	$100 to $109.99	$110 to $124.99	$12 or more	Total
						All projects						
No bedroom [2]	11.0	$78.39	1.0	7.6	17.5	27.0	21.3	23.4	1.5	0.1	------	100.0
1	43.7	86.67	3.7	5.7	14.1	16.9	17.4	18.7	12.3	8.8	2.4	100.0
2	44.6	80.17	7.2	8.4	14.3	19.8	18.1	10.5	6.5	9.8	5.4	100.0
3	.7	88.91	------	.9	6.2	18.2	26.2	10.9	15.2	18.0	4.4	100.0
Total	100.0	82.49	5.0	7.1	14.5	19.3	18.2	15.5	8.5	8.4	3.5	100.0
						Walk-up structure projects						
No bedroom [2]	3.2	$63.65	7.4	33.2	24.5	27.0	3.4	0.1	4.4	------	------	100.0
1	46.6	77.80	2.8	5.6	21.2	25.0	19.4	14.5	8.0	3.3	0.2	100.0
2	49.4	82.65	3.6	5.4	9.3	25.5	22.6	14.2	8.2	8.3	2.9	100.0
3	.8	98.35	------	------	2.6	6.6	28.8	15.5	19.9	25.0	1.6	100.0
Total	100.0	79.99	3.3	6.3	15.3	25.1	20.6	13.9	8.1	5.8	1.6	100.0
						Elevator structure projects						
No bedroom [2]	33.9	$82.12	------	1.8	16.2	27.2	25.3	28.5	0.9	0.1	------	100.0
1	51.2	100.59	------	.3	.3	3.4	14.4	30.3	22.5	21.6	7.2	100.0
2	14.8	121.50	------	------	1.6	------	1.7	2.1	7.2	48.7	38.7	100.0
3	.1	165.00	------	------	------	18.5	------	------	14.8	1.9	64.8	100.0
Total	100.0	94.96	------	.8	5.9	11.0	16.2	25.4	12.9	18.3	9.5	100.0
						Row-house structure projects						
No bedroom [2]	1.0	$51.55	37.9	43.2	------	18.9	------	------	------	------	------	100.0
1	21.4	55.44	27.1	28.9	12.6	6.9	15.9	3.6	5.0	------	------	100.0
2	76.9	65.00	16.0	20.8	32.7	10.4	12.9	3.4	2.5	0.7	0.6	100.0
3	.7	85.43	------	7.8	27.1	10.9	49.6	------	3.1	1.5	------	100.0
Total	100.0	63.95	18.5	22.7	28.1	9.7	13.7	3.4	3.0	.5	.4	100.0
						Semidetached structure projects						
No bedroom [2]	------	------	------	------	------	------	------	------	------	------	------	------
1	14.8	$55.35	40.2	30.0	13.3	2.5	------	5.0	------	------	------	100.0
2	83.1	66.03	23.9	11.7	26.5	18.1	12.2	6.5	0.7	0.4	------	100.0
3	2.1	72.50	------	------	10.0	90.0	------	------	------	------	------	100.0
Total	100.0	65.00	25.8	15.4	24.2	17.3	10.1	6.2	.6	.4	------	100.0

[1] Exclusive of projects in Alaska, covered by commitments issued under the Alaska Housing Act enacted Apr. 23, 1949.
[2] Efficiency apartments.

As Chart XXI and Table 51 indicate, the highest median rentals for units with the same number of bedrooms are those reported for the elevator projects. In fact, the median rental for the no-bedroom efficiency units in elevator projects is greater than the 1-bedroom medians for all other types of projects and the 2-bedroom units in row-house and semidetached projects. Higher construction costs due to type of structure and location in the higher cost areas, as well as the greater amount of utilities, services, and equipment provided, are the major reasons for the higher rents in the elevator projects.

Two-bedroom units predominate in all types of projects except elevator projects, in which more than one-half are 1-bedroom units and one-third are efficiency units without bedrooms. There are relatively few 3-bedroom units provided in Section 608 VEH projects approved in 1949, less than 1 percent of the total, and most of these larger units are in walk-up projects.

Statistics by Geographic Divisions

As shown in Table 52 and Chart XXII, the Middle Atlantic and South Atlantic geographic divisions together accounted for the lion's share of the rental-project dwelling units approved for Section 608 VEH insurance during 1949—more than 65 percent. Projects in th North Central States accounted for about 15 percent of the unit while those in the South Central States had slightly more than percent.

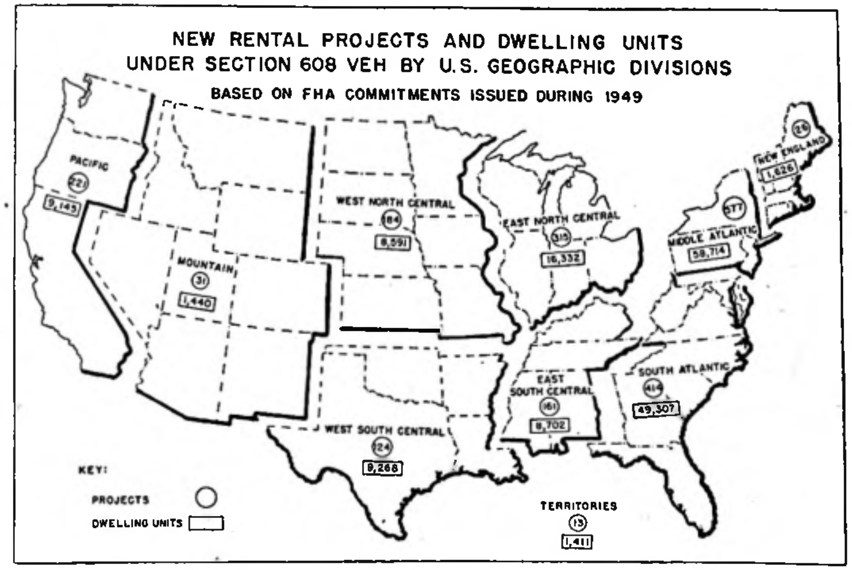


CHART XXII.

The largest projects were those located in the South Atlantic division where the average size was almost 120 units. Projects in the Territories—principally Alaska—averaged about 110 units, and those in the Middle Atlantic States about 100 units. Projects on the west coast and in the Mountain States tended to be substantially smaller, averaging only 41 and 46 units respectively.

TABLE 52.—*Characteristics of Sec. 608 VEH rental projects by United States geographic divisions: Based on FHA commitments to insure mortgages secured by rental projects, 1949*

Geographic divisions	Commitments issued		Average size of project [1] (units)	Type of project (percent of units in)			
	Projects	Units		Walk-up	Elevator	Row house	Semi-detached
New England	26	1,626	63	70.6	1.7	15.8	11.9
Middle Atlantic	577	58,714	102	62.3	34.7	2.2	.8
East North Central	316	16,332	52	46.7	34.3	14.4	4.6
West North Central	184	8,591	47	76.3	5.6	16.2	1.9
South Atlantic	414	49,307	119	51.7	22.8	23.5	2.0
East South Central	161	8,702	54	57.4	7.1	21.5	14.0
West South Central	124	9,268	75	54.1	23.6	8.3	14.0
Mountain	31	1,440	46	89.4	----------	4.5	6.1
Pacific	221	9,145	41	60.6	35.7	3.7	----------
Territories	13	1,411	109	65.3	29.6	5.1	----------
All divisions	2,066	[2] 164,536	[2] 80	58.2	26.7	11.0	4.1

Geographic divisions	Average mortgage allocable to dwelling use [1]		Average current replacement cost of project [1]		Number of rooms per unit		Average monthly rental [1] [3]	
	Per unit	Per room	Per unit	Per room	Average [1]	Median	Per unit	Per room
New England	$7,571	$1,986	$9,017	$2,303	3.9	4.2	$87.50	$23.00
Middle Atlantic	7,698	2,105	9,468	2,590	3.7	3.8	95.00	26.00
East North Central	7,631	2,045	9,397	2,517	3.7	4.1	92.00	24.50
West North Central	7,452	1,971	8,708	2,302	3.8	4.0	84.50	22.00
South Atlantic	6,825	1,825	7,948	2,125	3.7	4.2	71.50	19.00
East South Central	5,519	1,461	6,255	1,655	3.8	4.2	54.00	14.00
West South Central	6,704	1,959	8,170	2,386	3.5	4.1	69.00	20.00
Mountain	7,355	1,963	9,018	2,406	3.8	4.1	93.50	25.00
Pacific	7,112	1,818	8,609	2,198	3.9	4.1	83.50	21.00
Territories	10,610	3,332	13,527	4,248	3.2	3.5	125.50	39.50
All divisions	7,217	1,949	8,675	2,344	3.7	4.0	82.50	22.00

[1] Arithmetic mean.
[2] Includes increases in number of units for projects covered by commitments originally issued prior to 1949; hence discrepancy between United States average size of project in this table and that shown in Tables 41, 42, 44, and 45.
[3] Rounded to nearest half-dollar.

Although the larger average size of the projects in the Middle Atlantic division may be attributed to the high proportion of units in elevator projects (nearly 35 percent), this relationship did not hold in other geographic divisions. In the Pacific division, for example, more than 35 percent of the units were in elevator projects, yet the average project had only 41 units. On the other hand, the South Atlantic States, with only a fifth of the units in elevator projects, had the largest average project size.

Walk-up projects predominated in all sections of the country—to the greatest extent in the Mountain States, to the least in the East North Central division. In three geographic divisions—the Middle Atlantic, East North Central, and Pacific—elevator projects accounted for more than a third of the total units. The highest proportions of row-house units were reported in the South Atlantic and East South Central States, while significant proportions of units in semidetached structures were in the South Central division.

The sizes of the individual dwelling units tend to be larger in the New England, South Atlantic, and East South Central States, each having a median unit size of 4.2 rooms. The smallest apartments were found in the Territories and the Middle Atlantic division.

The same two divisions had the highest average rentals per dwelling unit and per room—$125.50 per unit and $39.50 per room in the Territories, and $95 per unit and $26 per room in the Middle Atlantic States. The high Territorial rents were due largely to the fact that most of these units were located in Alaska, where initial construction cost and operating expenses are considerably higher than in continental United States and the supply of rental units much below current demand. In recognition of these higher costs, the FHA Commissioner was authorized in the Alaska Housing Act (April 23, 1949) to insure mortgages on dwelling units in Alaska for amounts up to one-third more than would otherwise be permissible under the National Housing Act.

The Middle Atlantic States had the highest average mortgage amounts and replacement costs in continental United States—about $7,700 per unit and $2,100 per room in mortgage amounts for dwelling purposes and $9,500 per unit and $2,600 per room for total replacement cost. The above-average rentals in this area are attributable to the high replacement cost and debt service charges resulting from the larger average mortgage amounts and, in addition, to higher operating expenses.

In two other areas above-average replacement costs were mirrored by average monthly dwelling unit rentals in excess of $90—in the East North Central States where the average unit cost was $9,400, and in the Mountain division which had a $9,000 average replacement cost per unit.

In the South, where lower building and operating costs prevail, the monthly rentals are likewise lower. In the East South Central States, the average mortgage for dwelling purposes was $5,500 per unit, the average replacement cost about $6,300 and monthly rental $54. The West South Central division reported an average monthly rental of $69 per dwelling unit, an average mortgage of $6,700, and a per-unit replacement cost of $8,200.

Property Improvement Loan Insurance Under Title I

Short-term character loans financing the modernization and improvement of properties are insured by FHA for approved financial institutions operating under regulations authorized by Title I of the National Housing Act. No review of these loans is made by FHA other than verification that the loans comply with the regulations. The entire portfolio of eligible loans is insured against loss for an individual lending institution up to 10 percent of the aggregate amount of net proceeds approved for insurance. Unlike the Title II mortgage insurance procedure where each individual transaction is reviewed and approved by FHA prior to insurance, under Title I each individual loan is reported to the Commissioner and is accepted by him for insurance recordation in reliance upon the certification of the institution that the loan was made in accordance with the provisions of the regulations.

Volume of Business

Yearly trends.—Accounting for 16 percent of the dollar volume of all insurance written by FHA in 1949, the $607,000,000 of Title I loans insured during the year provided 1,250,000 individual borrowers with funds with which to finance the repair, alteration, or improvement of existing properties (Table 53).

TABLE 53.—*Trend of FHA property improvement loans insured and claims paid: Volume of loans insured, claims paid, and the gross loss ratio under Title I, 1934–49*

Period	For the year				Cumulative				Amount of claims paid as percent of loans insured
	Loans insured		Claims paid		Loans insured		Claims paid		
	Number	Net proceeds	Number	Amount	Number	Net proceeds	Number	Amount	
1934	72,658	$27,405,525	------	------	72,658	$27,405,525	------	------	------
1935	635,747	201,258,132	1,288	$447,448	708,405	228,663,657	1,288	$447,448	0.20
1936	617,697	221,534,922	25,315	5,884,885	1,326,102	450,198,579	26,603	6,332,333	.14
1937 [1]	124,758	54,344,338	28,824	6,890,897	1,450,860	504,542,917	55,427	13,223,230	2.62
1938	382,325	150,709,152	29,433	6,016,306	1,833,185	655,252,069	84,860	19,239,536	2.94
1939	513,091	203,994,512	18,566	4,728,346	2,346,276	859,246,581	103,426	23,967,882	2.79
1940	662,948	241,734,821	18,672	6,543,568	3,009,224	1,100,981,402	122,098	30,511,450	2.77
1941	687,837	248,638,549	21,900	7,265,059	3,697,061	1,349,619,951	143,998	37,776,509	2.80
1942	432,755	141,163,398	22,691	7,132,210	4,129,816	1,490,783,349	166,689	44,908,719	3.01
1943	308,161	87,194,156	15,243	3,718,643	4,437,977	1,577,977,505	181,932	48,627,362	3.08
1944	389,592	113,939,150	8,009	1,939,261	4,827,569	1,691,916,655	189,941	50,566,623	2.99
1945	501,401	170,823,788	6,791	1,588,875	5,328,970	1,862,740,443	196,732	52,155,498	2.80
1946	799,284	320,593,183	9,254	2,435,964	6,128,254	2,183,333,626	205,986	54,591,462	2.50
1947	1,247,590	533,604,178	17,511	5,829,750	7,375,844	2,716,937,804	223,497	60,421,212	2.22
1948	1,359,776	621,612,484	38,482	14,345,659	8,735,620	3,338,550,288	261,979	74,766,871	2.24
1949	1,249,538	607,023,920	50,950	17,493,909	9,985,158	3,945,574,208	312,929	92,260,780	2.34

[1] Title I expired Apr. 1, 1937, and was renewed by amendment of Feb. 3, 1938.

The 1948 volume was the peak in the long-term development of Title I operations. The accumulation of pent-up demand for repair and modernization work by the end of the war, and the rise in employment and national income which followed caused a tremendous upsurge in the volume of Title I insuring activity in the early postwar

period, the annual dollar rate of insurance increasing 94 percent between 1946 and 1948. The yearly total in 1949 was only 2 percent below the total for 1948.

From the beginning of FHA operations in 1934 through the end of 1949, more than $3.9 billion of FHA-insured, privately supplied credit had been disbursed to about 10,000,000 American families under the

TABLE 54.—*State distribution of property improvement loans insured and claims paid: Number and amount of loans insured and claims paid under Title I, cumulative 1934–49*

Location of property	Loans insured			Insurance claims paid			Amount of claims paid as percent of loans insured	Average	
	Number	Net proceeds	Percent of net proceeds	Number	Amount	Percent of amount		Loan insured	Claim paid
Alabama	141,994	$44,901,936	1.1	4,692	$1,059,105	1.1	2.36	$316	$226
Arizona	60,874	29,072,519	.7	1,651	570,329	.6	1.96	478	345
Arkansas	74,902	25,503,252	.6	3,603	860,157	.9	3.37	340	239
California	1,065,019	407,839,089	10.3	29,913	9,933,200	10.8	2.44	383	332
Colorado	68,560	25,766,446	.7	1,498	431,941	.5	1.68	376	288
Connecticut	133,507	55,657,516	1.4	4,026	1,406,678	1.5	2.53	417	349
Delaware	13,277	5,769,816	.1	475	177,744	.2	3.08	435	374
District of Columbia	54,645	24,829,322	.6	1,968	645,375	.7	2.60	454	328
Florida	173,654	75,455,510	1.9	7,678	2,529,150	2.7	3.35	435	329
Georgia	128,828	44,905,831	1.1	5,071	1,236,098	1.3	2.75	349	244
Idaho	52,582	20,898,154	.5	1,621	467,241	.5	2.24	397	288
Illinois	626,462	247,327,076	6.3	13,871	3,953,536	4.3	1.60	395	285
Indiana	352,916	115,918,149	2.9	12,407	3,093,106	3.4	2.67	328	[illegible]
Iowa	140,533	48,789,722	1.2	3,635	1,027,863	1.1	2.11	347	[illegible]
Kansas	85,072	25,845,434	.7	2,507	579,794	.6	2.24	304	[illegible]
Kentucky	105,476	36,054,660	.9	3,466	980,036	1.1	2.72	342	[illegible]
Louisiana	88,574	29,955,030	.8	3,326	719,132	.8	2.40	338	[illegible]
Maine	42,940	17,146,931	.4	1,647	564,808	.6	3.29	399	[illegible]
Maryland	177,737	70,517,750	1.8	5,162	1,484,163	1.6	2.10	397	[illegible]
Massachusetts	301,032	119,029,410	3.0	10,304	3,260,356	3.5	2.74	395	[illegible]
Michigan	812,891	300,268,674	7.6	26,057	7,138,144	7.7	2.38	369	[illegible]
Minnesota	218,106	76,236,939	1.9	4,558	1,345,225	1.5	1.76	350	295
Mississippi	69,623	25,607,617	.7	3,553	879,659	1.0	3.44	368	248
Missouri	258,765	83,784,085	2.1	8,220	2,000,595	2.2	2.39	324	243
Montana	25,480	11,101,516	.3	658	241,596	.3	2.18	436	367
Nebraska	59,486	21,630,118	.6	1,653	474,702	.5	2.19	364	287
Nevada	13,145	6,333,447	.2	269	107,871	.1	1.70	482	401
New Hampshire	28,805	11,720,379	.3	1,396	448,090	.5	3.82	407	321
New Jersey	414,277	201,976,966	5.1	17,914	5,229,362	5.7	2.59	488	292
New Mexico	15,867	7,592,047	.2	869	293,939	.3	3.87	478	338
New York	1,123,865	602,286,426	15.3	37,662	14,006,955	15.2	2.33	536	372
North Carolina	90,603	32,947,761	.8	3,580	907,405	1.0	2.75	364	253
North Dakota	18,941	7,639,328	.2	506	140,454	.2	1.84	403	278
Ohio	615,128	215,147,588	5.5	16,045	4,724,028	5.1	2.20	350	294
Oklahoma	141,056	46,493,518	1.2	4,376	1,024,400	1.1	2.20	330	234
Oregon	124,403	46,744,005	1.2	3,537	1,005,817	1.1	2.15	376	284
Pennsylvania	634,486	243,445,391	6.2	19,684	5,530,984	6.0	2.27	384	281
Rhode Island	47,743	19,525,776	.5	1,389	425,700	.5	2.18	409	306
South Carolina	50,532	18,186,591	.5	2,458	551,825	.6	3.03	360	225
South Dakota	15,032	5,865,892	.2	405	118,427	.1	2.02	390	292
Tennessee	191,444	60,327,011	1.5	5,537	1,648,670	1.8	2.73	315	298
Texas	431,328	156,731,881	4.0	14,367	2,911,454	3.2	1.86	363	203
Utah	84,437	29,025,262	.7	1,788	480,383	.5	1.66	344	269
Vermont	14,680	6,283,253	.2	848	312,110	.3	4.97	428	368
Virginia	125,614	59,081,195	1.5	3,806	1,492,081	1.6	2.53	470	392
Washington	241,445	88,542,710	2.2	7,196	1,824,211	2.0	2.06	367	254
West Virginia	46,102	18,928,523	.5	1,477	547,898	.6	2.89	411	371
Wisconsin	167,307	65,792,537	1.7	4,039	1,336,524	1.4	2.03	393	331
Wyoming	10,376	5,214,420	.1	207	77,529	.1	1.49	503	375
Alaska	371	345,770	(1)	24	6,574	(1)	1.90	932	274
Hawaii	915	468,709	(1)	6	2,873	(1)	.61	512	479
Puerto Rico	21	19,179	(1)	------	------	------	------	913	------
Canal Zone	3	3,541	(1)	------	------	------	------	1,180	------
Virgin Islands	------	------	------	------	------	------	------	------	------
Adjustments	4,228	—908,368	(1)	315	45,252	(1)	------	------	------
Total	9,985,158	3,945,574,208	100.0	312,929	92,260,780	100.0	2.34	395	295

[1] Less than 0.05 percent.

Title I program. This volume amounted to more than one-fifth of the total insurance written by FHA under all titles during this 15½-year period.

Table 53 also shows the annual trend of claims paid, which by the end of 1949 amounted to a total of $92,261,000. Recoveries of $33,954,000 by that date reduced the net amount of Title I claims paid to $58,307,000, or 1.5 percent of total insurance written under the program since 1934. It is expected that future collections on defaulted notes already held by FHA will reduce this loss further to an estimated $43,313,000, or 1.10 percent of total insurance written.

State distribution.—Of the $3.9 billion disbursed by FHA-insured institutions under the Title I program from 1934 through 1949, about $602,000,000, or 15 percent, has financed improvements to properties located in New York State (Table 54). This State with four others (California with $408,000,000, Michigan with $300,000,000, Illinois with $247,000,000, and Pennsylvania with $243,000,000) accounted for almost 46 percent of all Title I business.

As also shown in the table, New York led all other States in volume of claims paid—$14,000,000—followed by California with $9.9 million, Michigan with $7.1 million, Pennsylvania with $5.5 million, and New Jersey with $5.2 million. Despite the high volume of claims in these five States, the percent of claims paid to loans insured for these States was not substantially different from the United States average of 2.34 percent—New Jersey showing the highest ratio among these five

PROPERTY IMPROVEMENT LOANS INSURED BY FHA UNDER TITLE I

CUMULATIVE 1934-1949

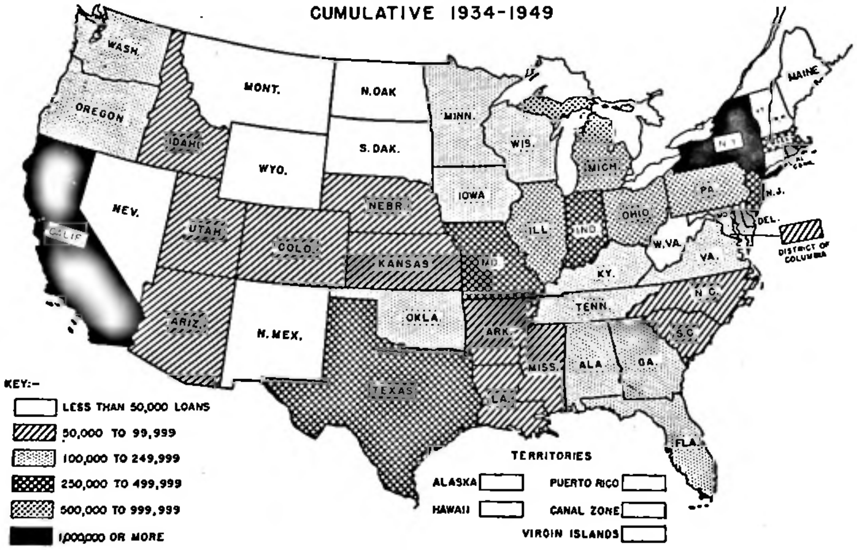


CHART XXIII.

States with 2.59 percent and Pennsylvania showing the lowest with 2.27 percent. Illinois, which ranked fourth in volume of loans insured but seventh in claims paid, had a claims ratio of only 1.60 percent.

The six States reporting 500,000 or more loans (Chart XXIII) are all located, except for California, in the Middle Atlantic and the East North Central geographic divisions as defined by the Bureau of the Census.[5] These two divisions plus the Pacific division accounted for 62 percent of the number of all loans insured.

Although there is a fairly high geographical concentration of Title I business, property in every one of the nearly 3,100 counties in the United States has been improved under the Title I program. The Mountain division States showed the lowest volume, reporting in the 15½-year period ending December 31, 1949 a total of only 331,000 loans—3 percent of the national total.

Class 3 new construction.—Title I insurance has provided some financial assistance for the construction of new homes. Under the Class 3 program during 1949, almost 3,300 single-family homes were built with net proceeds of loans totaling $13.3 million, bringin the cumulative volume of these loans from the beginning of the Class program in 1938 through the end of 1949 to almost 44,600 loans f $120.3 million. California accounted for over one-third of the tot amount of Class 3 loans insured through 1949. The next leadin States were New York and Texas, each of which accounted for about 10 percent of the national total.

Type of Institution Activity

Volume of insurance.—National banks, State chartered banks, and finance companies have financed about 97.8 percent of all property improvement loans insured by FHA through 1949 (Table 55 and Chart XXIV). Of these three types of institutions, national banks have been the biggest lenders, accounting for 42 percent of the total, in comparison with 27.8 percent for State chartered banks and 28 percent for finance companies. Finance companies have received 41.1 percent of the amount of claims paid by FHA, compared with only 34.4 percent for national banks and 23.5 percent for State banks. Finance companies had the largest volume of claims paid per dollar of insurance, with a gross claims ratio amounting to 3.42 percent for the period.

[5] See text footnote 2 in this section for States located in each geographic division.

TABLE 55.—*Type of institution originating property improvement loans and receiving claim payments: Number and amount of Title I loans insured and claims paid by FHA, cumulative 1934–49*

Type of institution	Loans insured				Claims paid				Amount of claims paid as percent of loans insured
	Number	Net proceeds	Percent of net proceeds	Average net proceeds	Number	Amount	Percent of amount	Average claim	
National bank	4,081,277	$1,656,502,640	42.0	$406	100,415	$31,726,467	34.4	$298	1.02
State chartered bank [1]	2,644,038	1,096,067,506	27.8	415	76,082	21,711,699	23.5	282	1.98
Finance company	3,109,450	1,107,257,534	28.0	356	127,782	37,874,537	41.1	296	3.42
Savings and loan association	130,065	67,784,936	1.7	521	1,192	423,321	.4	355	.62
Other	20,328	17,961,502	.5	884	558	524,756	.6	940	2.92
Total	9,985,168	3,945,574,208	100.0	395	312,929	92,260,780	100.0	295	2.34

[1] Includes State banks, industrial banks, and savings banks.

TYPE OF INSTITUTION FINANCING PROPERTY IMPROVEMENT LOANS AND RECEIVING PAYMENTS OF CLAIMS

WITH RATIO OF CLAIMS PAID TO LOANS INSURED

1934-1949

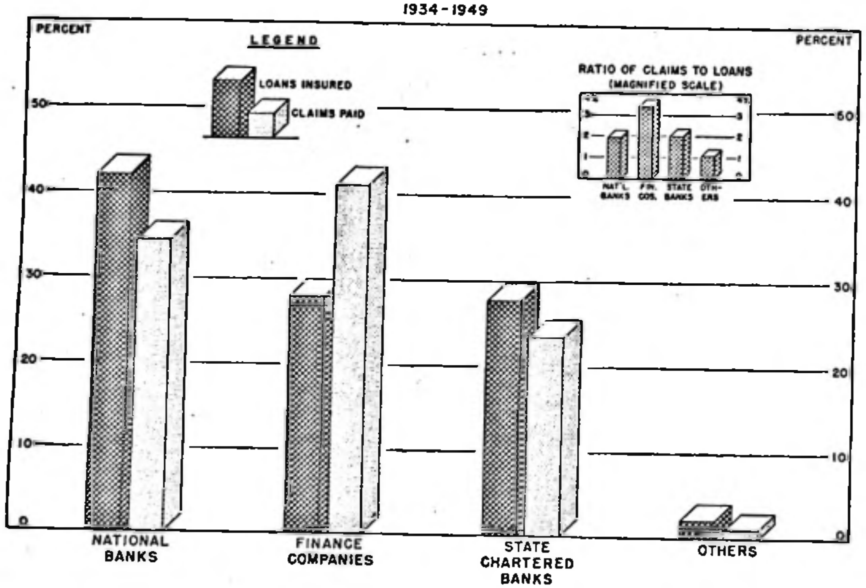


CHART XXIV.

Currently active under the Title I program are approximately 4,200 financial institutions. Exclusive of almost 3,000 branch offices, there are, among the types of institutions doing the greatest volume of business, about 1,760 State chartered banks, 1,690 national banks, and less than 70 finance companies. In addition, 630 savings and loan

associations and 52 other institutions are participating in the Title I program. Data for these institutions during the last 2½ years (that is, under the July 1947 Reserve from July 1, 1947 through December 31, 1949) are shown in Table 56. Loans made by national banks during this period averaged $447 in net proceeds to the borrowers. For State chartered banks the average was $475, and for finance companies, $481. It is noteworthy that 69 finance companies have accounted for over one-fifth of the net proceeds of all Title I loans insured since mid-1947.

TABLE 56.—*Type of institution originating property improvement loans and receiving claim payments: Number and amount of Title I loans insured and claims paid by the FHA under the 1947 Reserve, cumulative July 1, 1947, through Dec. 31, 1949*

Type of institution	Number of institutions	Loans insured				Number of institutions	Claims paid				Percent of net proceeds insured
		Number	Net proceeds	Percent of net proceeds	Average net proceeds		Number	Amount	Percent of amount	Average claim	
National bank	1,685	1,518,255	$678,329,744	46.7	$447	716	15,195	$6,036,485	33.0	$397	0.90
State chartered bank [1]	1,755	874,080	415,224,643	28.6	475	662	8,871	3,695,184	20.2	417	.90
Finance company	69	633,198	304,808,443	21.0	481	31	18,283	8,346,618	45.7	457	2.74
Savings and loan association	630	88,207	47,733,479	3.3	541	84	443	168,675	.9	381	.35
Other	52	10,616	5,027,706	.4	474	13	90	41,239	.2	458	.82
Total	4,101	3,124,446	1,451,124,015	100.0	464	1,506	42,882	18,288,201	100.0	426	1.2

[1] Includes State banks, industrial banks, and savings banks.

During the last 3 years, as shown below, the share of Title I business financed by banks (national and State chartered banks combined) has steadily increased from 65 percent of the total in 1947 to 73 percent in 1948 and 81 percent in 1949. Finance companies, however, have shown a steady decline from 34 percent in 1947 to 25 percent in 1948 and 13 percent in 1949.

Percentage distribution of net proceeds of Title I loans insured by FHA, by type of institution, by years, 1947–49

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

Claim ratio.—Nearly 43,000 claims have been approved by FHA with respect to loans insured since July 1, 1947. These claims totaled $18,288,000, averaging $426 per claim. By the year end, gross claims under the 1947 Reserve equaled 1.26 percent of insurance written. About one-half of the finance companies have received claim payments from FHA, with more than 18,000 claims averaging $457 resulting in a gross claim ratio of 2.74 percent. National banks received the second largest proportion of claim payments accounting for one-third of the dollar amount of all claims paid, followed by State chartered banks with one-fifth of the total.

Loan Characteristics

The typical Title I loan insured during 1949 provided the borrower with $353 in net proceeds, had a maturity of 36.4 months, and called for a monthly payment of almost $10. During the year the median amount financed increased 7 percent from the $331 reported for 1948. The maturity remained approximately the same and the monthly payment decreased slightly. As in previous years, the principal type of property improved in 1949 was single-family dwellings, and the principal improvements financed from the net proceeds of these loans included the installation and repair of heating systems, additions and alterations, exterior finish and insulation.

Size of loan.—As shown in Table 57, almost 98 percent of the number (93 percent of the amount) of the Title I loans insured during 1949 financed the repair, alteration, or improvement of existing structures. The average net proceeds of this predominant type of loan amounted to $464—$22 more than in 1948—but when all classes of loans are considered, including loans for new homes, the average for the total is $486, or $30 more than in 1948. The median amounts of the loans also shown in the table indicate that as many loans were made during the year with net proceeds exceeding $353 as were made below that figure. Moreover, approximately two-thirds of all Title I loans insured during the year were written with net proceeds of less than $500 and about two-fifths for less than $300. Only about 1 in every 10 loans netted the borrower $1,000 or more.

TABLE 57.—*Size of loan: Percentage distribution based on FHA-insured property improvement loans,*[1] *Title I, 1949*

Net proceeds of loan	Total	Class 1a	Class 1b	Class 2a	Class 2b	Class 3
		Existing structures	Existing structures, multi-family	New structures, nonfarm and non-residential	New structures, farm and non-residential	New structures, 1-family
	Distribution of number					
Less than $100	2.8	2.9	0.5	0.3	0.6	----
$100 to $199	18.6	18.9	3.1	3.1	3.9	----
$200 to $299	20.6	21.0	4.5	7.0	6.5	----
$300 to $399	15.4	15.5	5.0	13.4	8.0	----
$400 to $499	10.2	10.2	3.9	15.8	6.0	----
$500 to $599	8.2	8.2	5.0	17.0	8.9	----
$600 to $799	9.1	9.0	7.2	17.9	12.7	----
$800 to $999	5.0	4.9	6.8	8.2	7.7	----
$1,000 to $1,499	5.8	5.6	17.7	8.5	15.7	0.1
$1,500 to $1,999	2.0	1.9	11.4	3.2	8.9	.6
$2,000 to $2,499	1.0	.9	9.1	1.7	6.1	1.1
$2,500 to $2,999	1.1	1.0	10.1	2.4	9.9	2.2
$3,000 to $3,999	.1	----	8.0	1.5	5.1	25.6
$4,000 to $4,999	.2	----	3.8	----	----	70.4
$5,000 or more	(2)	----	3.9	----	----	----
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent distribution	100.0	97.6	0.6	1.4	0.2	0.[illegible]
	Distribution of net proceeds					
Less than $100	0.5	0.5	(2)	(2)	(2)	----
$100 to $199	5.6	6.0	0.3	0.7	0.5	----
$200 to $299	10.3	11.0	.6	2.4	1.4	----
$300 to $399	10.6	11.2	1.0	6.4	2.3	----
$400 to $499	9.0	9.4	1.0	9.8	2.3	----
$500 to $599	9.0	9.3	1.5	12.7	3.9	----
$600 to $799	12.6	13.1	2.8	17.0	7.5	----
$800 to $999	8.9	9.2	3.5	10.0	5.9	----
$1,000 to $1,499	13.4	13.8	12.0	13.6	15.8	(2)
$1,500 to $1,999	6.7	6.7	11.3	7.2	12.9	0.2
$2,000 to $2,499	4.3	4.2	11.6	5.0	11.5	.6
$2,500 to $2,999	5.9	5.6	15.4	8.7	22.3	1.5
$3,000 to $3,999	1.0	----	15.5	6.5	13.7	20.4
$4,000 to $4,999	1.9	----	9.4	----	----	77.3
$5,000 or more	.3	----	14.1	----	----	----
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent distribution	100.0	93.2	2.1	2.0	0.5	2.2
	Size of loan					
Median based on number of loans	$353	$347	$1,395	$562	$889	$4,290
Average based on amount of loans	486	464	1,729	710	1,136	4,042

[1] A Class 1a loan is used to finance the repair, alteration, or improvement of an existing structure; Class 1b loan to finance the repair, alteration, or improvement of an existing structure used or to be used as a multifamily dwelling; Class 2a loan to finance the construction of a new structure to be used exclusively for other than residential or agricultural purposes; 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 than 0.05 percent.

Duration of loan.—The percentage distribution of duration of all Title I loans insured in 1949 by class of loan is shown in Table 58. Slightly greater than in 1948, the average duration for all classes of loans amounted to 35.8 months in 1949, while the median duration (based on number of cases) was 36.4 months. Two-thirds of the loans,

TABLE 58.—*Duration of loan: Percentage distribution based on FHA-insured property improvement loans,[1] Title I, 1949*

Duration [2]	Total	Class 1a	Class 1b	Class 2a	Class 2b	Class 3
		Existing structures	Existing structures, multi-family	New structures, nonfarm and non-residential	New structures, farm and non-residential	New structures, 1-family
	Distribution of number					
6 months	0.6	0.6	0.3	0.5	1.2	----------
12 months	9.9	10.1	4.0	5.6	6.4	----------
18 months	8.5	8.6	3.1	5.2	5.3	----------
24 months	10.3	10.4	4.7	6.5	9.4	----------
30 months	4.7	4.8	1.4	3.0	3.1	----------
36 months	65.3	65.5	26.8	79.2	55.7	0.1
48 months	.1	----------	14.2	----------	15.0	.2
60 months	.1	----------	11.5	----------	2.2	.5
Over 60 months	.5	----------	34.0	----------	1.7	99.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
	Distribution of net proceeds					
6 months	0.3	0.3	0.1	0.3	0.6	----------
12 months	4.8	5.1	1.1	3.1	2.8	----------
18 months	4.8	5.0	1.0	3.3	2.4	----------
24 months	7.4	7.7	2.2	5.2	6.3	----------
30 months	3.1	3.2	.6	2.4	2.5	----------
36 months	75.8	78.7	21.8	85.7	61.7	(3)
48 months	.4	----------	13.5	----------	17.7	(3)
60 months	.3	----------	14.1	----------	3.2	0.3
Over 60 months	3.1	----------	45.6	----------	2.8	99.7
Total	100.0	100.0	100.0	100.0	100.0	100.0
	Duration in number of months					
Median based on number of loans	36.4	36.4	37.7	36.6	36.4	180.6
Average based on amount of loans	35.8	32.7	55.2	33.9	35.6	160.4

[1] A Class 1a loan is used to finance the repair, alteration, or improvement of an existing structure; Class 1b loan to finance the repair, alteration, or improvement of an existing structure used or to be used as a multifamily dwelling; Class 2a loan to finance the construction of a new structure to be used exclusively for other than residential or agricultural purposes; 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] The period stated for each particular interval is shown in order to emphasize the month of heavy concentration.

[3] Less than 0.05 percent.

accounting for three-fourths of the total net proceeds disbursed under Title I, had a duration of about 36 months.

Type of property and improvement.—Table 59 shows the types of property improved and the major types of improvement financed by Title I loans during 1949. Since only the major type of improvement is reported to FHA, it is possible for a portion of a roofing loan, for example, to be used to finance plumbing repairs and not be recorded in the latter category. Chart XXV shows graphically the percentage distributions of the data in Table 59.

By type of property, nearly seven-eighths of all loans insured under Title I in 1949 have financed improvements to one-family home

TABLE 59.—*Type of property and type of improvement financed: Based on FHA-insured property improvement loans, 1949*

Major type of improvement [1]	Type of property improved						
	Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Others [2]	Total [3]	Percent of total
	Number of loans insured						
New residence construction	3,296	----------	----------	----------	----------	3,296	0.3
New nonresidence construction	----------	----------	1,439	3,347	14,413	19,199	1.5
Additions and alterations	102,419	12,595	4,071	3,121	2,480	124,686	10.0
Exterior finish	134,118	15,538	1,086	3,458	359	154,559	12.4
Interior finish	74,328	10,423	2,630	962	204	88,547	7.1
Roofing	87,955	9,532	1,077	3,622	329	102,515	8.2
Plumbing	96,747	10,072	1,697	4,091	314	112,921	9.0
Heating	240,446	28,096	5,663	4,515	401	280,021	22.4
Insulation	227,239	11,758	1,203	5,310	224	245,734	19.6
Miscellaneous	107,424	6,459	2,862	2,229	480	119,454	9.5
Total	1,073,072	105,373	21,728	30,655	19,204	1,250,932	100.0
Percent of total	85.9	8.4	1.7	2.4	1.6	100.0	------
	Net proceeds of loans insured						
New residence construction	$13,298,763	----------	----------	----------	----------	$13,298,763	2.2
New nonresidence construction	----------	----------	$2,475,403	$3,743,047	$8,651,130	14,869,580	2.5
Additions and alterations	70,784,194	$15,109,720	6,230,807	2,070,318	1,596,633	96,697,678	15.9
Exterior finish	78,039,482	13,013,211	1,214,140	2,343,120	198,657	94,808,616	15.6
Interior finish	35,831,944	8,013,365	3,364,328	776,822	169,038	48,155,497	7.9
Roofing	30,516,824	4,559,879	765,719	1,687,801	125,519	37,655,742	6.2
Plumbing	39,270,076	7,323,524	1,746,652	2,360,151	242,028	50,960,431	8.4
Heating	104,487,040	21,251,687	6,188,088	2,453,698	352,458	134,732,971	22.2
Insulation	62,881,591	4,619,950	678,031	1,813,551	85,455	70,078,578	11.5
Miscellaneous	36,616,292	4,818,560	2,834,581	1,472,834	329,201	46,071,468	7.6
Total	471,735,206	78,709,902	25,503,749	19,630,348	11,750,119	607,329,324	100.0
Percent of total	77.7	13.0	4.2	3.2	1.9	100.0	------
	Average net proceeds						
New residence construction	$4,035	----------	----------	----------	----------	$4,035	------
New nonresidence construction	----------	----------	$1,720	$1,118	$600	774	------
Additions and alterations	691	$1,200	1,532	952	644	776	------
Exterior finish	582	838	1,118	678	553	613	------
Interior finish	482	769	1,279	808	829	544	------
Roofing	347	478	711	466	382	367	------
Plumbing	406	727	1,029	579	771	451	------
Heating	435	733	1,093	543	879	481	------
Insulation	277	393	564	342	381	285	------
Miscellaneous	341	746	990	661	686	386	------
Total	439	747	1,174	640	612	486	------

[1] Type of improvement to which major portion of the proceeds of the loan was devoted.
[2] Includes 17,022 loans for $9,975,507 reported as financing garages.
[3] Excludes adjustments of 1,394 loans and $305,404 for canceled, corrected, and refinanced notes.

properties. In addition, however, 105,000 multifamily properties, almost 31,000 farm properties, and almost 41,000 other properties, including business and industrial structures, were improved with Title I insured loans.

More loans were used to finance heating and insulation improvements than for any other purposes, with the remaining loans quite evenly distributed among the other purposes listed in Table 59.

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

DURING 1949

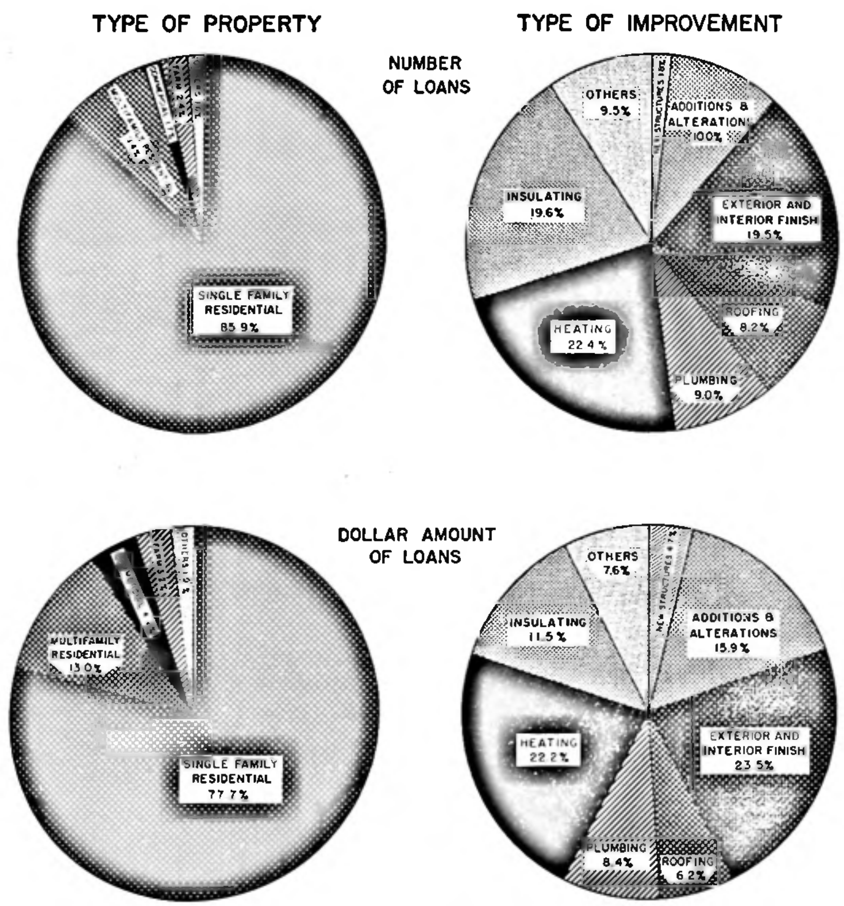


CHART XXV.

In terms of net proceeds, single-family home improvement loans with almost $472 million accounted for 77.7 percent of the amount of all loans financed under the Title I program. Multifamily structures, with almost $79 million, accounted for 13.0 percent, commercial and industrial properties for 4.2 percent, farm homes and buildings for 3.2 percent, and other properties, including garages, for the remaining 1.9 percent.

Some $135 million, or 22.2 percent of the proceeds of all Title I loans, were used primarily for heating work. Exterior and interior finish, with a total of $143 million, accounted for 23.5 percent, additions and alterations for 15.9 percent, insulation for 11.5 percent, plumbing for 8.4 percent, roofing for 6.2 percent, and new construction and miscellaneous improvements for the remainder of 12.3 percent.

TABLE 60.—*Claims paid and loans insured by type of improvement: Percentage distributions based on claims paid and insurance written, Title I, 1947 Reserve, 1947–49* [1]

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 residence construction	----------	0.2	----------	1.4	----------	$3,599
New nonresidence construction	1.4	1.5	2.1	2.5	$644	760
Additions and alterations	7.7	9.7	11.7	15.7	649	754
Exterior finish	17.5	12.2	22.1	15.0	542	569
Interior finish	6.4	7.0	6.6	7.7	435	512
Roofing	9.7	8.6	8.1	6.6	361	358
Plumbing	8.2	8.8	8.0	8.4	419	442
Heating	20.1	22.1	21.7	22.8	461	479
Insulation	21.2	20.6	13.8	12.6	279	285
Miscellaneous	7.8	9.3	5.9	7.3	325	365
Total	100.0	100.0	100.0	100.0	428	464

[1] Based on claims paid cumulative July 1947 through Dec. 1948 plus claims paid during the last 3 months of 1949 and on loans insured cumulative from July 1947 through Dec. 1949.

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

1947 RESERVE THROUGH DECEMBER 1949

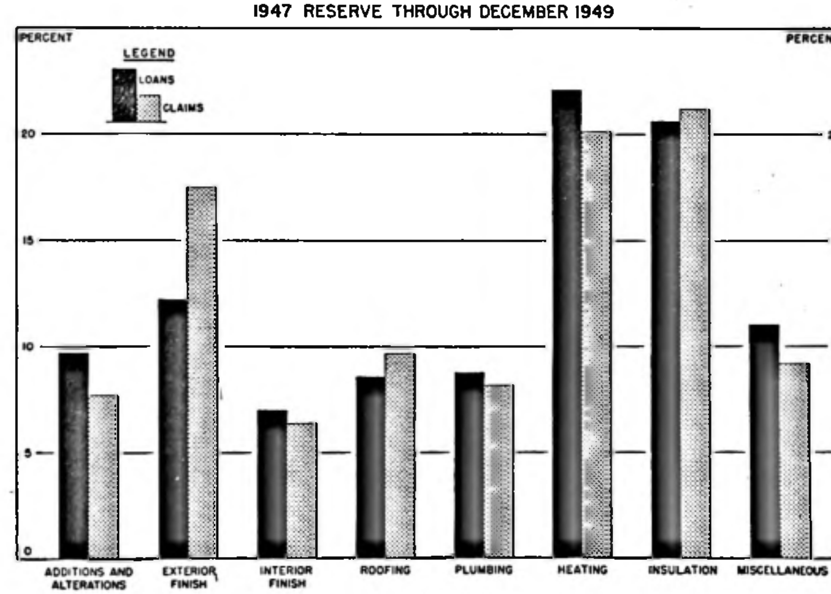


CHART XXVI.

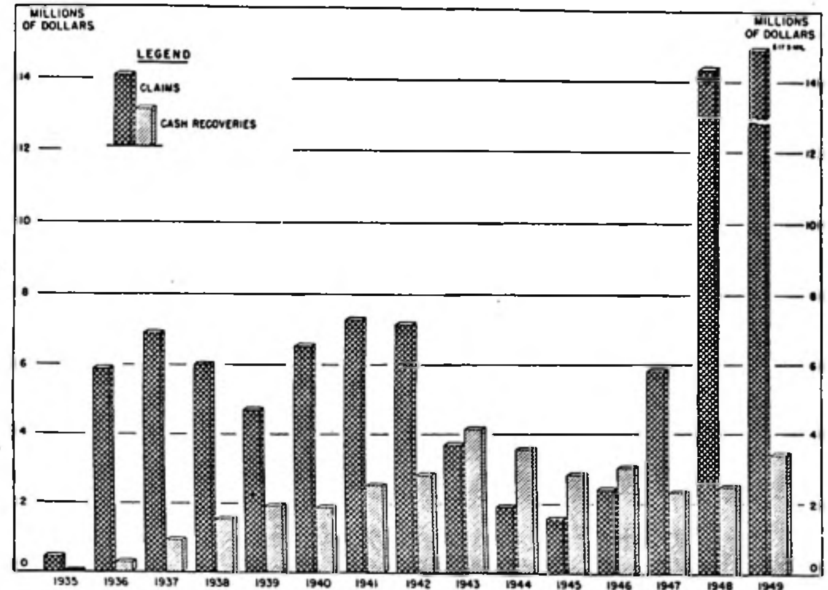
Table 60 and Chart XXVI show a comparison of loans insured to claims paid, by type of improvement, from July 1, 1947, through December 31, 1949. In general, the distribution of claims follows the distribution of loans insured. However, claims have been disproportionately great on loans financing exterior finish and small on loans financing additions and alterations. Since the average loans vary substantially, depending on the type of improvement, sizes of average claims also vary, as shown in Table 60.

Claims and Defaults

Default and recovery.—In 1949 the Federal Housing Administration paid almost 51,000 claims, disbursing some $17.5 million, to cover losses to the institutions insured under Title I. This represented an increase of about 22 percent over the amount paid during the previous year, but such an increase was to be expected in view of the record increases in insuring activity which occurred during the preceding 2 years. From the beginning of operations through 1949, FHA had paid $92.3 million in claims, or 2.34 percent of the amount of loans insured during this period. As shown in the last column of Table 53, this cumulative gross loss ratio has risen only slightly during the last 2 years despite the large volume of claims paid.

Of the $92.3 million in claims paid through the end of the year, FHA had recovered almost $34 million as described in Section III of this report ($33.2 million in actual cash and about $0.8 million in disposal of real properties after deducting losses). An estimated $15 million is expected to be recovered also on defaulted notes still in the process of collection, indicating anticipated recovery of 53 percent of the amount of claims paid. When these recoveries were deducted as of the end of 1949 from total claims, a balance of $43.3 million was left unrecovered. Compared with the $3.9 billion of Title I insurance written since the beginning of operations, this unrecovered claim amount results in a net ratio of loss to FHA of only 1.10 percent—about 1 cent on every dollar. The insurance premium which has been charged by FHA since July 1, 1939, has been ample since that time to cover this loss plus the administrative costs of operating the Title I program. Chart XXVII shows the relationship, by years, between claims paid and recoveries exclusive of estimated recoveries from notes in process of collection. Although before the war recoveries usually lagged behind claims by approximately 1 year, this relationship did not hold during the war or during the early postwar period because of the rise in employment and in the national income.

FHA TITLE I CLAIMS PAID AND RECOVERIES* ON DEFAULTED NOTES



* INCLUDES ONLY ACTUAL CASH RECOVERIES AND CASH RECOVERIES FROM THE DISPOSAL OF REAL PROPERTIES

CHART XXVII.

Number of payments prior to claim.—The number of installments paid by borrowers prior to default leading to payment of claims by FHA is shown in Table 61 and Chart XXVIII. Cross classification of number of payments made by the original terms for defaulted notes shows that borrowers on longer-term notes appear to default as soon as borrowers for shorter terms. Of the total notes on which claims were paid in 1949, nearly one-fifth were amortized by 6 to 10 installments prior to default, and almost one-fifth were amortized by 11 to 15 payments. Slightly more than 1 in 20 of the defaulted notes was in a default status with no payments made.

The 1949 distribution differs substantially from the default experience of 1948. Whereas in 1949, about 24 percent of the defaulted cases were notes on which less than 6 payments had been made, in 1948 as much as 43 percent fell within this category. The number of cases with 11 or more payments, however, increased from 33 percent in 1948 to almost 57 percent in 1949.

TABLE 61.—*Claims paid on Title I loans: Percentage distribution of total claims paid by duration of loan and number of payments made prior to default, 1944 and 1947 Reserves, 1949* [1]

Number of payments received prior to default	Percentage distribution of number of claims				Percent based on total amount	Average claim paid
	Duration			Total		
	6–23 months	24–30 months	31–36 months			
0	0.7	0.8	4.0	5.5	9.5	$582
1	.6	.6	2.3	3.5	5.5	532
2	.5	.5	2.7	3.7	5.4	495
3	.6	.4	2.7	3.7	5.6	506
4	.7	.5	2.6	3.8	5.7	499
5	.6	.5	2.6	3.7	5.3	481
6 to 10	2.9	2.1	14.6	19.6	23.8	408
11 to 15	1.7	2.4	15.2	19.3	18.9	328
16 to 20	.4	2.2	13.1	15.7	11.6	247
21 to 25	(2)	1.0	9.6	10.6	5.7	181
26 to 30		.2	7.1	7.3	2.5	116
31 to 35			3.6	3.6	.5	51
Total	8.7	11.2	80.1	100.0	100.0	336

[1] Data based on claims paid during February, May, August, and November, 1949.
[2] Less than 0.05 percent.

PAYMENTS MADE ON TITLE I LOANS PRIOR TO DEFAULT UNDER THE 1944 AND 1947 RESERVES

DURING 1949

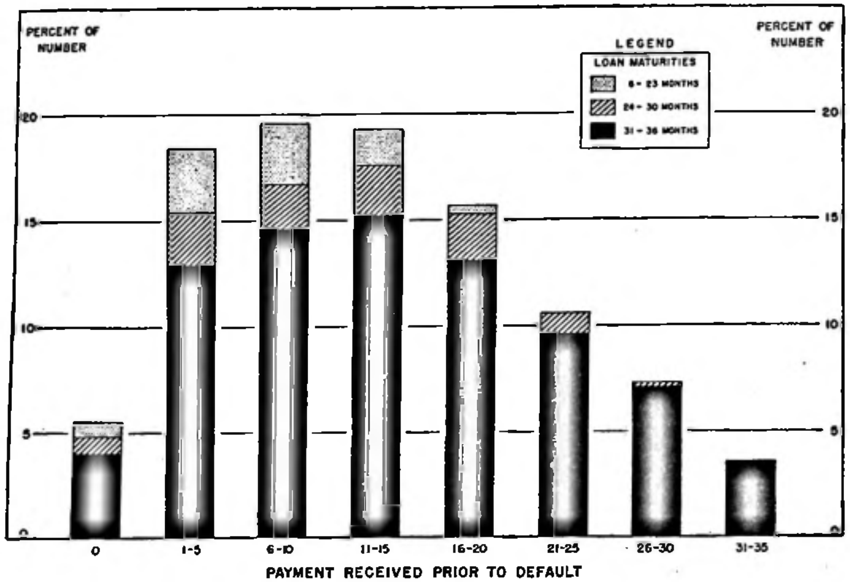


CHART XXVIII.

Section III

ACCOUNTS AND FINANCE

The accounts of the Federal Housing Administration were converted from a cash to an accrual basis as of June 30, 1949. The figures in the financial statements for 1948 and 1949 have been prepared on the accrual basis and have been shown, with certain exceptions, as of the fiscal year rather than the calendar year as heretofore. Since Section II of this report, Statistics of Insuring Operations, will be continued on a calendar-year basis to coincide with the housing year, those statements in the Accounts and Finance Section which are coordinated with the statistical statements shown in Section II will remain on a calendar-year basis.

Gross Income and Operating Expenses, Fiscal Year 1949

Gross income for fiscal year 1949 under all insurance operations totaled $63,983,953 and was derived from fees, insurance premiums, and income on investments. Operating expenses of the Administration during the fiscal year 1949 totaled $23,400,904. This left $40,583,049 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, 1949, gross income totaled $355,527,750, while operating expenses totaled $194,046,869. Gross income and operating expenses for each fiscal year are detailed below:

Income and operating expenses through June 30, 1949

Fiscal year	Income from fees, premiums, and investments	Operating expenses	Fiscal year	Income from fees, premiums, and investments	Operating expenses
1935	$539,609	$6,326,654	1944	28,322,415	11,155,027
1936	2,503,248	12,151,951	1945	29,824,744	10,232,231
1937	5,090,268	10,309,049	1946	30,729,072	11,197,574
1938	7,874,377	9,294,075	1947	26,790,341	16,085,112
1939	11,954,056	12,604,895	1948	51,164,456	20,096,567
1940	17,860,296	13,203,435	1949	63,983,953	23,400,904
1941	24,126,366	13,352,535			
1942	28,316,764	13,471,492	Total	355,527,750	194,046,869
1943	25,847,785	11,164,468			

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), $39,772,146; Title II (home mortgages), $216,721,022; Title II (rental housing projects), $6,895,146; and Title VI (war and veterans' emergency housing), $92,139,436. 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, and VI, by fiscal years, 1935–49*

	Examination fees	Initial premiums	Renewal premiums	Prepayment premiums	Income on investments	Total
Title I:						
1940	$115,507	$3,048,605	-----	-----	-----	$3,164,112
1941	126,510	4,790,858	$50,708	-----	-----	4,977,076
1942	110,147	3,965,010	134,943	-----	-----	4,210,100
1943	15,145	1,609,630	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
Total	369,290	38,007,253	1,395,594	-----	-----	[1] 39,772,146
Title II, Sec. 203:						
1935	255,113	23,440	-----	-----	$256,681	535,234
1936	1,156,998	933,172	84,671	$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	4,180,110	309,017	559,990	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	1,179,647	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	11,296,223	1,988,294	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	2,309,004	9,759,219	1,051,026	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
Total	42,300,502	32,088,762	109,499,983	12,311,502	20,520,273	216,721,022
Title II, Secs. 207–210:						
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	13,500	25,933	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	48,093	18,055	171,035	43,537	63,234	344,854
Total	581,703	790,556	3,990,481	905,463	620,943	6,895,146
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	2,983,993	2,457,171	9,095	10,005	7,991,585
1945	1,139,267	2,251,983	5,273,038	53,906	69,828	8,788,022
1946	362,131	670,026	6,500,020	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	5,398,303	1,135,019	344,106	23,066,771
1949	6,832,445	8,508,995	8,503,132	611,750	514,810	24,971,132
Total	31,634,194	22,366,654	31,509,019	4,762,018	1,807,551	92,139,436

Minus figures caused by adjustments relating to prior years.

[1] In addition, cash recoveries and other income in the amount of $18,927,195 have been collected on claims paid on insurance granted on and after July 1, 1939, and credited to the Title I Insurance Fund.

STATEMENT 1.—*Income from fees, insurance premiums, and investments under Titles I, II, and VI, by fiscal years, 1935–49*—Continued

	Examination fees	Initial premiums	Renewal premiums	Prepayment premiums	Income on investments	Total
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	2,028,559	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	2,094,747	4,360,206	309,017	586,655	11,954,056
1940	4,038,158	6,167,298	6,402,946	567,659	684,235	17,860,296
1941	5,172,560	8,890,486	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	14,309,524	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	18,002,970	930,884	2,516,666	29,824,744
1946	2,673,056	4,008,225	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	16,040,867	23,346,138	18,558,756	2,065,353	3,972,839	63,983,953
Total	74,885,698	93,259,225	146,465,077	17,978,983	22,948,767	355,527,750

Salaries and Expenses

The current fiscal year is the tenth 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 1949 to cover operating costs and the purchase of furniture and equipment are as follows:

Salaries and expenses, fiscal year 1949 (July 1, 1948, to June 30, 1949)

Title and section	Amount	Percent	Title and section	Amount	Percent
Title I	$1,640,720	7.02	Title VI—Continued		
Title II:			Sec. 609	$66,924	0.28
Sec. 203	13,746,984	58.78	Sec. 611	44,815	.19
Secs. 207–210	266,829	1.14	Title VII	8,583	.04
Title VI:					
Sec. 603	3,367,672	14.40	Total	23,387,499	100.00
Sec. 608	4,244,972	18.15			

Government Corporation Control Act

Section 501 (b) of the Housing Act of 1948 (Public Law 901, 80th Cong.) made the Federal Housing Administration subject to the Government Corporation Control Act (Public Law 248, 79th Cong.). The first of the annual audits to be made in accordance with principles and procedures applicable to corporate transactions, as required under Section 105 of that act, was performed by the Corporation Audits Division, General Accounting Office, as of June 30, 1949.

Capital and Statutory Reserves of Combined FHA Funds

The combined capital and statutory reserves of all FHA funds on June 30, 1949, amounted to $184,379,218, and consisted of $94,458,997 capital ($81,428,627 investment of the United States Government and $13,030,370 earned surplus), and $89,920,221 statutory reserves, as shown in Statement 2.

STATEMENT 2.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1948, and June 30, 1949*

	June 30, 1948	June 30, 1949	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$45,800,256	$33,554,815	−$12,245,441
Investments:			
U. S. Government securities (amortized)	136,134,893	165,919,894	29,785,001
Other securities (stock in rental housing corporations)	80,505	155,785	75,280
Total investments	136,215,398	166,075,670	29,860,281
Loans receivable:			
Mortgage notes and contracts for deed	23,064,651	20,362,157	−2,702,494
Less reserve for losses	383,705	338,419	−45,286
Net loans receivable	22,680,946	20,023,738	−2,657,208
Accounts and notes receivable:			
Accounts receivable—insurance premiums	2,961,799	2,650,673	−311,126
Accounts receivable—other	63,528	74,571	11,043
Total accounts and notes receivable	3,025,327	2,725,244	−300,083
Accrued assets:			
Interest on U. S. Government securities	497,054	688,826	191,772
Interest on mortgage notes and contracts for deed	77,285	85,825	8,540
Total accrued assets	574,339	774,651	200,312
Commodities, supplies, and materials: Supplies held for use	108,192	------------	−108,192
Land, structures, and equipment:			
Furniture and equipment	1,540,153	1,614,448	74,295
Less reserve for depreciation	778,901	870,440	91,539
Net furniture and equipment	761,252	744,008	−17,244
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	4,330,626	3,499,732	−830,894
Less reserve for losses	737,791	593,651	−144,140
Net real estate	3,592,835	2,906,081	−686,754
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)	------------	1,405,499	1,405,499
Less reserve for losses	------------	247,055	247,055
Net mortgage notes acquired under terms of insurance	------------	1,158,444	1,158,444
Defaulted Title I notes	18,472,151	30,352,471	11,880,320
Less reserve for losses	11,310,087	17,935,312	6,625,225
Net defaulted Title I notes	7,162,064	12,417,159	5,255,095
Net acquired security or collateral	10,754,899	16,481,684	5,726,785
Deferred charges: Prepaid expenses	13,750	2,704	−11,046
Total assets	219,934,359	240,382,523	20,448,164

STATEMENT 2.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1948, and June 30, 1949*—Continued

	June 30, 1948	June 30, 1949	Increase or decrease (−)
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	$1,492,702	$1,572,012	$79,310
Group account participations payable	1,961,832	941,562	−1,020,270
Total accounts payable	3,454,534	2,513,574	−940,960
Accrued liabilities: Interest on debentures	366,511	200,861	−165,650
Trust and deposit liabilities:			
Excess proceeds of sale	872,248	899,999	27,751
Deposits held for mortgagors, lessees, and purchasers	517,597	318,420	−199,177
Due general fund of the United States Treasury	271,560	78,218	−193,342
Employees' pay roll deductions for taxes, etc	592,625	705,249	112,624
Total trust and deposit liabilities	2,254,030	2,001,886	−252,144
Bonds, debentures, and notes payable:			
Debentures payable	27,149,286	14,632,986	−12,516,300
Other liabilities:			
Reserve for foreclosure costs—mortgage notes	------------	14,493	14,493
Statutory reserves:			
Net balances of group accounts available for contingent losses, expenses, other charges, and participations	84,271,900	89,920,221	5,648,321
Total other liabilities	84,271,900	89,934,714	5,662,814
Deferred and undistributed credits:			
Deferred credits—unearned insurance premiums	29,312,146	36,586,730	7,274,584
Deferred credits—other	92,055	52,775	−39,280
Total deferred and undistributed credits	29,404,201	36,639,505	7,235,304
Total liabilities	140,900,462	145,923,526	−976,936
CAPITAL			
Investment of the U. S. Government:			
Allocations from the U. S. Treasury	15,000,000	16,000,000	1,000,000
Appropriations for salaries and expenses	42,777,930	42,777,930	------------
Appropriations for payment of insurance claims	22,033,469	21,650,697	−382,772
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	80,811,399	81,428,627	617,228
Earned surplus (deficit −):			
Insurance reserve fund (cumulative earnings or deficit −) available for future losses and related expenses	4,972,851	23,393,600	18,420,749
General reinsurance reserve fund (cumulative earnings or deficit −) available for future losses and related expenses	−13,799,960	−11,330,054	2,469,906
Undivided equity of the several insurance funds represented by contribution balances and net book value of furniture and equipment	1,049,607	966,824	−82,783
Total earned surplus (deficit −)	−7,777,502	13,030,370	20,807,872
Total capital	73,033,897	94,458,997	21,425,100
Total liabilities and capital	219,934,359	240,382,523	20,448,164
Contingent liability for certificates of claim on properties on hand	117,836	96,279	−21,557

The paid-in capital of $81,428,627 and the earned surplus of $13,030,370 are available for future contingent losses and related expenses. The statutory reserves of $89,920,221 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 and Title I Claims Account	$13,498,671
Mutual Mortgage Insurance Fund	120,580,980
Housing Insurance Fund	4,628,949
War Housing Insurance Fund	43,710,844
Housing Investment Insurance Fund	992,950
Administrative Expense Account	966,824
Total	184,379,218

In addition, the various insurance funds had collected or accrued $36,586,730 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 and Title I Claims Account	$15,663,805
Mutual Mortgage Insurance Fund	9,613,824
Housing Insurance Fund	95,306
War Housing Insurance Fund	11,213,795
Total	36,586,730

Combined Income and Expenses, All FHA Funds

Total income from all sources during the fiscal year 1949 amounted to $65,087,053, while total expenses and insurance losses amounted to $25,859,998, leaving net income, before adjustment of valuation and statutory reserves, of $39,227,055. Increases in valuation and statutory reserves for the year amounted to $18,419,183, leaving $20,807,872 net income for the period. Cumulative income from June 30, 1934, through June 30, 1949, was $361,703,083, and cumulative expenses were $222,047,545, leaving net income of $139,655,538 before adjustment of valuation and statutory reserves.

STATEMENT 3.—*Combined statement of income and expenses for all FHA funds, through June 30, 1948, and June 30, 1949*

	June 30, 1934 to June 30, 1948	July 1, 1948 to June 30, 1949	June 30, 1934 to June 30, 1949
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$18,412,424	$3,691,110	$22,103,534
Interest on mortgage notes and contracts for deed	70,840	8,932	79,772
Interest—other	4,725,575	1,064,325	5,789,900
Dividends on rental housing stock	1,640	412	2,052
	23,210,479	4,764,779	27,975,258
Insurance premiums and fees:			
Premiums	213,723,039	43,970,246	257,693,285
Fees	58,844,831	16,040,867	74,885,698
	272,567,870	60,011,113	332,578,983
Other income:			
Profit on sale of investments	561,866	281,315	843,181
Miscellaneous income	275,815	29,846	305,661
	837,681	311,161	1,148,842
Total income	296,616,030	65,087,053	361,703,083
Expenses:			
Interest expense: Interest on debentures	2,209,484	414,788	2,624,272
Administrative expenses: Operating costs (including adjustments for prior years)	169,504,250	23,353,200	192,857,450
Other expenses:			
Depreciation on furniture and equipment	1,085,198	104,221	1,189,419
Miscellaneous expenses	191,896	14,212	206,108
	1,277,094	118,433	1,395,527
Losses and charge-offs:			
Loss on sale of acquired properties	3,802,606	−73,121	3,729,485
Loss on equipment	4,274,004	1,344	4,275,348
Loss on defaulted Title I notes	15,120,109	2,045,354	17,165,463
	23,196,710	1,973,577	25,170,296
Total expenses	196,187,547	25,859,998	222,047,545
Net income before adjustment of valuation and statutory reserves	100,428,483	39,227,055	139,655,538
Increase (−) or decrease (+) in valuation and statutory reserves:			
Valuation reserves:			
Reserve for loss on loans receivable	−383,599	+45,180	−338,419
Reserve for loss on acquired security or collateral	−12,047,983	−6,728,035	−18,776,018
Statutory reserves:			
Participations in mutual insurance earnings distributed	−10,502,503	−6,088,007	−16,590,510
Net balances of group accounts available for contingent losses, expenses, other charges, and participations	−84,271,900	−5,648,321	−89,920,221
Net adjustment of valuation and statutory reserves	−107,205,985	−18,419,183	−125,625,168
Net income (or loss −)	−6,777,502	20,807,872	14,030,370

ANALYSIS OF EARNED SURPLUS (OR DEFICIT −)

Balance at beginning of period		−$7,777,502	
Net income (or loss −) for the period	−$6,777,502	20,807,872	$14,030,370
Total	−6,777,502	13,030,370	14,030,370
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	−7,777,502	13,030,370	13,030,370

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Title I: Property Improvement Loans

Loans Insured and Claims Paid

Operations under Title I cover the insurance of qualified institutions against loss on loans made to finance the alteration, repair, and improvement of existing structures, and loans not exceeding $3,000 for the building of new structures other than residential, and loans not exceeding $4,500 for the construction of new structures for residential use.

Loans aggregating 9,985,158 in number and $3,945,574,208 in amount (net proceeds) had been reported for insurance under Title I through December 31, 1949. Through that date 312,929 claims had been paid for $92,260,780, or approximately 2.3 percent of the total net proceeds of loans insured, as shown in Statement 4. For the calendar year 1949, the comparable figures were 1,249,538 loans insured for an aggregate of $607,023,920, and 50,950 claims paid for $17,493,909.

STATEMENT 4.—*Summary of Title I notes insured, claims for insurance paid, and recoveries on defaulted notes purchased, by calendar years, 1934–49*

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	221,534,922	5,884,885	293,207	272,694	$20,613	
1937	54,344,338	6,890,897	942,295	913,758	28,537	
1938	150,709,152	6,016,306	1,552,417	1,489,044	63,373	
1939	203,994,512	4,728,346	1,941,953	1,919,524	22,420	
1940	241,734,821	6,543,568	1,902,540	1,888,081	13,859	
1941	248,638,549	7,265,059	2,539,496	2,335,107	11,853	$192,536
1942	141,163,308	7,132,210	2,831,754	2,795,685	−1,524	37,593
1943	87,194,156	3,718,043	4,168,859	4,024,096	717	144,046
1944	113,939,150	1,939,261	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	320,593,183	2,435,964	3,058,351	2,772,487	7,270	278,594
1947	533,604,178	5,829,750	2,346,108	2,345,022	239	847
1948	621,612,484	14,345,059	2,503,044	2,499,536	752	2,750
1949	607,023,920	17,493,909	3,414,216	3,413,258	657	301
Total	3,945,574,208	92,260,780	33,953,527	33,013,046	169,609	770,872

NOTES.—In addition to the above recoveries, $3,116,789 interest on outstanding balances of Title I notes, $83,459 interest on mortgage notes, and $289,747 miscellaneous income had been collected through Dec. 31, 1949.

Equipment in the total amount of $4,474,940 (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 $3,079,654 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 under Title I, 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 Bureau of Federal Supply is authorized to pick up such equipment and dispose of it for the account of the Federal Housing Administration.

Real properties acquired under Title I are managed and sold by the Property Management Section 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, 1949, there had been acquired under the terms of Title I insurance a total of 397 real properties with a claim balance of $824,082. All but one of these had been sold at a net loss of $53,211, including all expenses (such as taxes, repairs, and sales commissions) incurred by FHA in acquiring, managing, and disposing of the properties.

Insurance losses under Title I through December 31, 1949, amounted to $43,312,866. These losses represent 1.10 percent of the total amount of loans insured ($3,945,574,208). A summary of Title I transactions through December 31, 1949, follows:

Summary of Title I transactions for the period June 30, 1934, to Dec. 31, 1949

	Total Title I transactions to Dec. 31, 1949	Percent to notes insured
Total notes insured	$3,945,574,208	100.000
Total claims paid	92,260,780	2.338
Recoveries:		
Cash collections:		
On notes	33,013,046	.837
On sale of repossessed equipment	169,609	.004
Total cash	33,182,655	.841
Real properties (after deducting losses)	770,872	.020
Total recoveries	33,953,527	.861
Net notes in process of collection	14,994,387	.380
Losses:		
Loss on sale of real properties	53,211	.001
Loss on repossessed equipment	4,305,331	.109
Loss on defaulted Title I notes	18,729,469	.475
Reserve for loss on defaulted Title I notes	20,224,855	.512
Total losses	43,312,866	1.097

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, $3,116,789 interest on outstanding balances of Title I notes, $83,459 interest on mortgage notes, and $289,747 miscellaneous income had been collected through December 31, 1949.

Title I Insurance Fund and Claims Account

Prior to July 1, 1939, there was no provision in the National Housing Act for collecting premiums on insurance granted under Title I. An amendment to the act on June 3, 1939, authorized FHA to charge financial institutions a premium on loans insured under this title on and after July 1, 1939. The present premium rate is three-fourths percent per annum of the net proceeds of the loan, except on Class 1 (b) loans in excess of $2,500, Class 2 (b) loans having maturities in excess of 7 years and 32 days, and on Class 3 loans covering the construction of individual homes. On these the premium rate is one-half percent per annum.

Fees and insurance premiums collected on Title I loans insured since July 1, 1939, have been credited to the Title I Insurance Fund, which was established pursuant to the amendment of June 3, 1939. Recoveries on claims paid in connection with insurance granted on and after July 1, 1939, have also been credited to this fund in accordance with an amendment to the act of June 28, 1941.

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 purposes 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 Title I 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.

In order to provide a more complete financial report of Title I operations from the initiation of the program in 1934 to June 30, 1949, combined statements have been prepared for the Title I Insurance Fund and the Title I Claims Account. The Title I Claims Account reflects the transactions with respect to insurance claims paid out of allocations by the Federal Government prior to July 1, 1939.

The total capital of the combined Title I Insurance Fund and Title I Claims Account as of June 30, 1949, as shown in Statement 5, was $13,498,671.

STATEMENT 5.—*Comparative statement of financial condition, Title I Insurance Fund and Title I Claims Account, as of June 30, 1948, and June 30, 1949*

	June 30, 1948	June 30, 1949	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$19, 099, 040	$15, 507, 978	−$3, 591, 062
Loans receivable:			
Mortgage notes and contracts for deed	224, 838	179, 550	−45, 288
Less reserve for losses	3, 372	2, 693	−679
Net loans receivable	221, 466	176, 857	−44, 609
Accounts and notes receivable:			
Accounts receivable—insurance premiums	2, 066, 329	1, 120, 567	−945, 762
Accounts receivable—other		19, 514	19, 514
Total accounts and notes receivable	2, 066, 329	1, 140, 081	−926, 248
Accrued assets:			
Interest on mortgage notes and contracts for deed	938	778	−160
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	2, 525	846	−1, 679
Less reserve for losses		106	106
Net real estate	2, 525	740	−1, 785
Defaulted Title I notes	18, 472, 151	30, 352, 471	11, 880, 320
Less reserve for losses	11, 310, 087	17, 935, 312	6, 625, 225
Net defaulted Title I notes	7, 162, 064	12, 417, 159	5, 255, 095
Net acquired security or collateral	7, 164, 580	12, 417, 899	5, 253, 319
Total assets	28, 552, 362	29, 243, 593	691, 231
LIABILITIES			
Trust and deposit liabilities:			
Deposits held for mortgagors, lessees, and purchasers	3, 917	3, 645	−272
Due general fund of the United States Treasury	268, 250	77, 472	−190, 778
Total trust and deposit liabilities	272, 167	81, 117	−191, 050
Deferred and undistributed credits:			
Deferred credits—unearned insurance premiums	14, 831, 924	15, 663, 805	831, 881
Total liabilities	15, 104, 091	15, 744, 922	640, 831
CAPITAL			
Investment of the United States Government:			
Appropriations for salaries and expenses	6, 615, 214	6, 615, 214	
Appropriations for payment of insurance claims	22, 033, 469	21, 650, 697	−382, 772
Total investment of the United States Government	28, 648, 683	28, 265, 911	−382, 772
Earned surplus (deficit −):			
Insurance reserve fund (cumulative earnings or deficit −) available for future losses and related expenses	−15, 200, 412	−14, 767, 240	433, 172
Total capital	13, 448, 271	13, 498, 671	50, 400
Total liabilities and capital	28, 552, 362	29, 243, 593	691, 231

The net resources of the Title I Insurance Fund alone, on which present and future Title I operations depend for capital, amounted to $13,314,865, of which $8,334,999 represented investment of the United States Government and $4,979,866 was earned surplus. The financial condition of each of the Title I funds as of June 30, 1949, is shown below:

Combined Title I Insurance Fund and Title I Claims Account statement of financial condition as of June 30, 1949

	Title I Insurance Fund	Title I Claims Account	Combined Title I
ASSETS			
Cash with U. S. Treasury	$15,430,941	$77,037	$15,507,978
Loans receivable:			
Mortgage notes and contracts for deed	149,856	29,694	179,550
Less reserve for losses	2,248	445	2,693
Net loans receivable	147,608	29,249	176,857
Accounts and notes receivable:			
Accounts receivable—insurance premiums	1,120,567		1,120,567
Accounts receivable—other	17,596	1,918	19,514
Total accounts and notes receivable	1,138,163	1,918	1,140,081
Accrued assets: Interest on mortgage notes and contracts for deed	653	125	778
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	846		846
Less reserve for losses	106		106
Net real estate	740		740
Defaulted Title I notes	28,992,110	1,360,361	30,352,471
Less reserve for losses	16,729,508	1,205,804	17,935,312
Net defaulted Title I notes	12,262,602	154,557	12,417,159
Net acquired security or collateral	12,263,342	154,557	12,417,899
Total assets	28,980,707	262,886	29,243,593
LIABILITIES			
Trust and deposit liabilities:			
Deposits held for mortgagors, lessees, and purchasers	2,037	1,608	3,645
Due general fund of the U. S. Treasury		77,472	77,472
Total trust and deposit liabilities	2,037	79,080	81,117
Deferred and undistributed credits: Deferred credits—unearned insurance premiums	15,663,805		15,663,805
Total liabilities	15,665,842	79,080	15,744,922
CAPITAL			
Investment of the U. S. Government:			
Appropriations for salaries and expenses		6,615,214	6,615,214
Appropriations for payment of insurance claims	8,334,999	13,315,698	21,650,697
Total investment of the U. S. Government	8,334,999	19,930,912	28,265,911
Earned surplus (deficit −):			
Insurance reserve fund (cumulative earnings or deficit −) available for future losses and related expenses	4,979,866	−19,747,106	−14,767,240
Total capital	13,314,865	183,806	13,498,671
Total liabilities and capital	28,980,707	262,886	29,243,593

For the fiscal year 1949 Title I income totaled $10,703,335, while expenses and losses amounted to $3,645,510, leaving $7,057,825 net income before adjustment of valuation reserves. After the valuation reserves had been increased by $6,624,653, there remained $433,172 net income for the year.

STATEMENT 6.—*Income and expenses, combined Title I Insurance Fund and Title I Claims Account, through June 30, 1948, and June 30, 1949*

	June 30, 1934 to June 30, 1948	July 1, 1948 to June 30, 1949	June 30, 1934 to June 30, 1949
Income:			
Interest and dividends:			
Interest on mortgage notes and contracts for deed	$70,840	$8,932	$79,772
Interest—other	2,670,539	323,149	2,993,688
	2,741,379	332,081	3,073,460
Insurance premiums and fees:			
Premiums	29,061,227	10,341,620	39,402,847
Fees	369,289	10	369,299
	29,430,516	10,341,630	39,772,146
Other income:			
Miscellaneous income	242,382	29,624	272,006
Total income	32,414,277	10,703,335	43,117,612
Expenses:			
Administrative expenses:			
Operating costs (including adjustments for prior years)	16,647,325	1,587,223	18,234,548
Other expenses:			
Miscellaneous expenses	173,766	14,212	187,978
Losses and charge-offs:			
Loss on sale of acquired properties	53,770	−349	53,42[illegible]
Loss (or profit −) on equipment	4,306,261	−930	4,305,3[illegible]
Loss on defaulted Title I notes	15,120,109	2,045,354	17,165,4[illegible]
	19,480,140	2,044,075	21,524,2[illegible]
Total expenses	36,301,231	3,645,510	39,946,74[illegible]
Net income (or loss −) before adjustment of valuation reserves	−3,880,954	7,057,825	3,170,871
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−3,266	+573	−2,693
Reserve for loss on acquired security or collateral	−11,310,192	−6,625,226	−17,935,418
Net adjustment of valuation reserves	−11,313,458	−6,624,653	−17,938,111
Net income (or loss −)	−15,200,412	433,172	−14,767,240

ANALYSIS OF EARNED SURPLUS (OR DEFICIT −)

Balance at beginning of period		−$15,200,412	
Net income (or loss −) for the period	−$15,200,412	433,172	−$14,767,240
Balance at end of period	−15,200,412	−14,767,240	−14,767,240

The cumulative income and expenses of each of the Title I funds as reflected in the combined figures through June 30, 1949, in Statement 6 are shown below:

Title I Insurance Fund and Title I Claims Account statement of income and expenses, June 30, 1934, to June 30, 1949

	Title I Insurance Fund	Title I Claims Account	Combined Title I
Income:			
Interest and dividends:			
Interest on mortgage notes and contracts for deed	$41, 588	$38, 184	$79, 772
Interest—other	1, 172, 315	1, 821, 373	2, 993, 688
	1, 213, 903	1, 859, 557	3, 073, 460
Insurance premiums and fees:			
Premiums	39, 402, 847		39, 402, 847
Fees	369, 299		369, 299
	39, 772, 146		39, 772, 146
Other income:			
Miscellaneous income	113, 024	158, 982	272, 006
Total income	41, 099, 073	2, 018, 539	43, 117, 612
Expenses:			
Administrative expenses:			
Operating costs (including adjustments for prior years)	11, 619, 334	6, 615, 214	18, 234, 548
Other expenses:			
Miscellaneous expenses	187, 978		187, 978
Losses and charge-offs:			
Loss on sale of acquired properties	23, 797	29, 624	53, 421
Loss on equipment	46, 001	4, 259, 330	4, 305, 331
Loss on defaulted Title I notes	7, 510, 235	9, 655, 228	17, 165, 463
	7, 580, 033	13, 944, 182	21, 524, 215
Total expenses	19, 387, 345	20, 559, 396	39, 946, 741
Net income (or loss —) before adjustment of valuation reserves	21, 711, 728	—18, 540, 857	3, 170, 871
Increase (—) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	—2, 248	—445	—2, 693
Reserve for loss on acquired security or collateral	—16, 729, 614	—1, 205, 804	—17, 935, 418
Net adjustment of valuation reserves	—16, 731, 862	—1, 206, 249	—17, 938, 111
Net income (or loss —)	4, 979, 866	—19, 747, 106	—14, 767, 240
ANALYSIS OF EARNED SURPLUS (OR DEFICIT —)			
Balance at beginning of period			
Net income (or loss —) for the period	$4, 979, 866	—$19, 747, 106	—$14, 767, 240
Balance at end of period	4, 979, 866	—19, 747, 106	—14, 767, 240

Title I Insurance Liability Limitation

Section 2 (a) of the National Housing Act provides that the total liability which may be outstanding under Title I at any time, plus the amount of claims paid in respect of all insurance granted under this title, less the amount collected from insurance premiums and other sources and deposited in the Treasury of the United States under the Title I Insurance Fund, may not exceed in the aggregate $225,000,000.

The maximum insurance liability was increased from $200,000,000 to $225,000,000 by amendment of the National Housing Act approved October 25, 1949.

Calculations of estimated insurance liability are prepared regularly in order to determine that such liability is kept within the limitation prescribed. In addition, a report is obtained once a year from financial institutions of the outstanding balances of Title I loans in their portfolios, which report serves, among other things, as the basis for checking the calculations of the Federal Housing Administration's insurance liability.

As of December 31, 1949, the net estimated charges against the liability limitation of $225,000,000 were $196,786,596, which left $28,213,404 as the unallocated amount available for use as reserves.

STATEMENT 7.—*Insurance reserves under Title I, authorized, established, released, and remaining unallocated at Dec. 31, 1949, as provided under Secs. 2 and 6, National Housing Act*

Item	Gross reserves established	Reserves released	Charges against liability limitation as at Dec. 31, 1949			Summation
			Outstanding contingent liability	Claims paid	Total	
Basic liability limitation established by Congress						$225, 000, 000
Insurance reserves:						
Sec. 2:						
20 percent, original act	$66, 331, 508	$50, 769, 728		$15, 561, 780	$15, 561, 780	
10 percent, amendment Apr. 3, 1936	17, 257, 563	10, 647, 672		6, 609, 891	6, 609, 891	
10 percent, amendment Feb. 3, 1938	27, 302, 148	18, 041, 547		9, 260, 601	9, 260, 601	
10 percent, amendment June 3, 1939	86, 073, 320	57, 590, 872	$8, 062, 398	20, 420, 050	28, 482, 448	
10 percent, reserve of July 1, 1944	85, 485, 637	19, 487, 539	43, 934, 283	22, 063, 815	65, 998, 098	
10 percent, reserve of July 1, 1947	145, 112, 402		126, 824, 201	18, 288, 201	145, 112, 402	
Sec. 6:						
20 percent, amendment Apr. 22, 1937	297, 366	246, 498		50, 868	50, 868	
10 percent, amendment Apr. 17, 1936	11, 913	6, 339		5, 574	5, 574	
Total	427, 871, 857	156, 790, 195	178, 820, 882	92, 260, 760	271, 081, 662	
Estimated reserves for loan reports in process (118,748 loans at $458)					5, 438, 658	
					276, 520, 320	
Collections from insurance premiums and other sources (deduct)					79, 733, 724	
Net charges against liability limitation					196, 786, 596	196, 786, 596
Total unallocated amount available for use as reserves						28, 213, 404

Title II: Mutual Mortgage Insurance Fund

The Mutual Mortgage Insurance Fund was established by Section 202 of the National Housing Act 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). Subsequently, 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.

In the event that 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 original 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.

Limitation on Title II Insurance Liability

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 $6,750,000,000. Because of the continuing increase in applications for insurance under this title, the insurance limitation was raised during 1949 from $5,000,000,000 to $6,750,000,000 under authority granted by the Congress in amendments to the National Housing Act approved July 15, 1949, August 26, 1949, and October 25, 1949. This authorization applies to the insurance granted on all mortgages insured under Section 203 for one- to four-family homes and for rental housing projects under Sections 207 and 210. The Title II outstanding insurance liability at December 31, 1949, was calculated as follows:

STATEMENT 8.—*Outstanding insurance liability under Title II as of Dec. 31, 1949*

Total outstanding liability authorized			$6,750,000,000
Charges against authorization:			
Section 203 estimated outstanding balance of insurance in force	$4,359,350,669		
Section 203 outstanding commitments	1,987,209,500		
		$6,346,560,169	
Section 207 estimated outstanding balance of insurance in force	32,066,015		
Section 207 outstanding commitments	6,006,700		
		38,072,715	
Estimated insurance liability at Dec. 31, 1949			6,384,632,884
Unused authorization for insurance			365,367,116

Mutual Mortgage Insurance Fund Capital

As of June 30, 1949, the assets of the Mutual Mortgage Insurance Fund totaled $138,858,802, against which there were outstanding liabilities of $108,198,043, leaving $30,660,759 capital. Included in the liabilities are the statutory reserves of $89,920,221 representing the net balances of the group accounts which are available for participation payments to mortgagors under the mutual provision of the act after providing for contingent insurance losses, expenses, and related charges.

STATEMENT 9.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1948, and June 30, 1949*

	June 30, 1948	June 30, 1949	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$4,471,035	$6,531,002	$2,059,967
Investments:			
U. S. Government securities (amortized)	121,662,394	129,804,566	8,142,172
Loans receivable:			
Mortgage notes and contracts for deed	1,834,886	1,500,517	—334,369
Less reserve for losses	27,494	22,476	—5,018
Net loans receivable	1,807,392	1,478,041	—329,351
Accounts and notes receivable:			
Accounts receivable—insurance premiums	361,437	440,410	78,973

STATEMENT 9.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1948, and June 30, 1949*—Continued

	June 30, 1948	June 30, 1949	Increase or decrease −
ASSETS—continued			
Accrued assets:			
Interest on U. S. Government securities	$447,688	$554,564	$106,876
Interest on mortgage notes and contracts for deed	7,810	6,456	−1,354
Total accrued assets	455,498	561,020	105,522
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	4,181	51,296	47,115
Less reserve for losses	627	7,539	6,912
Net acquired security or collateral	3,554	43,757	40,203
Deferred charges—prepaid expenses		6	6
Total assets	128,761,310	138,858,802	10,097,492
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	76	393	317
Due mortgagors—participation in mutual insurance earnings	1,961,832	941,562	−1,020,270
Total accounts payable	1,961,908	941,955	−1,019,953
Accrued liabilities:			
Interest on debentures	111,668	112,198	530
Trust and deposit liabilities:			
Excess proceeds of sale	57,192	47,849	−9,343
Deposits held for mortgagors, lessees, and purchasers	46,830	44,954	−1,876
Total trust and deposit liabilities	104,022	92,803	−11,219
Bonds, debentures, and notes payable:			
Debentures payable	7,448,686	7,510,586	61,900
Statutory reserves:			
Net balances of group accounts available for contingent losses, expenses, other charges, and participations	84,271,900	89,920,221	5,648,321
Deferred and undistributed credits:			
Deferred credits—unearned insurance premiums	6,664,463	9,613,824	2,949,361
Deferred credits—other	7,810	6,456	−1,354
Total deferred and undistributed credits	6,672,273	9,620,280	2,948,007
Total liabilities	100,570,457	108,198,043	7,627,586
CAPITAL			
Investment of the United States Government:			
Allocation from the U. S. Treasury	10,000,000	10,000,000	
Appropriations for salaries and expenses	31,990,813	31,990,813	
Total investment of the U. S. Government	41,990,813	41,990,813	
Earned surplus (deficit −):			
General reinsurance reserve fund (cumulative earnings or deficit −) available for future losses and related expenses	−13,799,960	−11,330,054	2,469,906
Total capital	28,190,853	30,660,759	2,469,906
Total liabilities and capital	128,761,310	138,858,802	10,097,492
Contingent liability for certificates of claim on properties on hand	173	3,947	3,774

Income and Expenses

During fiscal year 1949 the income to the fund amounted to $28,671,746, while expenses and losses amounted to $14,463,618, leaving $14,208,128 net income before adjustment of valuation and

statutory reserves. After the valuation and statutory reserves had been increased $5,650,215, and $6,088,007 participation payments had been distributed to mortgagors, the net income for the year was $2,469,906.

The cumulative income of the Mutual Mortgage Insurance Fund from June 30, 1934, to June 30, 1949, amounted to $219,681,546 while cumulative expenses amounted to $123,470,854, leaving $96,210,692 net income before adjustment of valuation and statutory reserves. After $89,950,236 had been allocated to valuation and statutory reserves and $16,590,510 had been provided for participation payments, the cumulative net loss amounted to $10,330,054.

STATEMENT 10.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1948, and June 30, 1949*

	June 30, 1934 to June 30, 1948	July 1, 1948 to June 30, 1949	June 30, 1934 to June 30, 1949
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$16,732,352	$3,113,479	$19,845,831
Interest—other	2,153,786	333,721	2,487,507
Dividends on rental housing stock	156		156
	18,886,294	3,447,200	22,333,494
Insurance premiums and fees:			
Premiums	138,578,775	15,783,593	154,362,368
Fees	33,144,608	9,159,419	42,304,027
	171,723,383	24,943,012	196,666,395
Other income:			
Profit on sale of investments	392,971	281,315	674,286
Miscellaneous income	7,152	219	7,371
	400,123	281,534	681,657
Total income	191,009,800	28,671,746	219,681,546
Expenses:			
Interest expense:			
Interest on debentures	2,139,109	479,251	2,618,360
Administrative expenses:			
Operating costs (including adjustments for prior years)	104,449,864	13,980,230	118,430,094
Other expenses:			
Miscellaneous expenses	17,710		17,710
Losses and charge-offs:			
Loss on sale of acquired properties	2,400,553	4,137	2,404,690
Total expenses	109,007,236	14,463,618	123,470,854
Net income before adjustment of valuation and statutory reserves	82,002,564	14,208,128	96,210,692
Increase (−) or decrease (+) in valuation and statutory reserves:			
Valuation reserves:			
Reserve for loss on loans receivable	−27,494	+5,018	−22,476
Reserve for loss on acquired security or collateral	−627	−6,912	−7,539
Statutory reserves:			
Participations in mutual insurance earnings distributed	−10,502,503	−6,088,007	−16,590,510
Net balances of group accounts available for contingent losses, expenses, other charges, and participations	−84,271,900	−5,648,321	−89,920,221
Net adjustment of valuation and statutory reserves	−94,802,524	−11,738,222	−106,540,746
Net income (or loss −)	−12,799,960	2,469,906	−10,330,054

STATEMENT 10.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1948, and June 30, 1949*—Continued

ANALYSIS OF EARNED SURPLUS (OR DEFICIT −)

	June 30, 1934 to June 30, 1948	July 1, 1948 to June 30, 1949	June 30, 1934 to June 30, 1949
Balance at beginning of period		−$13, 799, 960	
Net income (or loss −) for the period	−$12, 799, 960	2, 469, 906	−$10, 330, 054
Total	−12, 799, 960	−11, 330, 054	−10, 330, 054
Transfer to Housing Insurance Fund	−1, 000, 000		−1, 000, 000
Balance at end of period	−13, 799, 960	−11, 330, 054	−11, 330, 054

Investments

Section 206 of the act provides that excess moneys in the 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 1949, $4,900 of series A 3 percent Mutual Mortgage Insurance Fund debentures matured and were paid. No calls for the redemption of debentures under the Mutual Mortgage Insurance Fund were issued during the fiscal year 1949.

Purchases of United States Treasury bonds made during the year increased the holdings of the fund by $8,000,000 (principal amount). Special 2 percent United States Treasury notes in the amount of $4,000,000 were converted into cash and the proceeds reinvested in 2½ percent United States bonds, series 1967–72. These transactions resulted in an increase in the average annual yield from 2.49 percent to 2.50 percent. On June 30, 1949, the fund held United States Treasury bonds in the amount of $129,804,566, as follows:

Investments of the Mutual Mortgage Insurance Fund, June 30, 1949

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1951–54	2¾	$544, 844	$550, 000	$548, 215
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, 408, 755
1956–59	2¾	5, 305, 585	5, 242, 850	5, 269, 498
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	67, 436, 102	67, 167, 000	67, 428, 098
Average annual yield 2.5 percent		129, 878, 165	129, 499, 350	129, 804, 566

Properties Acquired under the Terms of Insurance

Thirty-seven homes insured under Section 203 were acquired during the calendar year 1949 by the Commissioner under the terms of insurance. During 1948, four foreclosed properties had been transferred to the Commissioner, and in 1947 there had been none. Through 1949, a total of 4,108 homes had been acquired under the Mutual Mortgage Insurance Fund, for which debentures and cash adjustments had been issued in the amount of $18,934,165. Statement 11 shows the turnover of Section 203 acquired properties since the acquisition of the first such property in 1936.

STATEMENT 11.—*Turnover of properties acquired under Sec. 203 of Title II contracts of insurance by years, and cumulative through Dec. 31, 1949*

Properties acquired		Properties sold by calendar years													Properties on hand Dec. 31, 1949
Year	Number	1936–37	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	
1936	13	11	2												
1937	98	13	67	7	5	6									
1938	324		139	99	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	20
Total	4, 108	24	208	384	997	1, 346	692	327	67	20	2		2	19	20

NOTES.—On the 4,088 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 6.33 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, 1949.

Through December 31, 1949, 4,088 acquired properties insured under Section 203 had been sold at prices which left a net charge against the fund of $2,415,218, or an average of approximately $591 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 12.—*Statement of profit and loss on sale of acquired properties, Mutual Mortgage Insurance Fund, through Dec. 31, 1949*

Item	Sec. 203 (4,088 properties)	Sec. 207 (1 property)	Total Title II (4,089 properties)
Proceeds of sales: [1]			
Sales price	$18,913,286	$1,000,000	$19,913,286
Less commission and other selling expenses	898,338		898,338
Net proceeds of sales	18,014,948	1,000,000	19,014,948
Income:			
Rental and other income (net)	308,694		308,694
Mortgage note income	2,536,187		2,536,187
Total income	2,844,881		2,844,881
Total proceeds of sold properties	20,859,829	1,000,000	21,859,829
Expenses:			
Debentures and cash adjustments	18,824,139	942,145	19,766,284
Interest on debentures	2,731,827	18,387	2,750,214
Additions and improvements	23,859		23,859
Taxes, water rent, hazard insurance, and other expenses	416,146	5,012	421,158
Repairs and maintenance	695,238		695,238
Settlement expense		1,669	1,669
Total expenses	22,691,209	967,213	23,658,422
Net profit (or loss —) before distribution of liquidation profits	—1,831,380	32,787	—1,798,593
Less distribution of liquidation profits:			
Certificates of claim	394,247	31,532	425,779
Increment on certificates of claim	29,652	1,255	30,907
Refunds to mortgagors	159,939		159,939
Loss to Mutual Mortgage Insurance Fund	2,415,218		2,415,218
Average loss to Mutual Mortgage Insurance Fund	591		

[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	717		$4,489,760		$4,489,760
Properties sold for cash and notes (or contracts for deed)	3,355	3,345	1,868,533	$13,494,016	15,362,549
Properties sold for notes only	17	17		60,977	60,977
Total	4,089	3,362	6,358,293	13,554,993	19,913,286

On December 31, 1949, 20 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, 1949 (20 properties)

	Section 203 (20 properties)
Expenses:	
Debentures and cash adjustments (issued, authorized, and claims in audit)	$110,026
Interest on debentures	2,550
Taxes and assessments	223
Hazard insurance	463
Maintenance	25
Repairs	1,227
Total expenses	114,513
Income:	
Rental income (net)	62
Net cost of properties on hand	114,451

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 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 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 4,088 Section 203 properties which had been acquired and sold through 1949 totaled $1,666,657. The net proceeds of sale in 1,500 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 $394,246 (approximately 24 percent), while certificates of claim totaling $1,272,411 (approximately 76 percent) had been or will be canceled.

In addition, there were excess proceeds on approximately 15 percent (or 601) of the 4,088 sold properties amounting to $159,939 for refund to mortgagors. The refund to mortgagors on these 601 cases averaged $266.

Mutual Mortgage Participation Payments

In carrying out the mutual provisions of Title II the Administration had established through June 30, 1949, a total of 274 group accounts of which 149 had credit balances for distribution and 125 had deficit balances. The 149 group accounts with credit balances represented 8 from which participation payments at the time of termination of the group had been made, 11 from which payments will be made, and 130 from which participation shares are being currently disbursed to mortgagors who pay their mortgages in full prior to maturity.

Of the 125 deficit-balance groups at June 30, 1949, 56 had been terminated with deficits totaling $92,792, and these deficits had been charged against the general reinsurance account. The income of the remaining 69 groups had not yet been sufficient to offset the expenses and reserves for losses.

The credit balances of the 8 group accounts which had matured and from which participation payments had been made amounted to $137,318, and these balances were shared by 2,560 mortgagors. The payments ranged from $2.12 to $48.22 per $1,000 of original face amount of mortgage. The credit balances of the 11 groups from which participation payments will be made amounted to $145,160 on June 30, 1949, and will be shared by approximately 1,525 mortgagors.

The first participation payments in connection with insured loans prepaid in full were made as of January 1, 1944, and during the 5½ years following that date total payments of $16,590,510 were made or accrued on 207,406 insured loans.

The credit balances of the 130 groups, from which participation payments are being made as insured loans are paid in full, amounted to $47,582,186 on June 30, 1949. On that date there were still in force in these group accounts approximately 353,213 insured mortgages on which the original face amount had been $1,568,402,646.

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 the 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 the enactment of the amendments to the National Housing Act of August 10, 1948, 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, 1949, totaled $8,880,366, against which there were outstanding liabilities of $4,251,417. The capital of the fund amounted to $4,628,949, represented by $5,171,903 investment of the United States Government

and an operating deficit of $542,954. 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 13.—*Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1948, and June 30, 1949*

	June 30, 1948	June 30, 1949	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$2, 521, 347	$1, 021, 562	—$1, 499, 785
Investments:			
U. S. Government securities (amortized)	2, 438, 880	2, 437, 757	—1, 123
Other securities (stock in rental housing corporations)	6, 350	5, 550	—800
Total investments	2, 445, 230	2, 443, 307	—1, 923
Loans receivable:			
Mortgage notes and contracts for deed	5, 898, 488	5, 474, 568	—423, 920
Less reserve for losses	88, 477	82, 118	—6, 359
Net loans receivable	5, 810, 011	5, 392, 450	—417, 561
Accounts and notes receivable:			
Accounts receivable—insurance premiums	1, 103	147	—956
Accrued assets:			
Interest on U. S. Government securities	9, 367	9, 367	....
Interest on mortgage notes and contracts for deed	14, 423	13, 533	—890
Total accrued assets	23, 790	22, 900	—890
Total assets	10, 801, 481	8, 880, 366	—1, 921, 115
LIABILITIES			
Accrued liabilities:			
Interest on debentures	81, 653	54, 153	—27, 500
Trust and deposit liabilities:			
Excess proceeds of sale	103, 813	107, 474	3, 661
Deposits held for mortgagors, lessees, and purchasers	61, 239	56, 084	—5, 155
Total trust and deposit liabilities	165, 052	163, 558	—1, 494
Bonds, debentures and notes payable:			
Debentures payable	5, 938, 400	3, 938, 400	—2, 000, 000
Deferred and undistributed credits:			
Deferred credits—unearned insurance premiums	102, 862	95, 306	—7, 556
Total liabilities	6, 287, 967	4, 251, 417	—2, 036, 550
CAPITAL			
Investment of the United States Government:			
Allocation from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	1, 000, 000	1, 000, 000	....
Appropriations for salaries and expenses	4, 171, 903	4, 171, 903	....
Total investment of the U. S. Government	5, 171, 903	5, 171, 903	....
Earned surplus (deficit —):			
Insurance reserve fund (cumulative earnings or deficit —) available for future losses and related expenses	—658, 389	—542, 954	115, 435
Total capital	4, 513, 514	4, 628, 940	115, 435
Total liabilities and capital	10, 801, 481	8, 880, 368	—1, 921, 115

Net income of the Housing Insurance Fund during the fiscal year 1949, before adjustment of valuation reserves, amounted to $109,076.

STATEMENT 14.—*Income and expenses, Housing Insurance Fund, through June 30, 1948, and June 30, 1949*

	Feb. 3, 1938 to June 30, 1948	July 1, 1948 to June 30, 1949	Feb. 3, 1938 to June 30, 1949
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$540, 709	$63, 136	$603, 845
Dividends on rental housing stock	1, 058	98	1, 156
	541, 767	63, 234	605, 001
Insurance premiums and fees:			
Premiums	5, 009, 223	221, 156	5, 230, 379
Fees	520, 185	48, 993	576, 178
	5, 538, 408	270, 140	5, 808, 557
Other income:			
Profit on sale of investments	15, 942		15, 942
Miscellaneous income	18, 179		18, 179
	34, 121		34, 121
Total income	6, 114, 296	333, 383	6, 447, 679
Expenses:			
Interest expense: Interest on debentures	70, 375	−64, 463	5, 912
Administrative expenses: Operating costs (including adjustments for prior years)	6, 566, 259	287, 340	6, 853, 599
Other expenses: Miscellaneous expenses	420		420
Losses and charge-offs: Loss on sale of acquired properties	47, 154	1, 430	48, 584
Total expenses	6, 684, 208	224, 307	6, 908, 515
Net income (or loss −) before adjustment of valuation reserves	−569, 912	109, 076	−460, 836
Increase (−) or decrease (+) in valuation reserves: Reserve for loss on loans receivable	−88, 477	+6, 359	−82, 118
Net income (or loss −)	−658, 389	115, 435	−542, 954

ANALYSIS OF EARNED SURPLUS (OR DEFICIT −)

Balance at beginning of period		−$658, 389	
Net income (or loss −) for the period	−$658, 389	115, 435	−$542, 954
Balance at end of period	−658, 389	−542, 954	−542, 954

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 1949, there were no purchases or sales of United States bonds. Upon the request of the FHA, the Treasury redeemed, by call, $2,000,000 of series D 2¾ percent debentures. On June 30, 1949, the fund held

United States Treasury bonds in the amount of $2,437,757, as follows:

Investments of the Housing Insurance Fund, June 30, 1949

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1956–60	2¾	$948, 783	$930, 750	$937, 757
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, 437, 757

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 1949. Through December 1949, a cumulative total of 16 rental

STATEMENT 15.—*Statement of profit and loss on sale of acquired projects, Housing Insurance Fund, through Dec. 31, 1949*

	Secs. 207–210		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, 830, 120	2, 259, 013
Total income	428, 893	3, 621, 484	4, 050, 377
Total proceeds of sold properties	3, 418, 874	15, 726, 850	19, 145, 724
Expenses:			
Debentures and cash adjustments	2, 930, 182	11, 731, 713	14, 661, 895
Interest on debentures	300, 201	2, 252, 890	2, 553, 091
Additions and improvements		172, 566	172, 566
Equipment		39, 094	39, 094
Taxes, hazard insurance, and other expense	10	474, 543	474, 553
Repairs, maintenance, and operation		872, 588	872, 588
Settlement expense	2, 491	16, 041	18, 532
Total expenses	3, 232, 884	15, 559, 435	18, 792, 319
Net profit before distribution of liquidation profits	185, 990	167, 415	353, 405
Less distribution of liquidation profits:			
Certificates of claim	15, 728	178, 424	194, 152
Increment on certificates of claim	1, 789	15, 508	17, 297
Refunds to mortgagors	168, 473	3, 816	172, 289
Loss to Housing Insurance Fund		30, 333	30, 333
Average loss to Housing Insurance Fund			1, 784

[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

housing projects and 1 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 $30,333.

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.

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 1949, totaled $290,400. Net proceeds of sale had been sufficient to provide an excess for the full or partial payment of 13 certificates of claim, and the remaining 4 certificates of claim had been or will be canceled in full. The amount paid or to be paid on these certificates totaled $194,152, and the amount canceled, $96,248. 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 Mutal 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 the amendment to the National Housing Act of March 28, 1941. 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 the sale by the Government of permanent type war housing acquired or constructed with public funds under the Lanham Act and certain related war acts; 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.

Limitation on Title VI Insurance Liability

As of December 31, 1949, Section 603 (a) of the National Housing Act provided that the aggregate amount of principal obligations of mortgages insured under Title VI shall not exceed $6,350,000,000, except that with the approval of the President such aggregate amount may be increased to $6,650,000,000. This limitation applies to insurance granted under Section 603 on home mortgages; under Section 608 on rental housing projects; under Section 609 on loans to finance the manufacture of housing; and under Section 611 on group housing.

In addition to the above authorization, the act provides that the aggregate amount of principal obligations of all mortgages insured pursuant to Section 610 (mortgages insured under Section 603 or 608 in connection with the sale of Government housing acquired or constructed with public funds under the Lanham Act and certain related war acts) shall not exceed $750,000,000.

The status of the Title VI insurance limitation at December 31, 1949, was calculated as follows:

STATEMENT 16.—*Status of Title VI insurance limitation as of Dec. 31, 1949*

	Secs. 603, 608, 609, and 611	Sec. 610
Aggregate principal amount of obligations which may be insured under limitation as of Dec. 31, 1949	$6,350,000,000	$750,000,000
Amount chargeable against insurance limitation to Dec. 31, 1949:		
Mortgages insured	5,771,422,313	15,544,850
Less: Mortgages reinsured	223,305,125	------------
Net mortgages insured	5,548,117,188	15,544,850
Commitments for insurance	531,230,800	1,134,600
Less: Commitments for reinsurance	49,300	------------
Net commitments	531,181,500	1,134,600
Total chargeable against limitation	6,079,298,688	16,679,450
Unused insurance limitation	270,701,312	733,320,550

War Housing Insurance Fund Capital

Assets of the War Housing Insurance Fund as of June 30, 1949, totaled $59,195,185, against which there were outstanding liabilities of $15,484,341. The fund had capital of $43,710,844, consisting of $5,000,000 invested by the United States Government and $38,710,844 earned surplus.

STATEMENT 17.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1948, and June 30, 1949*

	June 30, 1948	June 30, 1949	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$17,556,886	$7,083,603	−$10,473,283
Investments:			
U. S. Government securities (amortized)	12,033,619	33,677,571	21,643,952
Other securities (stock in rental housing corporations)	74,155	150,235	76,080
Total investments	12,107,774	33,827,806	21,720,032
Loans receivable:			
Mortgage notes and contracts for deed	15,106,439	13,207,522	−1,898,917
Less reserve for losses	264,362	231,132	−33,230
Net loans receivable	14,842,077	12,976,390	−1,865,687
Accounts and notes receivable:			
Accounts receivable—insurance premiums	532,930	1,089,549	556,619
Accounts receivable—other		5,158	5,158
Total accounts and notes receivable	532,930	1,094,707	561,777
Accrued assets:			
Interest on U. S. Government securities	39,999	124,895	84,896
Interest on mortgage notes and contracts for deed	54,114	65,058	10,944
Total accrued assets	94,113	189,953	95,840
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	4,323,920	3,447,590	−876,330
Less reserve for losses	737,164	586,006	−151,158
Net real estate	3,586,756	2,861,584	−725,172
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)		1,405,499	1,405,499
Less reserve for losses		247,055	247,055
Net mortgage notes acquired under terms of insurance		1,158,444	1,158,444
Net acquired security or collateral	3,586,756	4,020,028	433,272
Deferred charges: Prepaid expenses	13,750	2,698	−11,052
Total assets	48,734,286	59,195,185	10,460,899
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	53,248	32,811	−20,437
Accrued liabilities: Interest on debentures	173,190	34,510	−138,680
Trust and deposit liabilities:			
Excess proceeds of sale	711,243	744,676	33,433
Deposits held for mortgagors, lessees, and purchasers	405,611	213,737	−191,874
Total trust and deposit liabilities	1,116,854	958,413	−158,441
Bonds, debentures, and notes payable: Debentures payable	13,762,200	3,184,000	−10,578,200
Other liabilities: Reserve for foreclosure costs—mortgage notes		14,493	14,493
Deferred and undistributed credits:			
Deferred credits—unearned insurance premiums	7,712,897	11,213,795	3,500,898
Deferred credits—other	84,245	46,319	−37,926
Total deferred and undistributed credits	7,797,142	11,260,114	3,462,972
Total liabilities	22,902,634	15,484,341	−7,418,293

STATEMENT 17.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1948, and June 30, 1949*—Continued

	June 30, 1948	June 30, 1949	Increase or decrease (−)
CAPITAL			
Investment of the United States 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	20,831,652	38,710,844	$17,879,192
Total capital	25,831,652	43,710,844	17,879,192
Total liabilities and capital	48,734,286	59,195,185	10,460,899
Contingent liability for certificates of claim on properties on hand	117,663	92,332	−25,331

Income and Expenses

During the fiscal year 1949, the fund earned $25,378,589 and had expenses of $7,436,730, leaving $17,941,859 net income before adjustment of valuation reserves. After increasing the valuation reserves by $62,667, the net income for the year amounted to $17,879,192, which was added to the insurance reserve fund.

The cumulative income of the War Housing Insurance Fund from its establishment March 28, 1941, to June 30, 1949, amounted to $92,456,246 while cumulative expenses were $52,681,209, leaving $39,775,037 net income before adjustment of reserves. Valuation reserves of $1,064,193 were established, leaving cumulative net income of $38,710,844.

STATEMENT 18.—*Income and expenses, War Housing Insurance Fund, through June 30, 1948, and June 30, 1949*

	Mar. 28, 1941 to June 30, 1948	July 1, 1948 to June 30, 1949	Mar. 28, 1941 to June 30, 1949
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$1,139,363	$514,405	$1,653,858
Interest—other	−98,750	407,455	308,705
Dividends on rental housing stock	426	314	740
	1,041,039	922,264	1,963,303
Insurance premiums and fees:			
Premiums	41,073,814	17,623,877	58,697,691
Fees	24,801,749	6,832,445	31,634,194
	65,875,563	24,456,322	90,331,885
Other income:			
Profit on sale of investments	152,953		152,953
Miscellaneous income	8,102	3	8,105
	161,055	3	161,058
Total income	67,077,657	25,378,589	92,456,246

STATEMENT 18.—*Income and expenses, War Housing Insurance Fund, through June 30,1948, and June 30, 1949*—Continued

	Mar. 28, 1941 to June 30, 1948	July 1, 1948 to June 30, 1949	Mar. 28, 1941 to June 30, 1949
Expenses:			
Administrative expenses:			
Operating costs (including adjustments for prior years)	$43, 943, 350	$7, 515, 069	$51, 458, 419
Losses and charge-offs:			
Loss on sale of acquired properties	1, 301, 129	−78, 339	1, 222, 790
Total expenses	45, 244, 479	7, 436, 730	52, 681, 209
Net income before adjustment of valuation reserves	21, 833, 178	17, 941, 859	39, 775, 037
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−264, 362	+33, 230	−231, 132
Reserve for loss on acquired security or collateral	−737, 164	−95, 897	−833, 061
Net adjustment of valuation reserves	−1, 001, 526	−62, 667	−1, 064, 193
Net income	20, 831, 652	17, 879, 192	38, 710, 844

ANALYSIS OF EARNED SURPLUS

Balance at beginning of period		$20, 831, 652	
Net income for the period	$20, 831, 652	17, 879, 192	$38, 710, 844
Balance at end of period	20, 831, 652	38, 710, 844	38, 710, 844

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 1949 excess funds not needed for current operations were used to retire series H 2½ percent War Housing Insurance Fund debentures in the amount of $13,969,250 of which $13,689,350 were called for redemption and $279,900 were purchased from RFC.

During the fiscal year 1949, $21,500,000 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, 1949, to $33,677,571, as follows:

Investments of the War Housing Insurance Fund, June 30, 1949

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	29, 281, 094	29, 100, 000	29, 277, 571
Average annual yield 2.46 percent		33, 081, 094	33, 500, 000	33, 677, 571

Properties Acquired under the Terms of Insurance

The Federal Housing Administration acquired title, under the terms of insurance, to 507 homes (515 units) insured under Section 603 and sold 384 (387 units) during 1949. Through December 31, 1949, a total of 6,739 Section 603 properties (9,283 units) had been acquired at a cost of $35,174,432 (debentures and cash adjustments), and 6,191 properties (8,665 units) had been sold at prices which left a net charge against the fund of $1,248,147, or an average of $202 per case. There remained on hand for future disposition 548 properties having 618 living units.

During 1949, 4 rental housing projects (606 units) and 12 mortgage notes (378 units) insured under Section 608 were assigned to the FHA

STATEMENT 19.—*Statement of profit and loss on sale of acquired properties, War Housing Insurance Fund, through Dec. 31, 1949*

	Sec. 603 (6,191 properties)	Sec. 608 (1 project and 1 mortgage note)	Total, Title VI (6,193 properties)
Proceeds of sales: [1]			
Sales price (or proceeds of mortgage note)	$33, 608, 262	$1, 338, 624	$35, 036, 886
Less commissions and other selling expenses	1, 182, 141		1, 182, 141
Net proceeds of sales	32, 516, 121	1, 338, 624	33, 854, 745
Income:			
Rental and other income (net)	3, 740, 281		3, 740, 281
Mortgage note income	2, 364, 527		2, 364, 527
Total income	6, 104, 808		6, 104, 808
Total proceeds of sold properties	38, 620, 929	1, 338, 624	39, 959, 553
Expenses:			
Debentures and cash adjustments	31, 949, 927	1, 296, 210	33, 246, 137
Interest on debentures	3, 234, 219	16, 899	3, 251, 118
Additions and improvements	100, 654		100, 654
Taxes, water rent, hazard insurance, and other expenses	1, 050, 354	2	1, 050, 356
Repairs, maintenance, and operation	2, 172, 988		2, 172, 988
Furniture and equipment	97, 172		97, 172
Settlement expense		5, 184	5, 184
Total expenses	38, 605, 314	1, 318, 295	39, 923, 609
Net profit (or loss −) before distribution of liquidation profits	15, 615	20, 329	35, 944
Less distribution of liquidation profits:			
Certificates of claim	446, 362	19, 389	465, 751
Increment on certificates of claim	43, 770	181	43, 951
Refunds to mortgagors	773, 630		773, 630
Loss to War Housing Insurance Fund	1, 248, 147	[2] −759	1, 247, 388
Average loss to War Housing Insurance Fund	202		

[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	1, 927		$10, 752, 658		$10, 752, 658
Properties sold for cash and notes (or contracts for deed)	4, 140	2, 768	1, 534, 408	$21, 312, 825	22, 847, 233
Properties sold for notes only	126	1		1, 436, 995	1, 436, 995
Total	6, 193	2, 769	12, 287, 066	22, 749, 820	35, 036, 886

[2] Excess remaining to credit of War Housing Insurance Fund in accordance with Sec. 608 (d).

Commissioner under the terms of insurance. Through December 31, 1949, a total of 6 projects (1,420 units) and 13 mortgage notes (420 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 5 projects (826 units) and 12 mortgage notes (378 units) still held by the FHA.

In addition, 2 manufacturers' notes and 28 discounted purchasers' notes insured under Section 609 had been assigned to the FHA Commissioner during the calendar year 1949, all of which were still held as of December 31, 1949.

STATEMENT 20.—*Statement of properties on hand, War Housing Insurance Fund, as of Dec. 31, 1949*

	Sec. 603 (548 properties, 618 units)	Sec. 608		Sec. 609		Total (553 properties, 42 notes, 2,155 units)
		(5 properties, 826 units)	(12 mortgage notes,[1] 378 units)	(2 notes,[2] 305 units)	(28 notes,[3] 28 units)	
Expenses:						
Debentures and cash adjustments (issued, authorized, and claims in audit)	$3,224,505	$3,136,503	$2,264,776	$936,032	$79,479	$9,641,295
Interest on debentures	119,883	120,269	46,902	6,094	97	293,245
Taxes and assessments	44,480	59,298	8,066			111,844
Water rent	2					2
Hazard insurance	36,784	10,405				47,189
Additions and improvements	328					328
Maintenance and operating expense	72,766	151,917				224,683
Repairs	57,922	32,549				90,471
Operating equipment	2,236	2,297				4,533
Furniture	274					274
Undistributed expense	1,554	74				1,628
Other expense	147	21,896				22,043
Total expense	3,560,881	3,535,208	2,319,744	942,126	79,576	10,437,535
Income:						
Rental and other income (net)	144,109	392,130	75,962	6,319		618,520
Net cost of properties on hand	3,416,772	3,143,078	2,243,782	935,807	79,576	9,819,015

[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 year, is given below:

STATEMENT 21.—*Turnover of properties acquired under Sec. 603 of Title VI, through Dec. 31, 1949*

Properties acquired		Properties sold, by calendar years							Properties on hand Dec. 31, 1949
Year	Number	1943	1944	1945	1946	1947	1948	1949	
1943	498	29	220	110	139				
1944	2,542		36	685	1,178	386	140	87	30
1945	2,062			187	1,050	317	350	139	19
1946	998				431	302	210	43	12
1947	16					5	9	1	1
1948	116						23	21	72
1949	507							93	414
Total	6,739	29	256	982	2,798	1,010	732	384	548

NOTE.—The number of properties sold has been reduced by 1 property repossessed because of default on mortgage note and resold by Dec. 31, 1949.

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 that 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 $814,901 had been issued through 1949 in connection with the 6,191 home 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 3,410 certificates in the amount of $446,362, or approximately 55 percent. Certificates of claim canceled or to be canceled amounted to $368,539, or approximately 45 percent. In addition, the proceeds of sale were sufficient to pay refunds of $773,630 to 2,248 mortgagors, or an average of $344 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, 1949. 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 Administrator 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 Administrator such funds as the Administrator may deem necessary, but not to exceed $10,000,000, which amount was 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, 1949, 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, 1948, and June 30, 1949*

	June 30, 1948	June 30, 1949	Increase or decrease −
ASSETS			
Cash with U. S. Treasury		$992, 950	$992, 950
Total assets		992, 950	992, 950
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		−7, 050	−7, 050
Total capital		992, 950	992, 950

STATEMENT 23.—*Income and expenses, Housing Investment Insurance Fund, from inception, August 10, 1948, through June 30, 1949*

	Aug. 10, 1948 to June 30, 1949
Expenses: Administrative expenses: Operating costs	$7, 050
Net income (or loss −)	−7, 050
ANALYSIS OF EARNED SURPLUS (OR DEFICIT −)	
Balance at beginning of period	
Net income (or loss −) for the period	−$7, 050
Balance at end of period	−7, 050

Title VIII: Military Housing Insurance Fund

The amendments to the National Housing Act of 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.

Limitation on Title VIII Insurance Liability

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 limitation at December 31, 1949, was calculated as follows:

Status of Title VIII insurance limitation

Aggregate principal amount of obligations which may be insured under limitation as of Dec. 31, 1949		$500, 000, 000
Amount chargeable against insurance limitation to Dec. 31, 1949:		
Mortgages insured	$12, 070, 800	
Commitments for insurance	9, 859, 700	
Total chargeable against limitation		21, 930, 500
Unused insurance limitation		478, 069, 500

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.

The capital of the salaries and expenses account as of June 30, 1949, amounted to $966,824 and consisted of the undivided equity of the several insurance funds represented by the unexpended balances of their contributions and the net book value of furniture and equipment.

STATEMENT 24.—*Comparative statement of financial condition, Administrative Expense Account (salaries and expenses), as of June 30, 1948, and June 30, 1949*

	June 30, 1948	June 30, 1949	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$2, 151, 948	$2, 417, 720	$205, 772
Accounts and notes receivable: Accounts receivable—other	63, 528	49, 899	—13, 629
Commodities, supplies and materials: Supplies held for use	108, 192		—108, 192
Land, structures and equipment:			
Furniture and equipment	1, 540, 153	1, 614, 448	74, 295
Less reserve for depreciation	778, 901	870, 440	91, 539
Net furniture and equipment	761, 252	744, 008	—17, 244
Total assets	3, 084, 920	3, 211, 627	126, 707
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	1, 439, 378	1, 538, 808	99, 430
Trust and deposit liabilities:			
Due general fund of the United States Treasury	3, 310	746	—2, 564
Employees' pay roll deductions for taxes, etc	592, 625	705, 249	112, 62[illegible]
Total trust and deposit liabilities	595, 935	705, 995	110, 060
Total liabilities	2, 035, 313	2, 244, 803	209, 490
CAPITAL			
Earned surplus: Undivided equity of the several insurance funds represented by contribution balances and net book value of furniture and equipment	1, 049, 607	966, 824	—82, 783
Total capital	1, 049, 607	966, 824	—82, 783
Total liabilities and capital	3, 084, 920	3, 211, 627	126, 707

STATEMENT 25.—*Income and expenses, Administrative Expense Account (salaries and expenses), through June 30, 1948, and June 30, 1949*

	June 30, 1934 to June 30, 1948	July 1, 1948 to June 30, 1949	June 30, 1934 to June 30, 1949
Expenses: Administrative expenses: Operating costs (including adjustments for prior years)	—$2, 102, 548	—$23, 712	—$2, 126, 200
Other expenses: Depreciation on furniture and equipment	1, 085, 198	104, 221	1, 189, 419
Losses and charge-offs: Loss (or profit —) on equipment	—32, 257	2, 274	—29, 983
Total expenses	—1, 049, 607	82, 783	—966, 824
Net income (or loss —)	1, 049, 607	—82, 783	966, 824

ANALYSIS OF EARNED SURPLUS

Balance at beginning of period		$1, 049, 607	
Net income (or loss —) for the period	$1, 049, 607	—82, 783	$966, 824
Balance at end of period	1, 049, 607	966, 824	966, 824

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