Thirteenth Annual Report

of the

FEDERAL HOUSING ADMINISTRATION

FRANKLIN D. RICHARDS
Commissioner

For the year ending
December 31, 1946

THIRTEENTH ANNUAL REPORT

OF THE

FEDERAL HOUSING ADMINISTRATION

National Housing Agency

Year ending December 31, 1946

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LETTER OF TRANSMITTAL

SEPTEMBER 8, 1947.

To the CONGRESS OF THE UNITED STATES:

In accordance with section 5 of the National Housing Act as amended, I transmit herewith the Thirteenth Annual Report of the Federal Housing Administration. This report covers the calendar year 1946.

Respectfully,

FRANKLIN D. RICHARDS,
Commissioner.

NOTE: Franklin D. Richards was appointed Commissioner on August 11, 1947 to succeed Raymond M. Foley, who became Administrator of the Housing and Home Finance Agency.

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GENERAL REVIEW

The Federal Housing Administration directed the full force of its efforts in 1946 to furthering the provision of housing for veterans, particularly in the most urgently needed category, that of rental housing.

Problems of high costs, shortages of building materials and labor, and the inability of many veterans to pay current prices were complicating factors in the production of new homes during the year. Under its commission from Congress to encourage improvement in housing standards and conditions, the Federal Housing Administration faced the problem of making its insurance facilities available for the financing of new construction within the price limitations established under the Veterans' Emergency Housing Program while at the same time continuing its minimum property requirements, which apply to design, construction, and location.

The urgent need for shelter made many veterans reluctantly willing to pay the asking price for whatever was available, without examining too closely its quality or suitability for their needs and without counting the cost in terms of continuing expense over the years necessary to amortize the mortgage loan. These considerations, however, are basic elements of the FHA system, and a veteran who financed his home with an insured mortgage during the year had more assurance than he otherwise would have had of an acceptable relationship between his current and prospective income and the obligation he was assuming and between the property he was buying and the price he was paying. To make this possible in the face of current conditions required exceptionally careful analysis of every case presented for insurance.

Lower Cost Homes

As a means of stimulating the production of lower cost homes that could be built to meet FHA requirements, the FHA prepared and issued suggested small-house plans showing simple, compact arrangements. Meetings were held with leaders in the building industry, with representatives of labor, and with lenders, to obtain their cooperation in building acceptable homes for sale or rent under the ceilings established by the Veterans' Emergency Housing Program.

Rental Projects

With multifamily rental projects, the problem was to attract capital to this form of long-term investment at a time when costs were high, construction was slow and difficult, and rents were controlled by law.

To make rental housing projects attractive to sponsors the FHA undertook a thorough study of its mortgage insurance procedures for rental housing to see where revisions could be made to promote increased financial security within the statutory provisions governing the insurance. As an outcome of this study a number of changes were made in procedures under section 608 of the National Housing Act. These are described on pages 17 to 20 under the heading of Rental Housing.

Remodeling, Rehabilitation, and Conversion

In addition to the homes to be provided by new construction, the Veterans' Emergency Housing Program contemplated that the housing inventory would be increased by a considerable volume of remodeling, rehabilitation, and conversion of existing structures. Rehabilitation projects are eligible for mortgage insurance under section 608. FHA insurance under title I of the National Housing Act may cover unsecured loans in amounts as large as $5,000 and with maturities up to 7 years, when they are made to finance the remodeling or conversion of existing buildings to provide additional dwelling accommodations for veterans. The volume of title I operations in 1946 was the largest attained in any year since the FHA was established.

Minority Group Housing

The FHA continued during the year to encourage the provision of housing for minority groups, with particular emphasis on the needs of Negro veterans and their families. FHA field offices were instructed to call the attention of builders, lending institutions, and other representatives of private enterprise to the urgency of the need, the possibilities for profitable investment, and the satisfactory experience of individuals, groups, and institutions which have already engaged in the production of housing for minority groups. An expanding file of material on the subject was initiated and furnished to field offices to augment their efforts in this direction. The various offices were urged to make available to one another information on the methods used in their areas to promote better housing for minority groups through new construction, rehabilitation, remodeling, and conversion, and the manner in which problems incidental to these endeavors were met and overcome.

Decentralization of Operations

To expedite the processing of applications, the FHA continued during the year to decentralize its operations and to place more responsibility in field offices. At the end of the year there were 103 FHA field offices, an increase of 5 over the previous year. These offices included 65 insuring offices which receive and completely process applications for mortgage insurance, 31 service offices which receive applications from approved mortgagees and prepare architectural and valuation reports, and 7 valuation stations where technical personnel is located to perform special assignments.

Market Analysis Services

In the second half of the year, housing market analysis services and related activities were resumed by the FHA after being suspended during the war years while the volume and location of new construction were subject to governmental control programs. The market analysis program is designed primarily to provide assistance to the insuring offices by analyzing and reporting on housing market situations in individual localities, and performing other functions of direct assistance in the processing of applications for mortgage insurance, and in the determination of policies.

Housing Priorities

Apart from its customary insurance operations, the FHA in 1946 acted as a processing agent in the operation of the housing priorities system inaugurated on January 15 under Priorities Regulation 33 of the Civilian Production Administration. The regulation was designed to give assistance to builders in obtaining critical materials for moderate-cost homes to which veterans would be given preference, and it established certain general standards for such housing. The CPA delegated to the FHA responsibility for processing applications and issuing preference ratings in cases that met the standards and requirements of the regulation.

FHA continued to process applications for priorities after the system was expanded and transferred to the Office of the Housing Expediter. On December 24, 1946, the permit system was inaugurated to replace the priorities system, and the authority to issue permits to construct housing under the regulations of the expediter remained a function of FHA field offices.

Cost Estimates for NHA

To aid the part of the Veterans' Emergency Housing Program that called for guaranteed market contracts for industrialized housing, the FHA prepared cost estimates for the National Housing Agency of houses of conventional construction similar or equivalent to selected houses to be built according to special methods of construction by manufacturers of prefabricated structures.

GI Home Financing

Throughout the year the FHA cooperated with the Veterans' Administration in extending its facilities to veterans seeking home loans under section 505 of the GI bill of rights. The FHA furnished estimates of reasonable value when the Veterans' Administration guaranteed an equity loan and the principal loan was to be insured by the FHA.

Legislation

Two acts of Congress in 1946 directly affected FHA operations.

The Veterans' Emergency Housing Act, approved May 22, 1946, extended the life of title VI of the National Housing Act in order to facilitate the financing of veterans' housing. This title had been added to the act in 1941 to aid in the production of housing for defense workers, and the authority of the FHA to issue commitments of insurance on new construction under its provisions was scheduled to expire July 1, 1946. The act of May 22 extended this authority for another year under somewhat modified provisions, and increased the total amount of insurance that could be written under title VI from $1,800,000,000 to $2,800,000,000, to which another $1,000,000,000 could be added with the approval of the President. In giving this approval to the FHA Commissioner on January 29, 1947, the President stressed as reasons for the increase in authorization the needs for rental housing and the desirability of having adequate mortgage insurance to assure the availability of financing for such operations.

On July 1, 1946, another act was approved which extended indefinitely the authority of the FHA to insure mortgages on existing homes under section 203 of the National Housing Act and removed the provision limiting the volume of such mortgages which may be insured under section 203.

FINANCIAL POSITION

From the establishment of the Federal Housing Administration in 1934 through December 31, 1946, its gross revenues under all titles from fees, insurance premiums, and income on investments amounted to $234,964,058, while operating expenses were $140,836,151. Administrative expenses 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 1946 under all insurance operations of the FHA totaled $36,739,935. Expenses of administering the Federal Housing Administration during 1946 amounted to $12,596,813, leaving an excess of gross income over operating expenses of $24,143,122 to be added to the various insurance funds.

At the end of 1946 the Federal Housing Administration had accumulated net resources of over $134,000,000 in its insurance funds for the payment of possible future losses and dividends, as follows:

Title 1 insurance revolving fund	$12, 782, 861
Mutual Mortgage Insurance Fund	103, 506, 148
Housing Insurance Fund	3, 926, 615
War Housing Insurance Fund	13, 791, 723
	134, 007, 347

Of this amount the Government had contributed $15,000,000 ($10,000,000 initial allocation to the mutual mortgage insurance fund and $5,000,000 to the War Housing Insurance Fund), and the remainder has been built up from income from operations and investments.

During 1946 the FHA continued to lend the aid of its experienced underwriting staff to process applications for priority assistance for new housing and was reimbursed by the Office of the Administrator, National Housing Agency, for such services.

The Administration continued to waive the 1 percent prepayment premium when mortgagors paid their loans in full prior to maturity without refinancing or incurring any other collateral indebtedness. This was in accordance with the President's directive for counteracting inflation by encouraging debt prepayment. From May 24, 1942, through December 31, 1946, 279,991 prepayment premiums were waived for $11,709,961 under section 203 of title II, and 20,807 were waived for $916,150 under section 603 of title VI.

Dividends of $2,934,637 for 39,362 families financing their homes under the mutual mortgage insurance program of the Federal Housing Administration were declared during the year 1946. The first participation dividends were declared as of January 1, 1944, and during the 3 years following that date total dividends of $4,045,379 were declared on 74,673 insured loans. These dividends are paid on small-home mortgages insured through the Mutual Mortgage Insurance Fund under the provisions of section 203 of the National Housing Act. To be eligible for a participation dividend, a mortgage must be in a group account which has developed a credit balance exceeding all actual and estimated charges and must have matured or been prepaid in full.

YEARLY VOLUME OF FHA INSURANCE WRITTEN 1934 - 1946

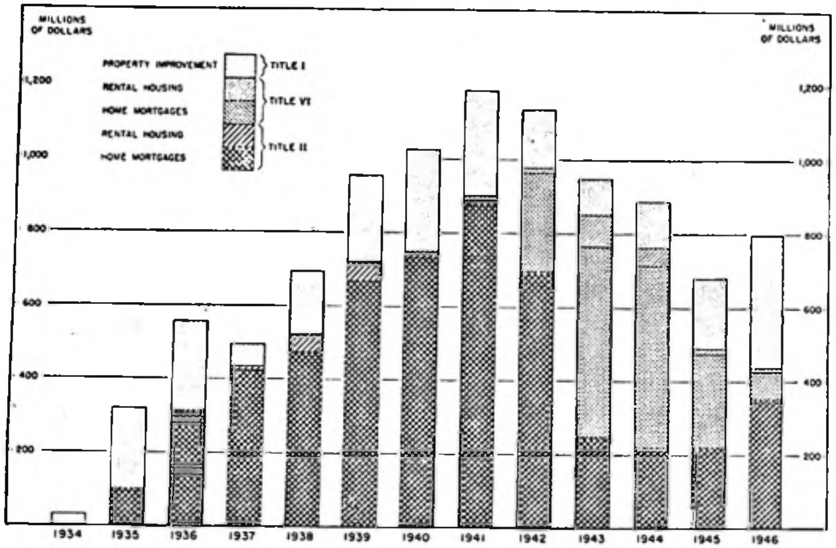

CHART I

TABLE 1.—*Yearly volume of mortgages insured by FHA: Trend and status of small-home mortgages and rental housing mortgages, 1935–46*

Year and status of insurance written	Title II				Title VI [1]			
	Sec. 203, home mortgages		Sec. 207,[2] rental projects		Sec. 603, home mortgages		Sec. 608,[3] rental projects	
	Number	Amount	No. units	Amount	Number	Amount	No. units	Amount
Net insurance outstanding	668,695	$2,485,595,688	15,397	$52,453,827	271,319	$1,201,649,106	37,229	$161,550,622
Estimated amount amortized	-------	527,796,284	------	7,377,198	------	59,846,911	------	6,461,706
Face amount in force	668,695	3,013,391,972	15,397	59,831,025	271,319	1,261,496,017	37,229	168,012,328
Insurance terminated	526,277	2,288,652,613	27,178	101,108,979	79,422	357,372,575	2,014	6,914,394
Face amount written	1,194,972	5,302,044,585	[4] 42,575	[4] 160,940,004	350,741	1,018,868,592	[5] 39,243	[5] 174,926,722
1935	23,397	93,882,012	738	2,355,000	------	----------	------	----------
1936	77,231	308,945,106	624	2,101,000	------	----------	------	----------
1937	102,076	424,372,900	3,023	10,483,000	------	----------	------	----------
1938	109,279	473,246,124	11,930	47,638,050	------	----------	------	----------
1939	153,747	669,416,154	13,462	51,851,466	------	----------	------	----------
1940	168,293	736,490,344	3,559	12,948,600	------	----------	------	----------
1941	198,790	876,707,384	3,741	13,565,000	3,778	13,431,250	------	----------
1942	149,635	601,445,427	1,547	5,792,000	68,706	267,015,578	4,295	15,422,705
1943	62,408	244,514,138	185	714,000	113,659	517,656,180	19,994	83,907,970
1944	46,677	216,368,057	2,181	7,175,806	100,320	491,068,944	10,249	48,020,100
1945	46,572	219,299,950	891	3,806,015	60,244	255,044,040	3,167	16,010,030
1946	66,858	347,356,890	694	2,509,977	14,034	74,652,600	1,538	10,065,011

[1] Sec. 603 of title VI, enacted on Mar. 28, 1941. Sec. 608 added to title VI on May 26, 1942.
[2] Includes also rental and release clause projects insured under sec. 210.
[3] Includes all amendments reported through Dec. 31, 1946.
[4] Includes 37,964 units in new and rehabilitation projects insured for $144,354,206.
[5] Includes 38,410 units in new projects insured for $171,053,722.

VOLUME OF INSURANCE OPERATIONS

From the beginning of its operations in the summer of 1934 to the end of 1946 the FHA insured 7,674,859 loans made by private lending institutions in the aggregate amount of $9,711,197,580. These figures include insurance operations under titles I, II, and VI of the National Housing Act.

Title I of the act authorizes FHA insurance of qualified lending institutions against loss on loans made to finance alterations, repairs, and improvements to real property, including the construction of small buildings and the remodeling or conversion of existing buildings to provide additional dwelling accommodations for veterans.

Title II, under which the long-range mortgage insurance program of the FHA is carried on, provides in section 203 for the insurance of mortgages up to $16,000 on one- to four-family homes and in section 207 for the insurance of mortgages in amounts up to $5,000,000 on rental housing projects.

Under title VI, section 603 provides for the insurance of mortgages on one- to four-family homes, and section 608 provides for the insurance of mortgages on rental projects. In keeping with the emergency nature of the program, the provisions of title VI are somewhat more liberal than those of title II.

Property improvement loans under title I from the beginning of operations to the end of 1946 totaled 6,128,254 in number and amounted to $2,454,417,677. Of these loans 799,284, amounting to $362,743,046, were insured in 1946, exceeding any previous year in both number and amount. Claims paid under title I insurance contracts for the entire period of operations through 1946 amounted to $54,591,462, or 2.2 percent of the face amount of loans covered by the insurance. Collections and recoveries on claims paid amounted to more than 58 percent of the amount of claims paid.

Mortgages insured under section 203 of title II for the entire period of operations through 1946, numbered 1,194,972 on 1,252,155 dwelling units, and amounted to $5,302,044,585. Of these, 709,750 in the amount of $3,268,977,470 were mortgages on new homes, and 485,222 in the amount of $2,033,067,115 were mortgages on existing homes.

Of the total mortgages insured under this section, 526,277 in the amount of $2,288,652,613 had been terminated by the end of 1946 through payment in full, foreclosure, or otherwise; insurance was in force on 668,695 mortgages with a face amount of $3,013,391,972, which had been reduced by amortization to an estimated outstanding balance of $2,485,595,688.

Under section 603 of title VI the FHA had insured a total of 350,741 mortgages amounting to $1,618,868,592. Insurance was in force on

TABLE 2.—*New dwelling units provided under the FHA program, 1935–46 (based on new homes started under FHA inspection)*

Year	Title I	Title II		Title VI [1]		Total
	Class 3, new small homes	Sec. 203, new small homes	Sec. 207, rental housing [2]	Sec. 603, new small homes	Sec. 608, rental housing	
1935		13,220	738			13,964
1936		48,752	624			49,376
1937		56,980	3,023			60,003
1938	5,845	100,966	11,930			118,741
1939	10,783	133,874	13,462			158,119
1940	10,194	166,451	3,446			180,091
1941	9,145	180,156	3,296	27,790		220,387
1942	4,010	41,578	1,163	114,616	4,295	165,662
1943	307	338	41	125,474	19,094	146,154
1944		208		83,396	9,655	93,259
1945		17,049	200	21,848	2,062	41,159
1946		44,244	41	22,878	1,544	68,707
Total	40,284	803,822	37,964	396,002	37,550	1,315,622

[1] Sec. 603 of title VI enacted on Mar. 28, 1941, sec. 608 added to title VI on May 26, 1942, and the Veterans' Emergency Program enacted on May 22, 1946.
[2] Includes rental and release clause projects insured under sec. 210.

TABLE 3.—*Nonfarm dwellings provided: Estimated number of privately financed 1-family, 2-family, and multifamily units scheduled to be started, and total publicly financed, as reported by the Bureau of Labor Statistics, 1935–46*

Year	Privately financed				Total publicly financed	Total nonfarm
	1-family	2-family	Multi-family	Total		
1935	183,000	7,700	25,000	215,700	5,300	221,000
1936	243,900	14,300	46,000	304,200	14,800	319,000
1937	266,800	16,300	49,300	332,400	3,600	336,000
1938	316,400	17,900	65,000	399,300	6,700	406,000
1939	373,000	20,000	65,500	458,500	56,500	515,000
1940	447,600	25,600	56,400	529,600	73,000	602,600
1941	533,200	28,400	57,000	619,500	95,700	715,200
1942	252,300	17,500	31,400	301,200	195,400	496,600
1943	136,300	17,800	29,600	183,700	166,300	350,000
1944	114,600	10,600	13,500	138,700	30,600	169,300
1945	202,300	9,800	16,700	228,800	17,600	246,400
1946	604,700	25,500	50,500	680,700	116,500	796,200

Source: Bureau of Labor Statistics.

271,319 mortgages at the end of 1946, and insurance had been terminated for 79,422.

Under section 207 of title II insurance had been written on 379 rental housing mortgages amounting to $160,940,004, including refinanced mortgages. A total of 37,964 new units had been provided through construction under the section 207 program. Mortgages on 250 projects insured under this section had been terminated, amounting to $101,108,979 and covering 27,178 dwelling units, and insurance on 129 mortgages for $59,831,025, involving 15,397 units, was still in force at the end of 1946.

Mortgages on rental projects financed under section 608 of title VI for the entire period during which it has been operative, to the end of 1946, totaled 513 and amounted to $174,926,722. These included

refinanced mortgages. New dwelling units provided under this part of the FHA program totaled 38,419. At the end of the year insurance was in force on 481 mortgages for $168,012,328, covering 37,229 dwelling units, and 32 insured mortgages for $6,914,394, covering 2,014 units, had been terminated.

MORTGAGE INSURANCE

Rental Housing

The Federal Housing Administration insures mortgages on multifamily rental projects under sections 207 and 608 of the National Housing Act.

Operations under section 207 are part of the long-range program of the FHA. Section 608 is an emergency measure, and because it offers special incentives designed to stimulate the production of rental housing for veterans practically all mortgage insurance activity in 1946 pertaining to large-scale rental housing was carried on under its provisions. The principal activity under section 207 during 1946 was the prepayment in full of 60 loans with a total face amount of $29,870,563. When section 608 was revised and extended under the Veterans' Emergency Housing Act of 1946, no further applications were received under section 207.

In 1946 the principal activity under the war housing provisions of section 608 consisted of refinancing operations. No additional applications for the insurance of mortgages on war housing were accepted. During the year 19 loans with a total face amount of $3,346,989, involving 852 units, were prepaid in full. Under the entire war rental housing program, through 1946, the FHA insured a total of 494 mortgages in the amount of $166,004,222, which involved the construction of 37,889 units. At the close of 1946, insurance was in force on 462 mortgages with a total face amount of $159,089,828, covering 35,875 units.

Section 608 as amended May 22, 1946, as part of the Veterans' Emergency Housing Program, provides for the insurance of rental housing mortgages (including advances during construction) in amounts up to $5,000,000 and up to 90 percent of the FHA Commissioner's estimate of the necessary current cost of a project, including land. The mortgage is limited to the cost of physical improvements and to $1,500 a room attributable to dwelling use; the latter maximum may be increased by the Commissioner to as much as $1,800 if necessitated by costs. The maximum interest rate on the mortgage is 4 percent. An annual mortgage insurance premium of ½ of 1 percent is charged by the FHA. Occupancy preference is given to veterans of World War II and their families.

Rents on both war housing and veterans' housing were limited by the

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legal controls in effect during the year. In December these were modified to permit for new projects an average of $80 per unit, plus a maximum of $3 per room for services, in place of the $80-per-unit maximum that had previously prevailed. Within these limitations the FHA established maximum rents under section 608 so as to provide for an annual return of 6½ percent after expenses and property taxes and after an allowance of 7 percent to cover vacancy and collection losses.

Many veterans returning to civil life did not find an early assumption of the responsibilities of home ownership to be desirable. Their great demand has been for rental housing, particularly at moderate rent levels. Realizing the urgency of the need, and the economies and other advantages to be derived from building group housing for rent, the FHA has devoted major efforts to the encouragement of such building.

In 1946 a number of changes were made in the requirements and procedures affecting multifamily rental housing financed under section 608. These changes, which are summarized in the following paragraphs, were made chiefly in the interest of simplification and to promote expeditious handling of applications.

Although minimum property requirements previously in effect throughout the country for multifamily units are used as a guide, local FHA staffs may accept alternates which will provide structurally sound and well-designed projects with continuing rental appeal. Further, in order to encourage the profitable use of smaller sites, the FHA now accepts for mortgage insurance elevator structures of the corridor type if such structures offer the logical and economical solution for a rental development and if there is substantial compliance with other requirements. This change in policy revises the requirement that all living units in a structure have through or cross ventilation and permits some of the living units to have only one exposure. An increased room count is allowed for efficiency-type living units, thus offering encouragement to this type of construction where the location warrants.

Sponsors may now submit a proposed rental housing development composed of two or more small projects each of which is individually financed by a separate section 608 mortgage. This procedure makes it possible for a mortgagor to plan and build the projects within the limitations of current labor and materials supply, permits him to finance the projects progressively, increases the marketability of the smaller projects, requires less rigid regulations, and furnishes certain tax advantages.

Although rental housing projects financed under section 608 must contain at least eight dwelling units, projects composed of structures of four units or less may now be covered by a blanket mortgage insured under this section with release clause provisions. The blanket mortgage may provide for insurance of advances during construction.

FHA insuring office staffs are cooperating with prospective sponsors in making preliminary site inspections and giving advice and suggestions. Aside from its insurance of mortgages on new construction, the FHA may also insure under section 608 mortgages on projects that involve the rehabilitation of large structures to provide additional living units, and is giving encouragement to such projects.

The monthly principal amortization of mortgages insured under section 608 has been reduced by changing the minimum required initial principal payment on a level annuity basis from 2 percent to 1½ percent of the original face amount of the mortgage. Thus at 4 percent interest a loan will mature in 32 years and 7 months, or 5 years later than on the 2 percent basis. If the interest rate is less than 4 percent, both a lower monthly payment, permitting lower rentals, and still longer amortization are possible.

The requirement for a working capital deposit with the mortgagee of at least 3 percent of the original principal amount of the mortgage has been reduced to 1½ percent.

Mortgages to be insured may be reviewed for the purpose of increasing the amounts of commitments made in advance of construction, where costs make such increases necessary. In collaboration with lending institutions, FHA will give consideration to readjustment of mortgage terms if necessary in the future.

After a thorough study of its methods of handling applications for rental housing mortgage insurance, and following consultations with builders, mortgagees, and other interested groups, various revisions were made in FHA procedures in order to facilitate the taking of prompt and efficient action. For example, application forms were simplified, as well as requirements for preliminary drawings and exhibits; the cost estimation system was streamlined to reduce materially the time involved in processing applications; and action was taken to expedite the handling of requests for the prevailing wage determinations by the Department of Labor that are required on multifamily construction.

Rental housing and land planning operations were decentralized as much as possible in order to speed the start of construction. FHA personnel was increased, and qualified employees were made available to help private sponsors plan rental projects and to expedite the processing of applications. A mobile force of cost estimators from Washington was made available to local offices where their services might be needed. An urban redevelopment committee was set up to work with local groups and local FHA offices on methods of using insured lending for curing large-scale blight or for slum clearance.

Operations under the Veterans' Emergency Housing provisions of section 608 were gaining momentum at the close of the calendar year. Between May and December 193 applications were received involving mortgages of $87,549,020 for the construction of 12,181 dwelling units. From these applications 76 commitments were issued in a total mortgage amount of $45,672,860, covering 6,446 living units. Nineteen mortgages, totaling $8,922,500, for the construction of 1,354 dwelling units, were insured.

One- to Four-family Homes

From 1936 to 1942, the insurance of mortgages on one- to four-family homes under the provisions of section 203 of the National Housing Act was the principal activity of the FHA, reaching its peak in 1941 when 198,799 mortgages were insured for a total of $876,707,384. In the meantime, title VI was added to the act in March 1941 to provide mortgage insurance for defense housing; in the following year there was a decline in the volume of insurance under section 203, which was more than offset by the acceleration in the number and amount of mortgages insured under section 603 of title VI. From 1943 through 1945, section 603 was the principal vehicle for FHA mortgage insurance on new construction. Shortly after the end of the war the acceptance of new applications under this section was suspended, until the exigencies of the veterans' housing emergency led to the revival of title VI operations in May 1946 as part of the Veterans' Emergency Housing Program.

Section 203 provides for FHA insurance of mortgages in amounts up to $16,000 and up to 80 percent of appraised value, amortized over periods up to 20 years, on homes for occupancy by one to four families. Mortgages of $5,400 or less on single-family owner-occupied homes which the FHA has approved before the beginning of construction may have maturities as long as 25 years and may be for as much as 90 percent of the appraised value of the property. The maximum annual interest rate on mortgages insured under this section has been established by FHA regulation at 4½ percent. The FHA charges an annual mortgage insurance premium of ½ of 1 percent based on declining balances. The act provides that no mortgage may be accepted for insurance under section 203 unless the project is economically sound.

Because of this requirement for economic soundness, which is a basic feature of its long-range mortgage insurance program, the FHA cannot recognize in appraisals under section 203 all the elements entering into current costs of construction, with the result that builders have been unable to obtain insurance commitments in amounts large

enough in many instances to enable them to take advantage of title II financing for new homes built for veterans.

In 1946, of the 70,095 dwelling units financed with mortgages insured under section 203, 59,301 were existing dwellings and only 10,794 were new dwellings. The FHA insured 56,230 mortgages in the amount of $287,344,310 on these existing one- to four-family homes and 10,628 mortgages for $60,012,580 on new homes. The aggregate insurance under this section of the act during the year totaled $347,356,890.

On May 22 the President approved the Veterans' Emergency Housing Act of 1946, which extended to July 1, 1947, the authority of the FHA to make commitments of mortgage insurance on new construction under section 603 in order to stimulate the construction of new homes for sale or rent to veterans.

Under the new veterans housing provisions of section 603, the FHA may insure mortgages on one- to four-family homes up to 90 percent of the "necessary current cost" of the property, whether or not the home is to be owner-occupied. In place of the requirement of economic soundness contained in title II, a project on which a mortgage is insured under section 603 is required to be "an acceptable risk in view of the shortage of housing." The principal of the mortgage is limited to a maximum of $5,400 for a single-family residence, $7,500 for a two-family residence, $9,500 for a three-family residence, and $12,000 for a four-family residence, with the provision that when current costs make it impossible to build adequate dwellings within these limitations the FHA Commissioner may increase the maximum mortgage amounts to $8,100, $12,500, $15,750, and $18,000, respectively. The maximum mortgage maturity is 25 years, and the annual maximum interest rate is 4 percent. The annual mortgage insurance premium is ½ of 1 percent based on declining balances.

In considering applications for mortgage insurance under section 603, the FHA applies the same minimum standards of construction, design, and location that apply under section 203. The fact that all properties on which the FHA insures mortgages must meet these standards has been an advantage to veterans who finance their homes under the FHA plan.

Many of these home owners are inexperienced judges of housing quality, and the FHA minimum standards offer them a measure of protection they might not otherwise have. From the borrower's point of view the FHA minimum property requirements and the FHA analysis of the mortgage transaction are the outstanding benefits of FHA financing in the present emergency.

Details of insurance operations under section 603 will be found on pages 53 to 70 of this report.

INSURANCE OF PROPERTY IMPROVEMENT LOANS UNDER TITLE I

"Remodel for Veterans" was the keynote of title I operations during 1946. The availability of insured credit for the purpose of financing the alteration, repair, improvement, or conversion of properties in order to provide additional living accommodations for veterans was stressed, with the cooperation of lending institutions, building and allied industries, and local community committees. The attention of property owners was particularly directed to the fact that loans in amounts up to $5,000, with maturities up to 7 years, could be obtained for conversion purposes.

Insurance Coverage

Under authority of title I of the National Housing Act as amended, the Federal Housing Administration insures qualified lending institutions against loss on the following classes of property improvement loans:

Type of loan	Type of improvement	Maximum maturity	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)	Conversion of existing structure to provide additional housing for veterans of World War II.	7 years, 32 days	5,000	$5 discount per $100 per year if $2,500 or less, $4 discount per $100 if over $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 or, if secured by first lien, 15 years, 32 days.	3,000	$5 discount per $100 per year, $3.50 discount per $100 if maturity exceeds 7 years, 32 days.
Class 3	Construction of a new structure to be used for residential purposes.	20 years, 5 months	3,000	Interest at 4½ percent per annum.

Application for a loan is made direct to the lending institution or through an approved cooperating dealer. The lending institution has full responsibility for passing on the applicant's credit and for using prudent business 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 total insurance liability that may be outstanding at any one time under this title, plus the amount of claims paid, less the amount collected from insurance premiums and other sources, is limited to $165,000,000. The FHA has charged a premium for this insurance since July 1, 1939.

Volume of Insurance

In the first full postwar year, the existence of a tremendous backlog of deferred repairs, the relaxation of controls on modernization credit, and the increasing availability of materials combined to produce the greatest volume of title I loans in FHA history. A total of 799,284 loans with a total face amount of $362,743,046 was insured. This amount represented 45.5 percent of the amount insured under all titles of the act during the year.

The volume of title I insurance in 1946 exceeded the 1945 volume by 59.4 percent in number of loans insured and by 92.0 percent in dollar amount. It exceeded the largest previous year, 1941, by 16.2 percent in number of loans and 28.3 percent in amount.

From the beginning of operations in 1934 to the end of 1946, a total of 6,128,254 loans having a total face amount of $2,454,417,677 was insured under title I. Claims paid on defaulted notes totaled 205,986 and amounted to $54,591,462 or 2.22 percent of the face amount insured. Against this amount paid as claims, $30,056,798 of loan principal had been recovered, leaving an unrecovered balance of $24,534,664, or 1.0 percent of the face amount of notes insured. Of the amount of unrecovered claims, $11,874,312 was in process of collection, the remainder being held in suspense as uncollectible. If interest, recovered judgment costs, and sundry minor credits are added to principal, the total amount recovered has been $32,006,000 or 58.6 percent of reimbursements to lending institutions under their contracts of insurance.

Liquidation of Claims Paid

After a claim on a defaulted note is paid, the FHA makes every effort to effect collection of the obligation. This is done by correspondence, by personal contact with the debtor through the staff of the FHA field 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 to be effective, the case is held in suspense as uncollectible. From time to time recoveries are obtained even on some of these cases.

Recoveries in 1946, including interest, amounted to $3,267,657, which represents a decrease of $22,991 from 1945. During the war years, because of full employment and high incomes, recoveries were good. They reached their highest point in 1943 and were less in the following 3 years because the smaller number of new loans insured during the war, together with the excellent record of loan payments and previous collections, resulted in fewer outstanding accounts on which recovery was sought.

Good Lending Practices Encouraged

During the year the FHA took steps to discourage unethical and irresponsible dealers from abusing the facilities afforded by the provisions of title I. Insured institutions were encouraged to tighten their controls and to supervise more closely the activities of such dealers. In several larger cities lending institutions have exchanged information about dealers with a view to preventing abuses that would lead to unsound loans.

Representatives of the Washington staff and the field offices work closely with insured institutions in order to discover and prevent operational practices that would ultimately lead to an increased proportion of defaults and thereby to increased claims under the insurance contracts. Through the efforts of these representatives many institutions have increased their business and made better loans, with the result that the number of claims has been reduced. With the present expansion in volume of insured loans this aspect of title I operations assumes great importance.

Details of title I operations are given on pages 75 through 90 of this report.

NEW PUBLICATIONS

The following are the principal new FHA publications issued in 1946 or substantially completed by the end of the year.

Mortgagees' Handbook

In answer to a long-felt need, the FHA published in September a Mortgagees' Handbook designed to bring together for ready reference the information that approved mortgagees need to have on mortgage insurance procedures and policies under section 203 of the National Housing Act. It describes the procedures followed from the time an application is submitted to the local insuring office to the time when the contract of insurance is terminated and contains reproductions of the various forms used as well as the text of the National Housing Act, the administrative rules and regulations of the FHA, and other pertinent material.

Since the procedures under section 603 are much the same as under section 203, and most of the forms used are identical, the Handbook is largely applicable to both sections.

The Mortgagees' Handbook has been distributed to approved mortgagees through FHA field offices and is on sale at the Government Printing Office, Washington 25, D. C., at $3.25 a copy.

Yield Tables

Tables were prepared showing yields on FHA-insured mortgages under various assumptions as to interest rate, time held before maturity, prepayment, or exchange for debentures, and purchase price

in relationship to unpaid balance at date of purchase. The complete series of yield tables has been printed in 1947 in a supplement to the Mortgagees' Handbook sent to all holders of the Handbook. Others who desire copies of the tables may obtain them by writing to the Federal Housing Administration, Washington 25, D. C.

Underwriting Manual (Revised)

The Underwriting Manual, the textbook of insuring offices for rating mortgage risk under section 203, has been rewritten to incorporate the numerous changes that have been made since the previous edition was published in 1938. The text has been completely rearranged so as to follow as closely as possible the functional operations of application processing.

The revised manual was ready for printing at the end of the year, and since then has been distributed to field offices. Copies are on sale at the Government Printing Office, Washington 25, D. C., for $2.

Minimum Property Requirements (Revised)

Revision of the minimum property requirements applicable to new and existing construction offered as security for insured mortgage loans was under way during the year. The requirements are now being published in two booklets: "Minimum Property Requirements for Properties of One or Two Living Units," and "Minimum Property Requirements for Properties of Three or More Living Units." The first is published individually for each local FHA insuring office because of variations necessitated by local climatic and soil conditions and building practices. Copies can be obtained from the respective insuring offices. The booklet containing the minimum property requirements for three or more living units was revised in October 1946. It supersedes the "Minimum Requirements for Rental Housing Projects" put into effect during the war. This booklet has Nation-wide application. Copies may be obtained from FHA insuring offices.

Requirements for Individual Water Supply and Sewage Disposal Systems

These are a part of the FHA minimum property requirements and are published individually for use by the various insuring offices. The following were issued in 1946: Arizona, Connecticut, Massachusetts, New Mexico, New York, Ohio, Oklahoma, Oregon, Pennsylvania, and Tennessee. Copies are available at the respective insuring offices and at the FHA headquarters in Washington, D. C.

Street Improvements (Land Planning Bulletin No. 2)

Pending the establishment of street improvement standards for specific areas and types of developments, the requirements and data sheets presented in this publication have been prepared to assist sponsors and others concerned with street improvements. Copies are available to city engineers, planning commissions, and other interested officials, on written request to the Underwriting Division, Federal Housing Administration, Washington 25, D. C.

Tables of Maximum Allowable Spans

The tables cover spans for wood floor joists, ceiling joists, and rafters in residential construction. Copies may be obtained from the Federal Housing Administration, Washington 25, D. C.

Principles of Planning Small Houses (Technical Bulletin No. 4)

A revised edition of this booklet was published to show the possibilities of constructing well planned and soundly built homes at minimum cost. The principles discussed are illustrated by numerous suggested house plans, together with various construction details and diagrams of desirable lot planning. Copies are available at the Federal Housing Administration, Washington 25, D. C.

National Housing Act

The National Housing Act as amended, with provisions of other laws pertaining to the Federal Housing Administration, has been printed to include amendments to July 1, 1946. The original act and subsequent laws amending it are also included. Copies may be obtained from the Federal Housing Administration, Washington 25, D. C.

FHA Regulations

Revised editions of the following FHA regulations were published during the year:

- New Home Loans under title I of the National Housing Act as amended (regulations for class 3 loans).
- Mutual Mortgage Insurance: Administrative rules and regulations under section 203 of the National Housing Act.
- War Housing Insurance: Administrative rules and regulations under section 603 of the National Housing Act.
- Administrative Rules and Regulations for Rental Housing Insurance under section 608 of the National Housing Act.

PART II

INSURING OPERATIONS UNDER TITLES I, II, AND VI

HOME MORTGAGE INSURANCE UNDER SECTION 203 OF TITLE II

During 1946 the Federal Housing Administration insured mortgages on one- to four-family homes under the terms of both section 203 of title II and section 603 of title VI, which was adapted to the Veterans' Emergency Housing Program through amendments to the National Housing Act approved May 22, 1946. A description of FHA operations during 1946 under section 603 begins on page 53 of this report.

Under section 203 the Federal Housing Administration insured during 1946 a total of 66,858 mortgages for $347,356,890 and involving 70,095 dwelling units. Insurance written during the year brought the cumulative total of mortgages insured under section 203 as of December 31, 1946, to 1,194,972 mortgages involving a total mortgage amount of $5,302,044,585 and an estimated 1,252,155 dwelling units.

Status of Operations

The cumulative status of insuring operations under section 203 is shown in table 4. Through December 31, 1946, a total of 1,888,402

TABLE 4.—*Status of FHA mortgage insurance operations: Disposition of number and face amount of all 1- to 4-family home mortgage insurance applications under sec. 203 of title II, cumulative 1935–46*

Status of insuring operations	Sec. 203 home mortgages	
	Number	Face amount
Net insurance outstanding	668, 695	$2, 485, 595, 088
Estimated amount amortized [1]	----------	527, 706, 284
Face amount in force	668, 695	3, 013, 391, 972
Insurance terminated [1]	526, 277	2, 288, 652, 613
Face amount written	1, 194, 972	5, 302, 044, 585
Firm commitments outstanding	18, 570	(2)
Net firm commitments issued	1, 213, 542	(2)
Firm commitments expired [3]	118, 749	(2)
Gross firm commitments issued	1, 332, 291	(2)
Conditional commitments outstanding	36, 989	(2)
Conditional commitments expired [3]	197, 016	(2)
Total commitments issued	1, 566, 296	(2)
Rejections and withdrawals [3]	310, 161	(2)
Total applications processed	1, 885, 457	(2)
Applications in process of examination	2, 945	(2)
Total applications for insurance	1, 888, 402	(2)

[1] As reported by the Comptroller's Division. [2] Not available. [3] Excludes cases reopened.

applications for mortgage insurance under this section of the act had been received by the FHA, and conditional or firm commitments had been issued providing for the insurance of 1,566,296 mortgages.

Of the 1,194,972 mortgages for $5,302,044,585 insured under section 203 between January 1, 1935, and December 31, 1946, more than 526,000 had been terminated by the end of 1946, and amortization of the 668,695 mortgages covered by insurance in force at that date had reduced the net amount of insurance outstanding to an estimated $2,485,595,688, or approximately $193,000,000 less than at the end of the preceding year.

State Distribution of New and Existing Home Mortgages.

The FHA has insured under section 203 mortgages secured by one- to four-family homes located in every State of the Union and the District of Columbia as well as in Alaska, Hawaii, and Puerto Rico, as reported in table 5. States with the largest dollar amounts of small-home mortgages insured under this section of the act are, in order, California with $931,181,193, Michigan with $423,594,207, Illinois with $410,051,132, Pennsylvania with $348,710,322, New York with $337,967,958, Ohio with $319,089,411, and New Jersey with $314,016,042. Insured mortgages secured by properties located in these seven States account for 58.2 percent of the total amount of mortgage insurance written by FHA under section 203 prior to the end of 1946. This is about what might be expected on the basis of the distribution of population since, even in 1940, these seven States contained almost 50 percent of the nonfarm population of the United States.

TABLE 5.—*State distribution of new and existing home mortgages: Number and face amount of 1- to 4-family home mortgages insured by FHA under sec. 203, cumulative 1935–46*

State location of property	New homes [1]		Existing homes		Total all homes	
	Number	Amount	Number	Amount	Number	Amount
Alabama	6,642	$27,495,045	4,294	$16,868,277	10,936	$44,363,332
Arizona	4,023	16,455,967	3,138	10,627,807	7,161	27,083,774
Arkansas	3,889	14,258,870	3,366	10,863,347	7,255	25,122,217
California	132,082	582,836,221	77,836	348,344,972	209,918	931,181,193
Colorado	6,357	26,876,674	6,637	24,263,700	12,994	51,140,374
Connecticut	7,358	37,135,785	3,567	19,389,228	10,925	56,525,013
Delaware	1,330	6,620,750	582	2,547,600	1,912	9,168,350
District of Columbia	2,134	12,139,300	601	4,279,900	2,735	16,419,200
Florida	21,251	85,030,749	3,913	14,396,107	25,164	99,426,856
Georgia	11,903	48,072,502	4,630	16,986,200	16,533	65,058,702
Idaho	3,033	11,171,340	2,711	8,799,315	5,744	19,970,655
Illinois	30,597	173,529,791	45,644	236,521,341	76,241	410,051,132
Indiana	21,294	97,841,770	24,586	90,559,913	45,880	188,401,683
Iowa	5,513	24,102,985	6,088	21,446,064	11,601	45,549,049
Kansas	8,767	38,131,045	8,064	24,329,072	16,831	62,460,117
Kentucky	6,956	31,953,464	3,568	16,330,942	10,524	48,284,406
Louisiana	9,452	40,206,625	2,543	10,756,396	11,995	50,963,021
Maine	1,103	4,368,600	2,832	8,780,300	3,935	13,148,900
Maryland	13,188	60,248,985	4,621	19,333,200	17,809	79,582,185
Massachusetts	3,919	19,492,460	3,835	18,321,624	7,754	37,814,084
Michigan	64,542	$312,755,713	25,396	$110,838,494	89,938	$423,594,207
Minnesota	8,240	37,275,780	6,081	22,285,228	14,321	59,561,008
Mississippi	5,175	17,618,163	2,082	5,988,426	7,257	23,606,589
Missouri	15,739	72,794,124	16,996	70,000,429	32,735	142,794,553
Montana	1,964	8,241,141	2,553	8,831,200	4,517	17,072,341
Nebraska	3,340	14,846,599	6,084	21,400,758	9,424	36,247,357
Nevada	1,214	6,234,450	509	2,144,005	1,723	8,378,455
New Hampshire	510	2,323,550	1,933	7,224,136	2,443	9,547,686
New Jersey	33,831	171,932,575	31,617	142,083,467	65,448	314,016,042
New Mexico	2,837	10,990,100	817	2,939,775	3,654	13,929,875
New York	50,989	261,960,603	15,722	76,007,355	66,711	337,967,958
North Carolina	9,132	39,668,600	2,898	11,958,473	12,030	51,627,073
North Dakota	498	2,064,750	622	1,710,545	1,120	3,775,295
Ohio	30,428	162,134,814	35,178	156,954,597	65,606	319,089,411
Oklahoma	14,046	57,596,630	6,979	25,276,808	21,025	82,873,438
Oregon	5,363	21,563,850	5,916	20,579,800	11,279	42,143,650
Pennsylvania	37,566	185,069,537	43,142	163,640,785	80,708	348,710,322
Rhode Island	2,272	10,940,980	1,235	5,191,090	3,507	16,132,070
South Carolina	5,570	21,985,584	1,561	6,029,498	7,131	28,015,082
South Dakota	1,240	5,061,000	2,471	6,420,730	3,711	11,481,730
Tennessee	13,757	53,851,265	5,646	22,151,973	19,403	76,003,238
Texas	44,981	178,962,905	9,008	35,285,959	53,989	214,248,864
Utah	6,213	26,426,770	3,580	12,923,005	9,793	39,349,775
Vermont	642	2,689,750	1,737	5,797,064	2,379	8,486,814
Virginia	14,688	69,239,533	5,619	25,011,478	20,307	94,251,011
Washington	15,446	66,593,327	22,629	81,439,305	38,075	148,032,692
West Virginia	5,488	26,875,200	5,572	23,263,549	11,060	50,138,749
Wisconsin	8,580	42,933,739	4,236	19,929,977	12,816	62,863,716
Wyoming	2,134	8,622,160	2,836	8,448,241	4,970	17,070,401
Alaska	266	1,421,700	176	650,360	442	2,072,060
Hawaii	1,442	6,206,190	530	2,210,350	1,972	8,416,540
Puerto Rico	826	5,042,550	805	3,789,800	1,631	8,832,350
Total	709,750	3,268,977,470	485,222	2,033,067,115	1,194,972	5,302,044,585

See footnote at end of table.

TABLE 5.—*State distribution of new and existing home mortgages: Number and face amount of 1- to 4-family home mortgages insured by FHA under sec. 203, cumulative 1935–46*—Continued

[1] Includes a total of 91,265 homes insured prior to Dec. 31, 1946, which are not "new homes" as currently defined; i. e. "1- to 4-family homes proposed for construction or under construction at the date of receipt of the application for mortgage insurance".

Types of Institutions Originating, Transferring, or Holding Mortgages

In the 12 years between January 1, 1935, and December 31, 1946, more than 8,800 individual financial institutions originated mortgages insured by the FHA under section 203. Table 6 shows the distribution of these institutions by type and the total dollar amount of the mortgages insured under this section of the act originated by each type. The category including the largest number of individual institutions was State banks with 3,170, closely followed by national banks with 2,626, and savings and loan associations with 1,902. The total amount of mortgages originated by each of the several types of institutions has not been proportional to the number of individual institutions included in each classification. Mortgages totaling over $1,392,000,000, or more than 26 percent of the total amount of all mortgages insured under section 203, have been originated by national banks. State banks have originated the second largest dollar volume, $1,156,294,385, while mortgage companies, with only 390 participating institutions, have accounted for the third largest volume with a total of $1,134,332,890.

Chart II shows the relative amounts of originations and holdings of mortgages insured under sections 203 and 603 and the percentage distribution of each by type of financial institution. A discussion of institutional activity under section 603 begins on page 53 of this report.

TABLE 6.—*Types of institutions originating mortgages: Face amount of insurance written by FHA, sec. 203, 1935–46*

Type of institution	Number of institutions	Mortgages originated		
		Number	Amount	Percentage distribution [1]
National bank	2,626	320,901	$1,392,559,353	26.3
State bank	3,170	264,056	1,156,294,385	21.8
Mortgage company	390	251,503	1,134,332,890	21.4
Insurance company	432	131,747	630,641,245	11.9
Savings and loan association	1,902	127,333	536,725,068	10.1
Savings bank	226	43,867	209,603,482	3.9
All other [2]	87	55,475	241,888,162	4.6
Total	8,833	1,194,972	5,302,044,585	100.0

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

TYPES OF INSTITUTIONS ORIGINATING AND HOLDING MORTGAGES
(BASED ON DOLLAR AMOUNT)

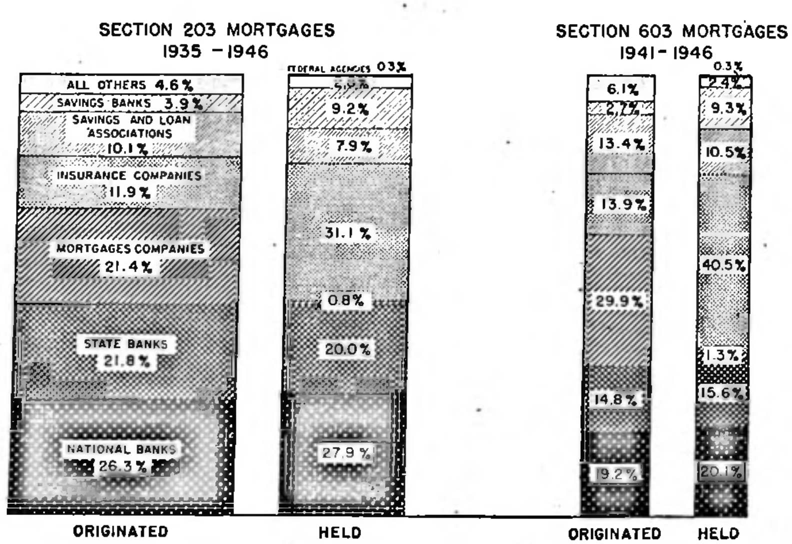

CHART II.

A total of 745 lending institutions participated in secondary market sales of section 203 insured mortgages during 1946. Mortgages with original face amounts of $146,505,087 were sold by this group of lenders to 1,118 purchasing approved mortgagees. In many cases, the originating institution continues the collection of the monthly payments and essential servicing of these mortgages as agent for the purchasers of the individual mortgages. As shown in table 7, mortgage companies, in many cases acting as mortgage loan correspondents for insurance companies, sold a much larger amount than any of the other types of mortgagees. Their sales, totaling $76,761,149, accounted for more than 52 percent of the total face amount of mortgages transferred during the year. Of the other types of mortgagees, only the national banks and the State banks accounted for as much as 10 percent of the total.

The largest buyers of these mortgages during the year were the insurance companies, whose purchases of $54,372,944 accounted for 37.1 percent of the total transferred. They were followed, in order, by national banks with $33,303,386 and State banks which made purchases aggregating $29,782,934.

A tabulation of the face amount of section 203 insured mortgages held in the portfolios of nearly 9,000 approved mortgagees as of December 31, 1946, is presented in table 8 and shows that 403 insurance companies accounted for $916,527,596 or slightly more than 31 percent of the amount held by all institutions while 2,774 national banks held 27.9 percent, and 3,410 State banks held 20.0 percent.

TABLE 7.—*Types of institutions purchasing and selling FHA-insured mortgages: Face amount of mortgages transferred (including resales), sec. 203, 1946*

Type of institution	Number of institutions		Mortgages purchased			Mortgages sold		
	Purchasing	Selling	Number	Amount	Percentage distribution [1]	Number	Amount	Percentage distribution [1]
National bank	382	140	6,954	$33,303,386	22.7	3,048	$14,603,574	10.0
State bank	386	163	6,102	29,782,934	20.3	3,935	19,292,301	13.2
Mortgage company	41	236	566	2,566,050	1.8	15,615	76,761,149	52.4
Insurance company	161	128	11,114	54,372,944	37.1	2,647	12,696,553	8.6
Savings and loan associations	79	49	408	2,019,200	1.4	1,127	5,227,908	3.6
Savings bank	54	8	2,643	12,635,573	8.6	198	715,300	.5
Federal agency	3	2	80	303,600	.2	506	2,174,550	1.5
All other [2]	22	19	2,602	11,520,800	7.9	3,393	15,033,752	10.2
Total	1,118	745	30,469	146,505,087	100.0	30,469	146,505,087	100.0

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

TABLE 8.—*Types of institutions holding FHA-insured mortgages: Face amount of mortgages held, sec. 203, as of Dec. 31, 1946*

Type of institution	Number of institutions	Mortgages held in portfolio as of Dec. 31, 1946		
		Number	Amount	Percentage distribution [1]
National bank	2,774	180,832	$820,681,107	27.9
State bank	3,410	133,131	588,839,044	20.0
Mortgage company	280	4,796	23,341,907	.8
Insurance company	403	200,304	916,527,596	31.1
Savings and loan association	1,539	53,793	232,530,402	7.9
Savings bank	248	56,707	271,625,701	9.2
Federal agency	4	2,363	9,034,498	.3
All other [2]	115	18,771	82,974,586	2.8
Total	8,773	656,697	[3] 2,945,554,991	100.0

[1] Based on amount of mortgage.
[2] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[3] Less than face amount in force by estimated amount of mortgages in process of audit and in transit from field offices as of Dec. 31, 1946.

Activity of Federal agencies with section 203 mortgages was limited during 1946. Only $303,600 in loans was purchased while $2,174,550 was sold during the year, leaving Federal agency holdings at the year end amounting to slightly over $9,000,000, or only 0.3 percent of the total section 203 mortgages in force at that time and only 3.7 percent of Federal agency peak holdings of $244,545,287 at the close of 1942.

Terminations, Foreclosures, and Delinquencies

During 1946 a total of 123,734 FHA mortgages, insured under section 203, were terminated by prepayment in full, prepayment by supersession of the original mortgage with a new insured mortgage, maturity, cancellation of insurance by the FHA, or foreclosure of the mortgage. As shown in table 9, this increased the cumulative number of terminations from 402,543 (35.7 percent of the total number of insured cases) at the end of 1945 to 526,277, or 44.04 percent of the total number insured through 1946 from the beginning of operations in 1935.

Included in these terminations during 1946 were 41 cases in which titles were acquired by the mortgagees through the completion of foreclosure proceedings. This was an increase of 11 cases over the comparable figure for 1945 and brought the cumulative number of titles acquired by mortgagees to 5,474. The ratio of the cumulative number of titles acquired to the total number of mortgages insured decreased to 0.46 percent—the lowest since 1939. The number of mortgages in serious default at the year end, which has been declining

steadily since 1940, was only 141—lowest since 1936—and the ratio of the number of cases in serious default to the number of mortgages covered by insurance in force reached an all-time low of 0.02 percent.

TABLE 9.—*Trend of terminations, titles acquired by mortgagees, and serious defaults: 1- to 4-family home mortgages insured by FHA under sec. 203, 1935–46*

Year	Terminations [1]			Titles acquired by mortgagees [2]			Mortgages in serious default at end of year	
	Number for the year	Cumulative through end of year		Annual increase	Cumulative through end of year		Number	Percent of insured mortgages in force
		Number	Percent of total insured		Number	Percent of total insured		
1935	95	95	0.41	2	2	0.01	(3)	----------
1936	1,302	1,457	1.45	30	32	.03	45	0.05
1937	5,065	6,522	3.22	218	250	.12	370	.19
1938	8,871	15,393	4.93	696	946	.30	861	.29
1939	12,865	28,258	6.07	1,149	2,095	.45	1,757	.40
1940	22,829	51,087	8.06	1,452	3,547	.56	1,900	.33
1941	30,033	81,120	9.74	1,122	4,669	.56	1,617	.22
1942	37,340	118,460	12.06	572	5,241	.53	995	.12
1943	75,609	194,069	18.75	133	5,374	.52	301	.04
1944	103,595	297,664	27.52	29	5,403	.50	200	.03
1945	104,879	402,543	35.68	30	5,433	.48	192	.03
1946	123,734	[4] 526,277	44.04	41	5,474	.46	141	.02

[1] Include terminations of mortgage insurance after acquisition of titles by mortgagees.
[2] Include titles transferred to FHA and those retained by the mortgagees with termination of mortgage insurance, and titles to 10 foreclosed properties which are subject to redemption or held by mortgagees pending final disposition.
[3] Not reported.
[4] Upon termination of the original insurance contract, 67,104 new mortgages involving the same properties were insured by the FHA.

State Distribution of Terminations and Titles Acquired

Table 10 shows, by State location of properties, (1) the number of terminations and of titles acquired by mortgagees, (2) terminations and titles acquired by mortgagees as percentages of the total number of mortgages insured under section 203, and (3) the number of insured mortgages in force as of December 31, 1946.

In 12 States and the Territory of Hawaii, more than 50 percent of all mortgages insured had been terminated by the end of 1946. In only 9 States or Territories had terminations ratios been less than 40 percent.

Only 5,474 of the terminated cases, including 16 subject to redemption or held at the year end by mortgagees pending final disposition, represent foreclosed cases in which the title has been acquired by the mortgagee. These cases represent only 1.04 percent of the total terminations or 0.46 percent of the number originally insured. In only four States (Delaware, Kansas, Massachusetts, and Vermont) has the ratio of title acquisitions to mortgages insured reached 1 percent.

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TABLE 10.—*State distribution of terminations and titles acquired by mortgagees: 1- to 4-family home mortgages insured by FHA, under sec. 203, 1935–46*

Location of property	Total mortgages insured	Terminations[1]				Insured mortgages in force December 1946
		Number		As a percent of mortgages insured		
		Total	Titles acquired[2]	Total	Titles acquired	
Alabama	10,936	4,367	38	39.93	0.35	6,569
Arizona	7,161	3,303	24	46.12	.34	3,858
Arkansas	7,255	3,406	46	46.95	.63	3,849
California	209,918	106,917	416	50.93	.20	103,001
Colorado	12,994	6,334	39	48.75	30	6,660
Connecticut	10,925	3,526	40	32.27	.37	7,399
Delaware	1,912	796	24	41.63	1.26	1,116
District of Columbia	2,735	1,095	2	40.04	.07	1,640
Florida	25,164	10,545	172	41.91	.68	14,619
Georgia	16,533	7,722	84	46.71	51	8,811
Idaho	5,744	3,024	20	52.65	.35	2,720
Illinois	76,241	36,010	201	47.23	.26	40,231
Indiana	45,880	18,519	144	40.36	.31	27,361
Iowa	11,601	5,827	30	50.23	.26	5,774
Kansas	16,831	8,347	347	49.59	2.06	8,494
Kentucky	10,524	4,634	77	44.03	.73	5,890
Louisiana	11,995	4,894	47	40.80	.39	7,101
Maine	3,935	1,463	36	37.18	.91	2,472
Maryland	17,809	8,577	73	48.16	.41	9,232
Massachusetts	7,754	3,687	156	47.55	2.01	4,067
Michigan	89,938	35,980	513	40.02	.57	53,049
Minnesota	14,321	7,807	79	54.51	.55	6,514
Mississippi	7,257	3,882	61	53.49	.84	3,375
Missouri	32,735	14,114	197	43.12	.60	18,621
Montana	4,517	2,126	10	47.07	22	2,391
Nebraska	9,424	4,770	45	50.62	.48	4,654
Nevada	1,723	914	----	53.05	----	809
New Hampshire	2,443	1,061	22	43.43	.90	1,382
New Jersey	65,448	22,824	542	34.87	.83	42,624
New Mexico	3,654	1,775	4	48.58	11	1,879
New York	66,711	18,600	635	27.88	.95	48,111
North Carolina	12,030	5,694	53	47.33	.44	6,336
North Dakota	1,120	723	8	64.55	.71	397
Ohio	65,606	34,272	175	52.24	.27	31,334
Oklahoma	21,025	9,049	136	43.04	65	11,976
Oregon	11,279	5,399	23	47.87	.20	5,880
Pennsylvania	80,708	29,639	235	36.72	.29	51,069
Rhode Island	3,507	1,418	26	40.43	.74	2,089
South Carolina	7,131	2,883	51	40.43	.72	4,248
South Dakota	3,711	1,917	21	51.66	57	1,794
Tennessee	19,403	7,872	123	40.57	.63	11,531
Texas	53,989	23,296	168	43.15	.31	30,693
Utah	9,793	4,862	38	49.65	.39	4,931
Vermont	2,379	1,148	37	48.26	1.56	1,231
Virginia	20,307	7,901	83	38.91	41	12,406
Washington	38,075	17,856	85	46.90	.22	20,219
West Virginia	11,060	3,937	18	35.60	.16	7,123
Wisconsin	12,816	6,768	52	52.81	.41	6,048
Wyoming	4,970	2,775	16	55.84	.32	2,195
Alaska	442	217	2	49.10	45	225
Hawaii	1,972	1,369	----	69.42	----	603
Puerto Rico	1,631	427	----	26.18	----	1,204
Total	1,194,972	526,277	5,474	44.04	.46	668,695

[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 16 foreclosed properties which are subject to redemption or held by mortgagees pending final disposition.

CHARACTERISTICS OF MORTGAGES, HOMES, AND MORTGAGORS FOR SMALL-HOME MORTGAGES INSURED UNDER SECTION 203

During the war and the immediate postwar period, substantially all the mortgages insured under section 203 were secured by existing homes, with most new home mortgages being insured under the war housing provisions of section 603 of title VI. As a result, from 1943 through 1945 no statistical information was compiled on the characteristics of the mortgages, properties, and mortgagors involved in the small volume of new home mortgage insurance under section 203 during those years. In 1946, however, more than 10,000 new home mortgages were insured under the provisions of this section of the National Housing Act. Data are therefore presented on the characteristics of these 1946 new home mortgage transactions as well as data on the characteristics of the more than 56,000 mortgages insured during the year which were secured by existing structures.[1]

Table 11 shows the changes which have occurred since 1940 in the averages or medians of certain selected characteristics relating to the mortgages, homes, and mortgagors involved in FHA insurance written under section 203. It may be seen from this table that the typical new home securing a mortgage insured in 1946 was a single-family structure containing 5.5 rooms. The FHA property valuation—covering the value of the house, other physical improvements (including, in 58 percent of the cases, a garage), and an average land valuation of $761—was $6,558. To finance his home, the typical new home mortgagor obtained a loan of $5,504, the ratio of the average loan to average value amounting to 84.1 percent. The mortgage contract provided for repayment of this loan over a 21-year period with monthly payments of $46.18. This monthly mortgage payment covers the payment to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and other miscellaneous items, if any. On an annual basis, the average monthly mortgage payment represented 15.3 percent of the average mortgagor's effective annual income. The typical new home purchaser's income in 1946 was $3,313.

Significant increases were apparent in 1946 over the prewar years in the typical property and land valuations, mortgage principal, and mortgagor's effective income. The characteristic monthly payment was also larger in 1946 than in the prewar period covered by the table due to the increased mortgage amount and a decrease of more than 2

[1] The characteristics of the mortgages, homes, and mortgagors for small-home mortgages insured under sec. 203 in 1946 are analyzed on the basis of a sample of 3,400 mortgages secured by new construction and 6,600 existing home mortgages which were insured during the months of January, April, July, and October 1946.

TABLE 11.—*Yearly trend of characteristics of mortgages, homes, and mortgagors: Based on FHA-insured [1] mortgages secured by new and existing [2] single-family homes, sec. 203, 1940–46*

Year	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes
	Mortgage principal [3]		Duration in years [4]		Loan as a percent of FHA value [5]		1-family as a percent of 1- to 4-family	
1940	[4] $4,410	[4] $3,902	[6] 23.0	[6] 17.5	84.8	75.3	99.0	92.7
1941	4,419	3,847	[6] 23.3	17.8	85.8	75.9	99.2	93.0
1942	4,692	4,076	23.5	18.1	86.7	77.9	99.4	93.2
1943	([7])	4,312	([7])	18.3	([7])	78.2	([7])	94.6
1944	([7])	4,317	([7])	18.0	([7])	78.9	([7])	95.9
1945	([7])	4,369	([7])	18.3	([7])	79.1	([7])	94.3
1946	5,504	4,697	21.0	18.9	84.1	78.6	98.7	93.6
	Property valuation [5] [8]		Land valuation [4] [9]		Number of rooms [3] [10]		Percent with garages	
1940	$5,028	$4,600	$662	$948	5.6	6.3	75.6	87.2
1941	5,045	5,004	649	981	5.5	6.3	73.9	86.8
1942	5,368	5,272	635	935	5.5	6.3	70.3	85.5
1943	([7])	5,535	([7])	956	([7])	[6] 6.3	([7])	85.8
1944	([7])	5,484	([7])	924	([7])	[6] 6.3	([7])	84.2
1945	([7])	5,511	([7])	857	([7])	6.3	([7])	82.3
1946	6,558	5,934	761	833	5.5	5.9	58.1	83.4
	Mortgagor's effective annual income [3] [11]		Total monthly payment [3] [12]		Payment as a percent of income [5] [11] [12]		Ratio of property valuation to annual income [5] [8] [11]	
1940	$2,416	$2,490	[6] $35.15	[6] $34.56	17.2	15.1	1.97	1.70
1941	2,250	2,473	35.49	36.09	17.3	15.3	2.05	1.75
1942	2,416	2,751	37.46	37.80	16.8	15.1	1.98	1.72
1943	([7])	3,062	([7])	[6] 39.80	([7])	14.6	([7])	1.67
1944	([7])	3,120	([7])	[6] 40.50	([7])	14.5	([7])	1.64
1945	([7])	3,118	([7])	39.21	([7])	14.4	([7])	1.66
1946	3,313	3,101	46.18	40.83	15.3	14.3	1.81	1.71

[1] For the period 1940–44, data are based on firm commitments issued.
[2] For the period 1940–45, an unknown number of existing structures completed not more than 12 months prior to the date of application for mortgage insurance are excluded from the existing home data and included in the data relating to new homes.
[3] Data shown are medians.
[4] Data shown are averages (arithmetic means).
[5] Based on arithmetic means.
[6] Estimated.
[7] Data not available.
[8] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[9] The value of the land is estimated by FHA as including rough grading, terracing, and retaining walls, if any.
[10] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.
[11] Based upon the FHA estimate of the earning capacity of the mortgagor that is likely to prevail during approximately the first third of the mortgage term.
[12] Includes monthly payment for first year of mortgage to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items, if any.

years in the typical mortgage term involved in new home financing—a decrease in term which is at least partly a result of the increased mortgage amount, since only selected new home mortgages of $5,400 or less are eligible under section 203 for mortgage terms of 25 years. Each of the three ratios shown in the table—loan as a percent of value, payment as a percent of income, and ratio of property valuation to income—is lower than the corresponding ratio in the 1940–42 period.

The typical FHA valuation of the existing homes involved in section 203 insured mortgages in 1946 was $5,934, or about 10 percent

less than the comparable new-home figure. These properties were characterized by slightly higher land valuations and room counts than those associated with new homes, and over 83 percent included garage facilities. The typical loan was $4,697, with the average mortgage representing 78.6 percent of the average property valuation. The mortgage contract characteristically provided for repayment of the loan principal, together with the other items listed above as being included in the total monthly mortgage payment, through payments of $40.83 per month over approximately a 19-year period. The median mortgagor's effective income was $3,101, and the ratio of the average mortgage payment to the average income on an annual basis was 14.3 percent.

The typical property valuation of existing homes securing mortgages insured under section 203 increased steadily from $4,600 in 1940 to $5,535 in 1943. It remained approximately at that level through 1945. The 1946 value of $5,934 represents an increase of 7.7 percent over the 1945 value of $5,511.

Paralleling the increase in property valuation, the median mortgage amount increased to $4,697 in 1946, or 7.5 percent over the 1945 figure. Slight increases over the preceding year are also shown in the data relating to mortgage term and total monthly payment, while the typical land valuation, number of rooms, and mortgagor's effective annual income were somewhat lower in 1946 than the comparable 1945 figures. The ratio of average property value to average income increased from 1.66 in 1945 to 1.71 in 1946, which was practically the same relationship that existed in 1940.

Mortgage Principal

Table 12 permits a comparison of the distribution of mortgage amounts, and the average and median mortgage amounts, in 1946 with comparable data for earlier years for new and existing home mortgages insured under section 203. In 1946, about 31 percent of the new home mortgages insured involved amounts of less than $5,000, as compared with over 60 percent for new home mortgages insured in 1942. The average mortgage principal involved in new home mortgages in 1946 was $5,548 or 23.8 percent higher than the 1941 average of $4,483. Similar comparisons may be made in the case of existing homes, where the average mortgage amount has increased each year from $4,129 in 1941 to $4,929 in 1946—an increase of 19.4 percent over 1941 and of 6.8 percent over the $4,614 average in 1945. Slightly more than 43 percent of the FHA-insured financing of existing homes in 1946 involved mortgage amounts of less than $5,000, compared with 54 percent in 1945 and 67.7 percent in 1941.

TABLE 12.—*Amount of mortgage principal: Based on FHA-insured [1] mortgages secured by new and existing [2] single-family homes, sec. 203, 1941–46*

Mortgage principal	New homes,[3] percentage distribution 1946	1942	1941	Existing homes, percentage distribution 1946	1945	1944	1943	1942	1941
Less than $2,000	0.1	0.1	0.3	1.0	2.0	2.4	2.3	2.8	5.2
$2,000 to $2,499	.2	.6	1.6	3.2	5.0	5.9	5.5	7.3	10.0
$2,500 to $2,999	.9	3.1	6.4	4.4	7.0	8.4	9.0	10.7	12.4
$3,000 to $3,499	2.7	7.7	13.5	8.9	12.3	12.4	12.2	14.2	15.3
$3,500 to $3,999	4.4	11.5	15.1	10.3	12.2	11.8	11.6	12.7	11.1
$4,000 to $4,499	10.3	19.6	16.2	15.6	15.6	14.3	15.0	14.6	13.7
$4,500 to $4,999	12.3	19.2	15.2	13.3	12.0	10.2	10.6	9.8	7.7
$5,000 to $5,999	31.4	30.1	21.4	21.3	16.1	15.8	15.7	13.6	10.9
$6,000 to $6,999	25.0	5.0	5.8	11.0	8.3	9.0	9.0	6.7	6.1
$7,000 to $7,999	9.5	1.6	2.4	4.7	3.8	3.8	3.3	2.9	2.6
$8,000 to $8,999	2.4	.8	1.2	2.7	2.3	2.1	2.3	2.0	1.9
$9,000 to $9,999	.4	.2	.3	1.2	1.0	1.1	1.0	.8	.9
$10,000 to $11,999	.4	.3	.3	1.3	1.2	1.4	1.3	1.0	1.1
$12,000 to $16,000	(4)	.2	.3	1.1	1.2	1.4	1.2	.9	1.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average mortgage	$5,548	$4,670	$4,483	$4,929	$4,614	$4,586	$4,566	$4,298	$4,129
Median mortgage	5,504	4,692	4,419	4,697	4,369	4,317	4,312	4,076	3,847

[1] For the period 1941–44, data are based on firm commitments issued.
[2] For the period 1941–45, an unknown number of existing structures completed not more than 12 months prior to the date of application for mortgage insurance are excluded from the existing home data and included in the data relating to new homes.
[3] Data not available 1943–45.
[4] Less than 0.05 percent.

Mortgage Payment

In 1946 slightly more than 6 out of every 10 new home mortgagors under section 203 contracted to pay off their insured mortgages with monthly payments of less than $50. Fifty-six percent of the payments were between $30 and $50. This is shown in table 13, which also indicates that less than 12 percent of the new home buyers obligated themselves to repay their loan, plus interest, the FHA insurance premium, hazard insurance, taxes and special assessments, ground rent, and any miscellaneous items with monthly payments of $60 or more. The average monthly payment for all new home mortgages was $46.06.

Monthly mortgage payments assumed by existing home buyers averaged $43.25 in 1946. Nearly half of the mortgage contracts provided for monthly payments of less than $40 while 3 out of 4 involved payments of less than $50. Sixty-one percent of all existing home payments were between $30 and $50.

Also shown in table 13 are data on the estimated monthly rental value and the prospective monthly housing expense for each of the mortgage payment groups in 1946. In most monthly payment classes, both rental value and housing expense were reported to be higher for existing homes than for new homes among mortgages insured in 1946. Because of the relative distributions of new and existing homes by monthly mortgage payment, however, averages for all new homes exceeded comparable averages for all existing homes for both rental value and monthly housing expense as well as monthly mortgage payment.

TABLE 13.—*Average characteristics by total monthly mortgage payment: Based on FHA-insured mortgages secured by new and existing single-family homes, sec. 203, 1946*

Total monthly mortgage payment [1]	New homes: Percentage distribution	New homes, Average: Total monthly mortgage payment [1]	Estimated monthly rental value [2]	Prospective monthly housing expense [3]	Existing homes: Percentage distribution	Existing homes, Average: Total monthly mortgage payment [1]	Estimated monthly rental value [2]	Prospective monthly housing expense [3]
Less than $20	0.1	(4)	(4)	(4)	1.1	$16.86	$26.69	$31.11
$20 to $29.99	5.3	$26.34	$37.06	$40.71	13.4	25.04	34.88	41.71
$30 to $39.99	25.0	34.90	45.66	50.46	34.3	34.74	45.18	51.62
$40 to $49.99	31.1	44.29	54.02	60.79	26.9	44.01	54.55	62.15
$50 to $59.99	27.1	53.71	61.82	71.62	12.8	53.80	64.53	73.30
$60 to $69.99	9.0	63.58	72.02	83.16	5.7	63.77	75.76	85.42
$70 to $79.99	1.8	73.05	80.43	97.88	2.8	74.18	86.21	97.95
$80 to $89.99	.3	(4)	(4)	(4)	1.2	84.45	97.06	112.25
$90 to $99.99	.2	(4)	(4)	(4)	.6	93.97	106.62	124.11
$100 to $109.99	.1	(4)	(4)	(4)	.4	103.60	113.08	131.44
$110 to $119.99	------	------	------	------	.4	113.59	131.36	143.59
$120 or more	------	------	------	------	.4	142.67	152.41	185.59
Total	100.0	46.06	55.47	63.04	100.0	43.25	53.61	61.47

[1] Includes monthly payment for first year of mortgage to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items, if any.
[2] The monthly rental value, estimated at the time of property valuation, is the average monthly amount which could currently be obtained competitively in the market for typical year-around, tenant occupancy of the premises, unfurnished, excluding any premium obtainable because of local housing shortages or newness of the individual property.
[3] Includes total monthly mortgage payment for the first year of mortgage; estimated monthly cost of maintenance; regular operating expense items such as water, gas, electricity, and fuel for heating; expense for other home where borrower is occupying another house or apartment as owner or tenant; and monthly payment on secondary loan if mortgagor is a veteran of World War II who is financing home purchase with aid of an additional loan guaranteed by the Veterans' Administration.
[4] Data not significant.

FHA Property Valuation of Single-family Homes

In 1946, one-half of the new single-family homes securing mortgages insured under section 203 were valued by the FHA between $6,000 and $7,999 as indicated in table 14. With the average for all such homes amounting to $6,597, slightly less than one-third of the total were valued below $6,000 as compared with more than seven-tenths of the total in 1940 and 1942. More than 17 percent of the new homes were valued above $8,000 in 1946 as compared with 4.0 percent in 1942 (when wartime restrictions on building were in effect) and 5.6 percent in 1940.

In the case of existing single-family homes, one-half were valued below $6,000 in 1946 and another one-third between $6,000 and $7,999. The proportion below $6,000 has declined steadily from 72.5 percent in 1940 to 50.3 percent in 1946 as the average has increased from $5,179 in 1940 to $6,269 in 1946.

TABLE 14.—*Property valuation: Based on FHA-insured[1] mortgages secured by new and existing[2] single-family homes, sec. 203, 1940–46*

FHA property valuation[3]	New homes,[4] percentage distribution			Existing homes, percentage distribution				
	1946	1942	1940	1946	1945	1944	1942	1940
Less than $2,000		(5)	0.1		0.3	0.7	0.4	1.1
$2,000 to $2,499		0.1	.5	0.4	.8	1.1	1.2	3.1
$2,500 to $2,999		.8	2.6	1.2	2.5	3.0	3.7	6.7
$3,000 to $3,499	.5	3.4	7.8	2.6	4.6	5.5	6.8	9.8
$3,500 to $3,999	1.8	6.1	10.8	4.7	8.0	8.3	9.8	12.0
$4,000 to $4,499	3.1	11.1	14.0	7.4	9.8	9.9	10.7	11.7
$4,500 to $4,999	6.9	15.7	12.8	9.4	11.8	10.8	11.4	10.8
$5,000 to $5,499	9.1	17.3	13.1	12.7	12.0	11.0	11.0	9.4
$5,500 to $5,999	11.1	10.4	10.5	11.9	10.5	9.7	9.8	7.9
$6,000 to $6,999	27.9	20.7	16.5	20.3	17.3	16.2	14.9	10.8
$7,000 to $7,999	22.4	4.4	5.7	12.1	8.8	9.8	8.3	6.1
$8,000 to $8,999	11.1	1.8	2.6	7.0	5.0	5.2	4.3	3.6
$9,000 to $9,999	3.4	.9	1.2	3.4	2.7	2.8	2.4	1.9
$10,000 to $11,999	2.0	.7	1.0	3.6	2.8	2.8	2.8	2.4
$12,000 to $14,999	.6	.4	.5	2.0	1.7	1.8	1.5	1.6
$15,000 or more	.1	.2	.3	1.3	1.4	1.4	1.0	1.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average valuation	$6,597	$5,385	$5,199	$6,260	$5,835	$5,809	$5,568	$5,179
Median valuation	6,558	5,368	5,028	5,934	5,511	5,484	5,272	4,600

[1] For the period 1940–44, data are based on firm commitments issued.
[2] For the period 1940–45, an unknown number of existing structures completed not more than 12 months prior to the date of application for mortgage insurance are excluded from the existing home data and included in the data relating to new homes.
[3] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[4] Data not available for 1943–45.
[5] Less than 0.05 percent.

Average Characteristics for Property Valuation Groups

Tables 15 and 16 present the averages for selected characteristics by property valuation intervals for new and existing single-family homes securing mortgages insured during 1946. For new homes, as average property valuations increased from $3,562 in the less than $4,000 group to $13,021 in the $12,000 to $14,999 group, average land valuations increased from $447 to $1,805, estimated monthly taxes from $4.62 to $13.25, and estimated monthly rental value from $33.73 to $103.42. The average size of new homes increased steadily from 4.4 rooms in the lowest valuation group to 6.2 rooms in the highest value group, with all new homes averaging 5.0 rooms per unit. Three out of five new homes had garages, with about that same proportion in each of the value groups from $4,000 to $8,999. Land valuations for new single-family homes averaged 11.5 percent of property valuations in 1946, with higher ratios of land to total value for both low and high value groups than for the value groups between $5,000 and $10,000.

Similar relationships among various value groups may be observed for existing single-family homes in table 16. As compared with average characteristics for new homes, existing homes in various value ranges were in general somewhat larger in number of rooms and had somewhat higher land valuations. More of the existing homes in

TABLE 15.—*Average characteristics by property valuation: Based on FHA-insured mortgages secured by new single-family homes, sec. 203, 1946*

FHA property valuation[1]	Percentage distribution	Average				As a percent of property valuation		Average number of rooms	Percentage of structures with garage
		Property valuation	Land valuation[2]	Estimated monthly taxes[3]	Estimated monthly rental value[4]	Land valuation	Annual taxes		
Less than $4,000	2.3	$3,562	$447	$4.62	$33.73	12.5	1.6	4.4	38.7
$4,000 to $4,999	10.0	4,531	646	5.27	39.68	14.3	1.4	4.5	60.3
$5,000 to $5,999	20.3	5,433	597	6.54	46.76	11.0	1.4	4.7	55.5
$6,000 to $6,999	27.8	6,381	699	7.90	54.10	11.0	1.5	4.9	56.4
$7,000 to $7,999	22.4	7,352	825	9.46	61.36	11.2	1.5	5.3	56.9
$8,000 to $8,999	11.1	8,284	944	10.62	68.41	11.4	1.5	5.6	60.3
$9,000 to $9,999	3.4	9,268	1,107	10.71	73.89	11.9	1.4	5.7	72.5
$10,000 to $11,999	2.0	10,451	1,487	11.57	83.19	14.2	1.3	6.0	81.7
$12,000 to $14,999	.6	13,021	1,805	13.25	103.42	13.9	1.2	6.2	94.7
$15,000 or more	.1	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Total	100.0	6,507	761	8.18	55.66	11.5	1.5	5.0	58.1

[1] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[2] The value of the land is estimated by FHA as including 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] The monthly rental value, estimated at the time of property valuation, is the average monthly amount which could currently be obtained competitively in the market for typical year-around tenant-occupancy of the premises, unfurnished, excluding any premium obtainable because of local housing shortages or newness of the individual property.
[5] Data not significant.

TABLE 16.—*Average characteristics by property valuation: Based on FHA-insured mortgages secured by existing single-family homes, sec. 203, 1946*

FHA property valuation[1]	Percentage distribution	Average				As a percent of property valuation		Average number of rooms	Percentage of structures with garage
		Property valuation	Land valuation[2]	Estimated monthly taxes[3]	Estimated monthly rental value[4]	Land valuation	Annual taxes		
Less than $4,000	8.9	$3,280	$438	$4.27	$30.45	13.3	1.6	5.1	69.8
$4,000 to $4,999	16.8	4,413	547	5.34	39.59	12.4	1.5	5.1	77.6
$5,000 to $5,999	24.6	5,348	659	6.11	46.70	12.3	1.4	5.2	82.5
$6,000 to $6,999	20.3	6,328	776	7.31	54.13	12.3	1.4	5.4	83.0
$7,000 to $7,999	12.1	7,304	969	8.56	61.52	13.3	1.4	5.7	88.3
$8,000 to $8,999	7.0	8,315	1,111	9.64	69.05	13.4	1.4	6.0	90.4
$9,000 to $9,999	3.4	9,289	1,312	10.45	76.62	14.1	1.3	6.3	89.1
$10,000 to $11,999	3.6	10,530	1,609	11.91	85.21	15.3	1.4	6.5	95.8
$12,000 to $14,999	2.0	12,707	2,215	14.52	99.60	17.3	1.4	6.7	95.0
$15,000 or more	1.3	17,479	3,258	22.55	137.73	18.6	1.5	7.1	98.6
Total	100.0	6,269	833	7.33	53.51	13.3	1.4	5.5	83.4

[1] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[2] The value of the land is estimated by FHA as including 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] The monthly rental value, estimated at the time of property valuation, is the average monthly amount which could currently be obtained competitively in the market for typical year-around tenant-occupancy of the premises, unfurnished, excluding any premium obtainable because of local housing shortages or newness of the individual property.

each value range had garages than was the case with new homes. Land valuations for existing homes averaged $833, with averages ranging from $438 in the lowest value group to more than $2,000 in value groups above $12,000. The number of rooms per existing home averaged 5.5, and five out of six of the existing single-family homes were reported to have garages.

Exterior Material for Single-family Homes

The distributions of the preponderant exterior materials for new and existing single-family homes insured during 1946 under section 203, with the average FHA property valuation and average room count for houses of each major material, are shown in table 17. Wood was the most popular exterior material, being reported in 40 percent of the new home cases and in 57 percent of those involving existing construction, with brick or stone second, and stucco or cement block third. These three types of materials combined accounted for 88.2 percent of new homes and 92.1 percent of the existing homes insured in 1946.

Number of Family Units

Of the new one- to four-family home mortgages insured by the FHA under section 203 during 1946, 98.7 percent were secured by single-family structures. Proportionately fewer single-family homes, 93.6 percent, were included in the existing homes securing mortgages

TABLE 17.—*Average characteristics by preponderant exterior material: Based on FHA-insured mortgages secured by new and existing single-family homes, sec. 203, 1946*

NEW HOMES

Preponderant exterior material	Percentage distribution	Average: FHA valuation [1]	Average: Number of rooms [2]
Wood	40.4	$6,217	4.8
Stucco or cement block	19.1	6,725	5.2
Brick or stone	28.7	7,428	5.3
Asbestos shingles	9.4	5,863	5.0
Other	.3	6,488	5.0
Shop fabricated panels [3]	2.1	5,616	4.3
Total	100.0	6,597	5.0

EXISTING HOMES

Preponderant exterior material	Percentage distribution	Average: FHA valuation [1]	Average: Number of rooms [2]
Wood	57.2	$5,791	5.4
Stucco or cement block	17.3	7,070	5.5
Brick or stone	17.6	7,303	5.7
Asbestos shingles	6.1	5,064	5.2
Other	1.6	5,431	5.8
Shop fabricated panels [3]	.2	5,650	4.4
Total	100.0	6,260	5.5

[1] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[2] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.
[3] Distribution by type of exterior material not available.

TABLE 18.—*Structures and dwelling units: Based on FHA-insured [1] mortgages secured by new and existing [2] 1- to 4-family homes, sec. 203, 1938–46*

STRUCTURES

Units per structure	New homes,[3] percentage distribution				Existing homes, percentage distribution					
	1946	1942	1940	1938	1946	1945	1944	1942	1940	1938
1-family	98.7	99.4	99.0	97.6	93.6	94.3	95.9	93.2	92.7	92.5
2-family	1.0	.5	.7	1.9	5.8	5.0	3.5	5.8	6.1	6.4
3-family	.1	(4)	.1	.2	.3	.4	.3	.7	.7	.6
4-family	.2	.1	.2	.3	.3	.3	.3	.3	.5	.5
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	96.9	98.7	97.7	94.5	87.4	88.3	91.3	86.1	85.0	84.9
2-family	2.1	.9	1.5	3.6	10.9	9.4	6.7	10.8	11.3	11.6
3-family	.2	.1	.2	.6	.7	1.1	.9	1.8	1.8	1.8
4-family	.8	.3	.6	1.3	1.0	1.2	1.1	1.3	1.9	1.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average dwelling units	1.02	1.01	1.01	1.03	1.07	1.07	1.05	1.08	1.09	1.09

[1] For the period 1938–44, data are based on firm commitments issued.
[2] For the period 1938–45, an unknown number of existing structures completed not more than 12 months prior to the date of application for mortgage insurance are excluded from the existing home data and included in the data relating to new homes.
[3] Data not available 1943–45.
[4] Less than 0.05 percent.

insured during the year. Both of these ratios have decreased from earlier highs; in 1942, 99.4 percent of the new homes securing FHA-insured mortgages were single-family structures, while in 1944, 95.9 percent of the existing homes were single-family.

Of the new dwelling units entering into mortgage insurance transactions in 1946, 96.9 percent were in single-family structures; for existing dwelling units only 87.4 percent were in single-family structures. Table 18 shows the distributions of new and existing structures by number of units in 1946 and for selected earlier years since 1938.

Mortgagor's Effective Annual Income

The distributions of mortgagors' annual incomes (based upon the FHA estimate of the earning capacity of the mortgagor that is likely to prevail during approximately the first third of the mortgage term) in 1946 reflect the increases in the general income level which have occurred since 1940. As indicated in table 19, the average income of new home owners financing their homes through FHA-insured mortgages increased from $2,665 in 1940 to $3,619 in 1946—an increase of over 35 percent. In the same period, the average income for existing home mortgagors increased by nearly 21 percent—from $3,012 in 1940 to $3,640 in 1946.

In 1946 more than 85 percent of the new home mortgagors had estimated annual incomes between $2,000 and $4,999, including one-

TABLE 19.—*Mortgagor's effective annual income: Based on FHA-insured [1] mortgages secured by new and existing,[2] single-family homes, sec. 203, 1940–46*

Mortgagor's effective annual income [3]	New homes,[4] percentage distribution			Existing homes, percentage distribution				
	1946	1942	1940	1946	1945	1944	1942	1940
Less than $1,000	------	(5)	0.2	------	------	(5)	(5)	0.2
$1,000 to $1,499	.2	1.5	4.9	0.3	0.5	0.6	1.5	5.0
$1,500 to $1,999	2.7	17.6	23.4	4.2	5.5	5.1	14.0	20.5
$2,000 to $2,499	16.0	37.0	28.3	19.4	24.6	20.4	27.9	25.0
$2,500 to $2,999	15.8	14.7	15.4	14.8	15.2	13.7	13.0	13.9
$3,000 to $3,499	19.7	12.8	11.9	19.3	17.8	17.1	15.5	11.6
$3,500 to $3,999	17.6	7.0	6.2	14.5	13.1	12.8	9.2	6.9
$4,000 to $4,999	16.3	5.2	5.2	13.8	11.2	11.5	8.2	7.1
$5,000 to $6,999	8.4	2.8	3.1	8.7	6.9	7.4	6.2	5.8
$7,000 to $9,999	2.4	1.0	.9	3.5	3.5	3.7	2.8	2.5
$10,000 or more	.9	.4	.5	1.5	1.7	1.7	1.7	1.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average income	$3,619	$2,721	$2,665	$3,640	$3,514	$3,539	$3,229	$3,012
Median income	3,313	2,416	2,416	3,101	3,118	3,120	2,751	2,490

[1] For the period 1942–44, data are based on firm commitments issued.
[2] For the period 1940–45, an unknown number of existing structures completed not more than 12 months prior to the date of application for mortgage insurance are excluded from the existing home data and included in the data relating to new homes.
[3] Based upon the FHA estimate of the earning capacity of the mortgagor that is likely to prevail during approximately the first third of the mortgage term.
[4] Data not available for 1943–45.
[5] Less than 0.05 percent.

half of the total in the income ranges from $2,000 to $3,499. Less than 3 percent of the mortgagors were reported to have annual incomes below $2,000 in 1946, in contrast to 28.5 percent in 1940. Of the existing home mortgagors, more than four-fifths had incomes between $2,000 and $4,999, while 4.5 percent had estimated annual incomes of less than $2,000. The proportion of new home mortgagors with incomes of less than $2,500 decreased from 56.8 percent in 1940 to 18.9 percent in 1946, while among existing home mortgagors the proportion with incomes of less than $2,500 decreased from 50.7 percent in 1940 to 30.6 percent in 1945 and further to 23.9 percent in 1946.

Average Characteristics for Mortgagor's Income Groups

Table 20 presents averages for selected characteristics relating to the property, mortgage, or mortgagor by the various income groups for new home mortgagors in 1946. Comparable data based on the insurance of mortgages secured by existing homes are shown in table 21.

The average FHA property valuation for new homes ranged from $4,706 in the $1,500 to $1,999 income group—where it represented 2.64 times the average annual income of $1,780—to $7,838 in the $7,000 to $9,999 income group where it was only slightly more than the average income of $7,665 per year.

Within the individual groups of mortgagors with incomes of less than $5,000 per year, the property valuations and mortgage amounts are higher than for corresponding groups in prewar years. The increase in the 1946 ratios over the corresponding 1939 ratios of valua-

TABLE 20.—*Average characteristics by mortgagor's annual income: Based on FHA-insured mortgages secured by new single-family, owner-occupied homes, sec. 203, 1946*

Mortgagor's effective annual income [1]	Percentage distribution	Average							
		Mortgagor's annual income [1]	FHA valuation [2]	Mortgage principal	Total monthly mortgage payment [3]	Monthly taxes and assessments [4]	Total monthly housing expense [5]	Ratio FHA valuation to income	Mortgage as a percent of FHA valuation
Less than $1,500	0.2	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
$1,500 to $1,999	2.7	$1,780	$4,706	$3,942	$31.22	$5.57	$46.13	2.64	83.8
$2,000 to $2,499	16.0	2,279	5,628	4,679	37.67	6.71	53.60	2.47	83.1
$2,500 to $2,999	15.8	2,684	6,088	5,097	41.66	7.65	58.11	2.27	83.7
$3,000 to $3,499	19.7	3,107	6,547	5,535	45.87	8.10	62.68	2.11	84.5
$3,500 to $3,999	17.6	3,654	6,760	5,790	48.59	8.81	65.45	1.85	85.7
$4,000 to $4,999	16.3	4,425	7,231	6,156	51.97	9.22	69.73	1.63	85.1
$5,000 to $6,999	8.4	5,706	7,458	6,515	54.30	8.82	72.38	1.31	87.4
$7,000 to $9,999	2.4	7,665	7,838	6,819	58.75	10.81	77.99	1.02	87.0
$10,000 or more	.9	15,829	7,796	6,530	55.00	9.40	96.43	.49	83.8
Total	100.0	3,619	6,545	5,553	46.06	8.18	63.04	1.81	84.8

[1] Based upon the FHA estimate of the earning capacity of the mortgagor that is likely to prevail during approximately the first third of the mortgage term.
[2] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[3] Includes monthly payment for the first year of mortgage to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items, 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 total monthly mortgage payment for first year of mortgage; estimated monthly cost of maintenance; regular operating expense items such as water, gas, electricity, and fuel for heating; expense for other home where borrower is occupying another house or apartment as owner or tenant; and monthly payment on secondary loan if mortgagor is a veteran of World War II who is financing home purchase with aid of an additional loan guaranteed by the Veterans' Administration.
[6] Data not significant.

tion to income for these groups was more than 0.20 for income groups below $3,500, declining to 0.03 in the $4,000 to $4,999 interval. Value-income ratios for income groups above $5,000 are lower for 1946 than prewar ratios, probably as a result of the restrictions on sales prices for new construction in 1946.

A general pattern of a declining ratio of valuation to income with increases in the income scale is apparent for both new and existing home mortgagors in 1946 and in prewar data, but with value-income ratios at somewhat higher levels for all income classes up to $5,000 in 1946 distributions. Whether this increase in value-income ratios should be ascribed to willingness of home buyers to make heavier commitments under conditions of relative shortage of housing in 1946 or whether the increase is a shift accompanying a general change in price level can be determined only on the basis of additional information on future operations. It may be mentioned in this connection that valuations for section 203 cases during 1946 were probably lower as a rule than sale prices, as contrasted with prewar conditions when FHA valuations and sale prices were more nearly equal.

With the exception of the $10,000 or more income groups, the average monthly mortgage payment paralleled the average annual income. Varying from $31.22 to $58.75, this payment averaged

$46.06 per month, of which $8.18 was attributable to real estate taxes, special assessments, and water rent (in those cases where its nonpayment would result in a lien against the property). The balance of $37.88 includes the monthly payment for the first year of the mortgage to principal, interest, FHA insurance premium, and hazard insurance.

The estimated total monthly housing expense for new homes averages about 40 percent more than the monthly mortgage payment, with the excess of housing expense over monthly payment declining from 48 percent in the lowest income group shown to 33 percent for the $7,000 to $9,999 group. This estimated amount includes the monthly mortgage payment, estimated maintenance costs, operating expenses for gas, electricity, water, and heating fuel, expense for other home, and the monthly payment on the secondary loan in those cases where the mortgagor is a World War II veteran who is financing the purchase of a home with the aid of an additional Veterans' Administration guaranteed loan.

Table 21 presents comparable average characteristics relating to existing home transactions by mortgagor's effective annual income groups. The same general relationships are present as those discussed above in connection with new homes. The average valuation for each income group below $5,000 is lower for existing than for new homes. With the 80 percent maximum ratio of loan to value permitted under section 203 of the National Housing Act for existing homes except those originally built with FHA inspections, the lower valuations result in lower average mortgage principals and are primarily responsible for the lower total monthly mortgage payment, taxes and assessments, and monthly housing expense averages reported for most income groups among existing home mortgagors. However, it will be noted that for those mortgagors of existing homes whose incomes amount to $5,000 or more, average valuations, mortgage amounts, etc., are higher than for corresponding new home owners. This circumstance is probably due in large part to the effects of the $10,000 limitation placed on new single-family construction by the Veterans' Emergency Housing priorities program during 1946.

Average Characteristics for Mortgagor's Age Groups

Percentage distributions of the new and existing home mortgagors for mortgages insured by the FHA under section 203 during 1946, together with the averages for selected characteristics for the several age groups, are shown in table 22. More than half of the new home buyers were less than 35 years of age, with nearly 26 percent less than 30 years old and 26.4 percent between 30 and 34 years old.

TABLE 21.—*Average characteristics by mortgagor's annual income: Based on FHA-insured mortgages secured by existing single-family, owner-occupied homes, sec. 203, 1946*

Mortgagor's effective annual income [1]	Percentage distribution	Average							
		Mortgagor's annual income [1]	FHA valuation [2]	Mortgage principal	Total monthly mortgage payment [3]	Monthly taxes and assessments [4]	Total monthly housing expense [5]	Ratio FHA valuation to income	Mortgage as a percent of FHA valuation
Less than $1,500	0.3	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
$1,500 to $1,999	4.2	$1,771	$4,229	$3,271	$28.00	$4.84	$47.04	2.39	77.3
$2,000 to $2,499	10.4	2,276	4,900	3,828	33.02	5.66	50.17	2.15	78.1
$2,500 to $2,999	14.8	2,678	5,502	4,308	37.32	6.35	54.81	2.05	78.3
$3,000 to $3,499	19.3	3,100	5,891	4,630	40.97	6.73	57.83	1.90	78.6
$3,500 to $3,999	14.5	3,656	6,360	5,080	44.17	7.34	62.03	1.74	80.0
$4,000 to $4,999	13.8	4,439	6,904	5,553	48.14	8.23	68.07	1.57	79.7
$5,000 to $6,999	8.7	5,708	8,144	6,626	57.61	9.93	78.29	1.43	81.4
$7,000 to $9,999	3.5	8,003	9,389	7,884	70.11	12.44	93.57	1.17	84.0
$10,000 or more	1.5	13,675	13,200	10,262	91.84	18.05	121.78	.97	77.2
Total	100.0	3,640	6,217	4,936	43.25	7.34	61.47	1.71	79.4

[1] Based upon the FHA estimate of the earning capacity of the mortgagor that is likely to prevail during approximately the first third of the mortgage term.
[2] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[3] Includes monthly payment for the first year of mortgage to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items, 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 total monthly mortgage payment for first year of mortgage; estimated monthly cost of maintenance; regular operating expense items such as water, gas, electricity, and fuel for heating; expense for other home where borrower is occupying another house or apartment as owner or tenant; and monthly payment on secondary loan if mortgagor is a veteran of World War II who is financing home purchase with aid of an additional loan guaranteed by the Veterans' Administration.
[6] Data not significant.

TABLE 22.—*Average characteristics by age of principal mortgagor: Based on FHA-insured mortgages secured by new and existing single-family, owner-occupied homes, sec. 203, 1946*

Age of principal mortgagor	New homes						Existing homes					
	Percentage distribution	Mortgagor's effective income [1]	FHA valuation [2]	Mortgage principal	Total monthly mortgage payment [3]	Prospective monthly housing expense [4]	Percentage distribution	Mortgagor's effective income [1]	FHA valuation [2]	Mortgage principal	Total monthly mortgage payment [3]	Prospective monthly housing expense [4]
Less than 25 years	5.5	$3,104	$5,880	$5,036	$40.90	$57.03	4.7	$2,529	$5,027	$4,064	$34.46	$52.39
25 to 29 years	20.4	3,295	6,374	5,401	44.37	61.84	17.7	3,040	5,607	4,557	39.83	57.30
30 to 34 years	26.4	3,602	6,579	5,540	45.64	62.13	22.2	3,481	6,132	4,850	42.02	60.40
35 to 39 years	20.7	3,713	6,701	5,611	46.77	63.66	20.5	3,849	6,531	5,148	44.66	63.09
40 to 44 years	11.5	4,108	6,930	5,834	48.58	66.26	14.3	4,224	6,912	5,391	47.42	66.00
45 to 49 years	8.0	3,621	6,755	5,643	47.04	63.96	9.8	4,095	6,690	5,188	45.91	64.41
50 to 54 years	4.7	3,817	6,864	5,684	48.64	65.54	6.1	3,870	6,439	4,950	44.52	62.58
55 to 59 years	1.8	4,027	6,852	5,733	48.93	64.97	3.2	3,774	6,296	4,835	44.25	62.49
60 years or more	1.0	3,888	6,716	5,658	51.19	66.56	1.5	3,552	6,103	4,676	45.54	63.37
Total	100.0	3,619	6,545	5,553	46.06	63.04	100.0	3,640	6,217	4,936	43.25	61.47

[1] Based upon the FHA estimate of the earning capacity of the mortgagor that is likely to prevail during approximately the first third of the mortgage term.
[2] FHA property valuation includes valuation of the house, all other physical improvements, and land.
[3] Includes monthly payment for first year of mortgage to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items, if any.
[4] Includes total monthly mortgage payment for the first year; estimated monthly cost of maintenance; regular operating expense items such as water, gas, electricity, and fuel for heating; expense for other home where mortgagor is occupying another house or apartment as owner or tenant; and monthly payment on secondary loan if mortgagor is a veteran of World War II who is financing home-purchase with aid of an additional loan guaranteed by the Veterans' Administration.

A somewhat different situation is evident with respect to the mortgagors of existing properties. The largest proportion of these buyers was also in the 30 to 34 year group, but the median age was 36.3 years. A decline in median age for existing home mortgagors is evident since prewar periods, which may be attributed in part to the large number of veterans of World War II who purchased homes last year. In addition, as years pass, current purchases of existing homes include increasing numbers of the small homes completed in the years just prior to the war which are suitable for financing under the GI bill of rights and large enough to meet the housing needs of both typical veterans' families and other prospective young home owners. The proportion of the purchasers of existing homes who were less than 35 years of age increased from 33.7 percent of the total in 1945 to 44.6 percent in 1946—only about 8 percent less than the corresponding figure for new-home buyers. In 1939 and 1942, this difference was more than twice as large—17.0 percent in 1939 and 18.9 percent in the first year of the war.

As table 22 shows, the average FHA property valuation, amount of mortgage, and, consequently, total mortgage payment and prospective monthly housing expense assumed by mortgagors of new homes within any age group are somewhat higher than the obligation assumed by corresponding buyers of existing homes.

For both new and existing homes it is of interest that incomes, valuations, mortgage amounts, mortgage payments, and monthly housing expense increase from the lowest age group up to the age group of 40 to 44 years, with relatively small fluctuation in higher age classes. The total monthly mortgage payment for new home purchasers increases with the age of the borrower from $40.90 in the youngest-age group to $48.58 in the 40- to 44-year interval. It is approximately level for mortgagors between 40 and 59 years of age, increasing to $51.19 per month for home buyers 60 or more years old. The ratio of the average annual mortgage payment—12 times the monthly average of $46.06 shown in the table—to the mortgagor's effective income averages 15.3 percent. It varies between 14.2 percent and 16.2 percent in the several age intervals. The average prospective monthly housing expense follows the same general pattern as the average monthly mortgage payment—increasing with the borrower's age from $57.93 in the case of borrowers under 25 years old to $66.26 for the 40- to 44-year interval and remaining substantially level for the higher age groups. The average annual prospective housing expense represents 20.9 percent of the average income of $3,619. This ratio declines from 22.4 percent for mortgagors under 25 years of age to 19.4 percent for those mortgagors between 40 and 44 years of age. In the intervals above 45 years, it varies between 19.4 percent and 21.2 percent.

The average income in 1946 of the buyers of existing homes was $3,640—slightly higher than for the group purchasing new homes. By age distribution, the purchasers of existing homes who were between 35 and 54 years old had higher average incomes than the new home purchasers in the same age groups. The ratio of FHA property valuation to mortgagor's effective income varied from 1.99 in the lowest age bracket to a minimum of 1.63 in the age group between 45 and 49 years, with an over-all average of 1.71. The averages for monthly mortgage payment and prospective monthly housing expense vary with the age of the mortgagor in the same manner as previously discussed in connection with new home purchasers, with the average mortgage payment increasing from $34.46 to $47.42 per month, and prospective monthly housing expense from $52.39 to $66.09, as the age of the principal borrower increases from less than 25 to between 40 and 44 years. Both series level out or decrease slightly in the case of mortgagors aged 45 years or more. The ratio of the average annual mortgage payment to the borrower's income was 14.3 percent, or one percent less than the comparable new home ratio. There was somewhat more variation within the various age groups—from a minimum of 13.5 percent to a maximum of 16.4 percent—than was observed in the distribution based on purchases of new homes.

The ratio of average prospective annual housing expense to average effective income was 20.3 percent for existing homes—also slightly lower than the comparable ratio for new home buyers. The ratio varied between a maximum of 24.9 percent in the lowest age group to a minimum of 18.8 percent in the 40- to 44-year interval—again a somewhat greater range than that covered by the comparable new home figures.

RENTAL HOUSING MORTGAGE INSURANCE UNDER SECTION 207

During 1946 the Federal Housing Administration insured mortgages on large-scale rental housing projects under the terms of both section 207 of title II and section 608 of title VI. With the passage of the Veterans' Emergency Housing Act on May 22, 1946, practically all insurance of mortgages on new rental projects written after that date was under the amended provisions of section 608 of title VI. A discussion of operations under section 608 begins on page 71 of this report.

Under section 207, FHA insured, during 1946, 7 mortgages for

$2,509,977 on projects containing 694 dwelling units. These mortgages included refinancing mortgages for 5 existing projects and mortgages on 2 new projects containing 41 dwelling units and having mortgages totaling $224,000.

Insuring operations under section 207 during 1946 brought the cumulative total of large-scale rental housing mortgage insuring operations under title II, including section 210 as well as section 207, to $160,940,004 in 379 mortgages as of December 31, 1946 (table 23). In the 359 projects constructed with the aid of FHA-insured mortgages under this program, including 1 rehabilitation project, are 37,964 dwelling units.

Table 24 indicates the distribution of projects insured under section 207 by States, showing also the mortgages for which insurance had been terminated and the face amount of mortgages with insurance in force as of December 31, 1946. Mortgages have been insured under this program for projects in 37 States and the District of Columbia, with 74.5 percent of the amount of all mortgages insured accounted for by projects located in 8 States and the District of Columbia: New York, New Jersey, Pennsylvania, Maryland, the District of Columbia, and Virginia on the East Coast; Illinois and Missouri in the Midwest; and California on the Pacific Coast.

TABLE 23.—*Status of FHA rental housing mortgage insurance operations: Disposition of number and face amount of mortgage insurance applications under secs. 207 and 210, cumulative 1935–46*

Status of operations	Rental projects under secs. 207 and 210 [1]	
	Number	Amount
Net insurance outstanding	129	$52,453,827
Estimated amount amortized [2]		7,377,198
Face amount in force	129	59,831,025
Insurance terminated [2]	250	101,108,979
Face amount written [3]	379	160,940,004
Commitments outstanding	2	144,000
Net commitments issued	381	161,084,004
Commitments expired [4]	223	77,321,600
Gross commitments issued	604	238,405,604
Rejections [4]	809	638,378,484
Total applications processed	1,413	876,784,088
Applications in process		
Total applications received	1,413	876,784,088

[1] Sec. 210 under which practically all release-clause projects were insured was enacted Feb. 3, 1938, and repealed June 3, 1939.
[2] As reported by the Comptroller's Division.
[3] Includes 37,964 units in new and rehabilitation projects insured for $144,354,206.
[4] Excludes cases reopened.

TABLE 24.—*State distribution of FHA rental projects: Dwelling units and face amount of insurance written, terminated, and in force, sec. 207, as of Dec. 31, 1946*

Location of property	Insurance in force [1]			Terminated [2]			Total insurance written [3]		
	Number	Amount	Units	Number	Amount	Units	Number	Amount	Units
Alabama	1	$80,000	36	6	$1,293,700	331	7	$1,373,700	367
Arizona	1	125,000	44	1	69,000	21	2	194,000	65
Arkansas				1	320,000	190	1	320,000	190
California	3	2,961,000	762	12	6,398,063	2,426	15	9,359,063	3,188
Colorado	2	837,500	184	2	102,000	35	4	939,500	219
Connecticut	3	1,175,000	284	2	135,000	44	5	1,310,000	328
Delaware	2	711,219	179	1	340,000	78	3	1,051,219	257
District of Columbia	3	3,390,000	914	7	4,030,000	1,151	10	7,420,000	2,065
Florida	2	255,000	76	4	862,500	248	6	1,117,500	324
Georgia	3	631,000	166	3	785,000	230	6	1,416,000	396
Idaho									
Illinois	4	3,578,000	820	6	3,392,400	773	10	6,970,400	1,593
Indiana	6	1,643,000	409	7	1,023,250	258	13	2,666,250	667
Iowa				1	550,000	136	1	550,000	136
Kansas	1	38,000	12	0	565,941	161	10	603,941	173
Kentucky	1	1,000,000	265	1	1,000,000	265	2	2,000,000	530
Louisiana	2	556,097	151	3	752,500	185	5	1,308,597	336
Maine									
Maryland	12	4,808,943	1,395	11	7,393,100	1,924	23	12,202,043	3,319
Massachusetts	1	190,000	187	1	193,000	46	2	383,000	233
Michigan				12	2,959,900	792	12	2,959,900	792
Minnesota	2	2,090,312	486	8	2,895,800	696	10	4,986,112	1,182
Mississippi				1	34,000	12	1	34,000	12
Missouri	2	273,000	75	16	5,315,300	1,205	18	5,588,300	1,280
Montana									
Nebraska									
Nevada									
New Hampshire									
New Jersey	9	3,673,205	1,034	19	6,654,000	1,822	28	10,327,205	2,856
New Mexico									
New York	30	21,430,484	5,190	20	17,524,000	4,091	50	38,954,484	9,281
North Carolina	7	1,797,000	466	9	2,613,500	783	16	4,410,500	1,249
North Dakota									
Ohio				4	2,320,000	526	4	2,320,000	526
Oklahoma				8	461,750	132	8	461,750	132
Oregon				2	518,000	134	2	518,000	134
Pennsylvania	8	3,068,000	785	15	5,699,000	1,421	23	8,767,000	2,206
Rhode Island				1	114,000	36	1	114,000	36
South Carolina	4	1,000,000	290				4	1,000,000	290
South Dakota				1	117,500	46	1	117,500	46
Tennessee	4	1,647,000	418	3	137,850	30	7	1,784,850	448
Texas	6	1,170,575	292	18	3,407,825	892	24	4,578,400	1,184
Utah									
Vermont									
Virginia	8	1,302,690	382	30	19,076,000	5,495	38	20,378,690	5,877
Washington				2	1,119,400	315	2	1,119,400	315
West Virginia				1	650,000	174	1	650,000	174
Wisconsin	2	399,000	95	2	285,700	65	4	684,700	160
Wyoming									
Alaska									
Hawaii									
Total	129	59,831,025	15,397	250	101,108,979	27,178	379	160,940,004	42,575

[1] Includes 16 projects (372 units) for $1,220,400 insured under sec. 210.
[2] As reported by the Comptroller's Division. Includes 50 terminated release clause projects (1,254 units) originally insured under sec. 207 and 210 for $4,579,760.
[3] Includes 37,964 units in new and rehabilitation projects insured for $144,354,206.

Life insurance companies have been by far the most active lending institutions in the financing of section 207 mortgages, accounting for about 1 out of every 2 mortgages and 6 out of every 10 mortgage dollars on which insurance has been written. Similarly, of the mortgages with insurance in force at the end of 1946, life insurance companies held 6 out of every 10 in number and 62.4 percent of the face amount. The participation of the various types of lending institutions in the financing of section 207 projects is shown in table 25.

As indicated in table 25, mortgage insurance contracts had been terminated, as of the end of 1946, for 250 projects with 27,178 dwelling units and mortgages of $101,108,979, leaving in force insurance on mortgages totaling $59,831,025 on 129 projects. Of the 250 mortgages on which insurance had been terminated at the close of 1946,

TABLE 25.—*Types of institutions: Face amount of rental housing* [1] *insurance in force and of insurance written by FHA under secs. 207 and 210, as of Dec. 31, 1946*

Type of lending institution	Number of institutions	Volume of mortgages			
		Number	Amount	Units	Percent [2]
Insurance in force					
National bank	6	6	$271,200	121	0.4
State bank	7	11	3,238,219	839	5.4
Mortgage company	2	2	1,411,000	379	2.4
Savings and loan association	2	4	524,000	175	.9
Life insurance company	18	78	37,308,122	9,705	62.4
Insurance company (other than life)	1	1	800,000	202	1.3
Finance company					
Savings bank	8	17	10,682,484	2,600	17.8
Federal agency	1	1	35,000	10	.1
All other	3	9	5,561,000	1,366	9.3
Total	48	129	59,831,025	15,397	100.0
Insurance terminated					
Prepaid in full	60	205	75,432,679	20,500	75.4
Prepaid with supersession	8	12	7,039,000	2,018	7.4
Acquired by mortgagee	7	7	1,406,900	348	1.3
Acquired by FHA [3]	14	17	12,752,100	3,033	11.2
Mortgage assigned to FHA [4]	1	1	3,000,000	1,102	4.1
Other terminations	8	8	578,300	177	.6
Total		250	101,108,979	27,178	100.0
Insurance written					
National bank	18	37	4,591,400	1,330	2.9
State bank	16	26	7,101,869	1,916	4.4
Mortgage company	13	14	1,991,750	534	1.2
Savings and loan association	5	8	932,300	286	.6
Life insurance company	26	212	98,381,876	26,483	61.1
Insurance company (other than life)	1	1	800,000	202	.5
Finance company	1	1	200,000	51	.1
Savings bank	12	24	13,561,484	[illegible],300	8.4
Federal agency	3	25	18,949,500	4,955	11.8
All other	4	31	14,429,825	3,518	9.0
Total [5]	99	379	160,940,004	42,575	100.0

[1] Includes release clause projects.
[2] Based on amount of mortgages.
[3] Includes 1 project acquired and sold by FHA, 9 projects acquired and sold with mortgage held by FHA and 7 projects acquired and sold by FHA with reinsurance.
[4] Sold with reinsurance.
[5] Includes 37,964 units in new and rehabilitation projects insured for $144,354,206.

there were 24 on which insurance was terminated following acquisition of title by mortgagees and one mortgage assigned to the FHA in lieu of foreclosure and transfer of title. Titles to 17 of these projects, in addition to the mortgage note assigned to FHA, had been transferred to FHA in exchange for debentures in accordance with the terms of the insurance contracts. The financial experience of the FHA with these projects and the mortgage note assigned is described in detail in financial statements 14 and 15 (pages 110 and 111).

Of the remaining 225 mortgages for which insurance contracts had been terminated by December 31, 1946, 205 were prepaid in full without FHA-insured refinancing, and 12 were refinanced with new mortgage loans insured by FHA.

HOME MORTGAGE INSURANCE UNDER SECTION 603 OF TITLE VI

In the 12 months ending December 31, 1946, the Federal Housing Administration insured mortgages secured by one- to four-family homes under the provisions of section 603 of title VI as well as under section 203 of title II. A description of operations during the year under section 203 begins on page 27.

A total of 14,034 mortgages amounting to $74,652,600 and involving 15,676 dwelling units were insured by the FHA during 1946 under section 603. This brought the cumulative total of mortgages insured under this section as of the year end to 350,741 mortgages with a total mortgage amount of $1,618,868,592.

Status of Operations

Table 26 shows the status of insuring operations under section 603 through December 31, 1946. Of the 486,203 applications for mortgage insurance received under this section of the act, the FHA had issued firm or conditional commitments to insure 440,334, or over 90 percent.

During the period from 1941 through 1946, the Federal Housing Administration insured 350,741 mortgages for a total amount of $1,618,868,592 under the War Housing and Veterans Emergency Housing Programs of section 603 of the National Housing Act. Included in the mortgages insured under section 603 are 10,337 mortgages reinsured. The total insurance under this section as of December 31, 1946, which is chargeable against the $2,800,000,000 [1] insurance authorization under title VI is $1,850,923,402.

In the same period, more than 79,000 of these insured mortgages were terminated, and the estimated amortization of the 271,319 mortgages covered by insurance in force at the end of 1946 had

[1] Increased to $3,800,000,000 January 29, 1947, by action of the President in accordance with the provisions of sec. 603 (a) of the National Housing Act, as amended.

TABLE 26.—*Status of FHA mortgage insurance operations: Disposition of number and face amount of all 1- to 4-family home mortgage insurance applications under sec. 603 of title VI, cumulative 1941–46*

Status of insuring operations	Sec. 603 home mortgages	
	Number	Amount
Net insurance outstanding	271, 319	$1, 201, 649, 106
Estimated amount amortized [1]		59, 846, 911
Face amount in force	271, 319	1, 261, 496, 017
Insurance terminated [1]	79, 422	357, 372, 575
Face amount written	350, 741	1, 618, 868, 592
Firm commitments outstanding	39, 168	(2)
Net firm commitments issued	389, 909	(2)
Firm commitments expired [3]	40, 952	(2)
Gross firm commitments issued	430, 861	(2)
Conditional commitments outstanding	9, 249	(2)
Conditional commitments expired [3]	224	(2)
Total commitments issued	440, 334	(2)
Rejections and withdrawals [3]	40, 815	(2)
Total applications processed	481, 149	(2)
Applications in process of examination	5, 054	(2)
Total applications for insurance	486, 203	

[1] As reported by the Comptroller's Division.
[2] Not available.
[3] Excludes cases reopened.

reduced the net amount of insurance outstanding to about $1,201,-649,106, or approximately $162,000,000 less than at the end of 1945.

The status of the title VI insurance fund, covering both section 603 and section 608, and details of FHA operations involving this fund are presented on pages 100 to 102 in part III, Accounts and Finance.

State Distribution of Section 603 Home Mortgages

Under this section, as indicated in table 27, FHA has insured mortgages secured by one- to four-family homes located in each of the 48 States, the District of Columbia, and Hawaii. The States with the largest dollar amounts of small-home mortgages insured under this section of the act are, in order, California, $333,841,800; Michigan, $125,624,650; Texas, $106,173,725; Illinois, $82,786,300; Ohio, $81,030,150; Pennsylvania, $80,104,800; Washington, $63,921,300; and Virginia, $54,409,188.

Properties located in these eight States secured 57.3 percent of the total amount of the mortgages insured by the FHA under section 603 through December 31, 1946. The high dollar volumes of section 603 insured mortgages for these States reflect the high demand for housing for war workers in these areas. This is particularly true in the case of Texas, Washington, and Virginia, which are not included in the group of States with the largest dollar volumes of mortgages insured under section 203, as listed on page 28.

TABLE 27.—*State distribution of small-home mortgages: Number and face amount of 1- to 4-family home mortgages insured by FHA under section 603, cumulative 1941–46*

State location of property	1- to 4-family home mortgages	
	Number	Amount
Alabama	6, 318	$27, 515, 200
Arizona	1, 031	4, 169, 400
Arkansas	2, 713	10, 674, 800
California	74, 274	333, 841, 800
Colorado	2, 457	11, 404, 700
Connecticut	6, 546	31, 605, 800
Delaware	2, 202	10, 983, 150
District of Columbia	1, 939	13, 056, 200
Florida	11, 446	47, 958, 440
Georgia	8, 506	38, 240, 550
Idaho	230	1, 177, 200
Illinois	16, 058	82, 786, 300
Indiana	8, 616	41, 214, 850
Iowa	1, 475	6, 085, 650
Kansas	6, 203	28, 584, 500
Kentucky	2, 404	10, 828, 350
Louisiana	7, 064	36, 579, 574
Maine	921	4, 375, 400
Maryland	9, 247	45, 165, 400
Massachusetts	1, 921	8, 608, 685
Michigan	25, 335	125, 624, 650
Minnesota	1, 881	8, 473, 800
Mississippi	1, 487	5, 599, 650
Missouri	4, 798	21, 016, 450
Montana	168	1, 603, 350
Nebraska	3, 784	16, 001, 930
Nevada	1, 510	6, 736, 500
New Hampshire	99	$468, 650
New Jersey	8, 949	40, 610, 450
New Mexico	1, 016	4, 416, 150
New York	8, 716	41, 885, 550
North Carolina	3, 220	13, 389, 600
North Dakota	16	91, 400
Ohio	16, 204	81, 030, 150
Oklahoma	7, 630	33, 757, 700
Oregon	3, 770	17, 032, 350
Pennsylvania	16, 686	80, 104, 800
Rhode Island	928	4, 673, 800
South Carolina	3, 554	14, 268, 700
South Dakota	197	1, 098, 750
Tennessee	5, 830	24, 747, 150
Texas	27, 330	106, 173, 725
Utah	5, 666	26, 902, 050
Vermont	189	744, 650
Virginia	11, 451	54, 409, 188
Washington	13, 929	63, 921, 300
West Virginia	987	4, 323, 700
Wisconsin	2, 936	14, 438, 200
Wyoming	654	3, 138, 100
Alaska		
Hawaii	232	1, 240, 200
Puerto Rico		
Total [1]	350, 741	1, 618, 868, 592

[1] Including 2,210 mortgages for $13,380,700 insured under the terms of amendments to title VI enacted May 22, 1946.

Types of Institutions Originating, Transferring, or Holding Mortgages

Between March 1941, when mortgage insurance under section 603 was initiated, and December 1946, 1,797 individual financial institutions originated mortgages insured by the FHA under this section of the act. Table 28 shows the distribution of these institutions by type and the dollar amount of insured mortgages originated by each type. Savings and loan associations are the largest group of individual institutions, 484 in number, closely followed in rank by State banks whose number reached 442 at the close of 1946. National banks ranked third with 358. The largest amount of insured mortgages was originated by mortgage companies with $483,681,400, or almost 30 percent of the total. National banks were second with $310,368,-638, or 19 percent of the total. State banks, insurance companies, and savings and loan associations have each originated between $216,000,000 and $240,000,000, or from 13 to 15 percent of the total.

TABLE 28.—*Type of institution originating mortgages: Face amount of insurance written by FHA, sec. 603,[1] 1941–46*

Type of institution	Number of institutions	Mortgages originated		
		Number	Amount	Percentage distribution [2]
National bank	358	68,237	$310,308,638	19.2
State bank	442	50,975	239,520,129	14.8
Mortgage company	241	102,758	483,681,400	29.9
Insurance company	180	50,363	225,875,275	13.0
Savings and loan association	484	45,521	216,778,300	13.4
Savings bank	68	9,892	44,581,250	2.7
All other [3]	24	22,995	98,063,600	6.1
Total	1,797	350,741	1,618,868,592	100.0

[1] Includes war and veterans' emergency housing cases.
[2] Based on amount of mortgage.
[3] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc

A total of 422 lending institutions participated in the secondary market sales of section 603 insured mortgages in the 12 months ending December 31, 1946. These mortgages, with original face amounts totaling $119,941,000; were purchased by 689 mortgagees. The dollar amount of these mortgages transferred in 1946 represented 9.5 percent of the face amount of section 603 mortgages in force at the year end. In many cases, the originating institution continues the collection of the monthly payments and essential servicing of these mortgages as agent for the purchasers of the individual mortgages. As shown in table 29, mortgage companies sold just under 34 percent of the total amount of mortgages sold, and the amount involved, $40,524,000, was more than 50 percent greater than the sales by State banks, which rank second in the amount of section 603 FHA-insured mortgages sold. State banks accounted for approximately 21 percent of the total and Federal agencies 17 percent. Sales of $20,920,000 in mortgages by Federal agencies reduced the holdings of these agencies at the year end to less than $3,800,000, as indicated in table 30.

TABLE 29.—*Types of institutions purchasing and selling FHA-insured mortgages: Face amount of mortgages transferred (including resales), sec. 603,[1] 1946*

Type of institution	Number of institutions		Mortgages purchased			Mortgages sold		
	Purchasing	Selling	Number	Amount	Percentage distribution [2]	Number	Amount	Percentage distribution [2]
National bank	201	83	3,730	$17,109,300	14.3	2,181	$10,341,050	8.6
State bank	259	94	7,872	35,392,800	29.5	5,433	25,604,200	21.4
Mortgage company	36	133	1,483	7,360,000	6.1	8,066	40,524,000	33.8
Insurance company	115	54	9,209	45,145,500	37.6	1,504	7,115,500	5.9
Savings and loan association	40	38	539	3,032,650	2.5	1,732	8,569,500	7.2
Savings bank	24	5	1,698	8,464,150	7.1	171	825,850	.7
Federal agency	1	1	165	606,400	.5	4,917	20,920,050	17.4
All other [3]	13	14	658	2,830,000	2.4	1,359	6,041,250	5.0
Total	689	422	25,363	119,941,400	100.0	25,363	119,941,400	100.0

[1] Includes war and veterans' emergency housing cases.
[2] Based on amount of mortgage.
[3] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.

The largest buyers of these mortgages during the year were insurance companies, whose purchases of $45,145,500 accounted for approximately 38 percent of the total transferred. They were followed, in order, by State banks with $35,392,800 and national banks with $17,109,300 in amounts of mortgages purchased.

A tabulation of the face amount of section 603 insured mortgages held in the portfolios of some 2,750 approved mortgagees on December 31, 1946, is presented in table 30. The 213 insurance companies holding these mortgages accounted for $505,581,525 or slightly over 40 percent of the amount held by all institutions. National banks were second, with 766 institutions holding 20 percent of the total; and State banks were in third place with almost 16 percent of total mortgage amounts held by 1,003 institutions.

Terminations, Foreclosures, and Delinquencies

In the year ending December 31, 1946, a total of 54,174 mortgages insured under section 603 were terminated by prepayment in full, prepayment by supersession of the original mortgage with a new insured mortgage, cancellation of insurance by the FHA, or foreclosure of the mortgage. As shown in table 31, this increased the cumulative number of terminations from 25,248 (7.5 percent of the total number of insured cases) at the end of 1945 to 79,422 or 22.6 percent of the total number insured since the initiation of section 603 in March 1941.

TABLE 30.—*Types of institutions holding FHA-insured mortgages: Face amount of mortgages held, sec. 603,[1] as of Dec. 31, 1946*

Type of institution	Number of institutions	Mortgages held in portfolio as of Dec. 31, 1946		
		Number	Amount	Percentage distribution [2]
National bank	766	54,828	$250,121,356	20.1
State bank	1,003	41,858	195,103,950	15.6
Mortgage company	137	3,326	16,189,425	1.3
Insurance company	213	111,140	505,581,525	40.5
Savings and loan association	490	27,070	131,439,100	10.5
Savings bank	101	23,416	115,510,300	9.3
Federal agency	1	844	3,787,150	.3
All other [3]	39	6,663	29,730,850	2.4
Total	2,750	269,163	[4] 1,247,403,656	100.0

[1] Includes war and veterans' emergency housing cases.
[2] Based on amount of mortgage.
[3] Includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[4] Less than face amount in force by estimated amount of mortgages in process of audit and in transit from field offices as of Dec. 31, 1946.

Included in the terminations during 1946 were 797 cases in which titles were acquired by the mortgagees through the completion of foreclosure proceedings, a decrease of 1,336 cases from the comparable figure for 1945. However, the ratio of the cumulative number of titles acquired to the total number of insured mortgages increased to 1.86 percent. Fifty potential foreclosures were reported at the year end, 0.02 percent of the total mortgages in force.

TABLE 31.—*Trend of terminations, titles acquired by mortgagees, and potential foreclosures: 1- to 4-family home mortgages insured by FHA, sec. 603, 1941–46*

Year	Terminations [1]			Titles acquired by mortgagees [2]			Potential foreclosures at end of year	
	Number for the year	Cumulative through end of year		Annual increase	Cumulative through end of year			
		Number	Percent of total insured		Number	Percent of total insured	Number	Percent of insured mortgages in force
1941								
1942	812	812	1.12	1	1	(3)	160	0.22
1943	3,250	4,062	2.18	841	842	0.45	173	.09
1944	8,207	12,269	4.28	2,762	3,604	1.26	751	.27
1945	12,979	25,248	7.50	2,133	5,737	1.70	827	.27
1946	54,174	[4] 70,422	22.64	797	6,534	1.86	50	.02

[1] Include terminations of mortgage insurance after acquisition of titles by mortgagees.
[2] Include titles transferred to FHA and those retained by the mortgagees with termination of mortgage insurance, and titles to 57 foreclosed properties which are subject to redemption or held by mortgagees pending final disposition.
[3] Less than 0.005 percent.
[4] Upon termination of the original insurance contract, 15,505 new mortgages involving the same properties were insured by the FHA.

State Distribution of Terminations and Titles Acquired

The State distribution of terminations and titles acquired, their relationship to the total number of cases insured under section 603, and the number of insured mortgages in force under section 603 as of the year end are presented in table 32. The ratio of total terminations for all States to the total number of mortgages insured is 22.6 percent, ranging from no terminations in North Dakota to 45.4 percent in West Virginia. Fourteen States reported termination ratios above 30 percent, while 10 States and Hawaii had ratios of less than 15 percent. The 6,534 titles acquired by mortgagees include 57 properties which have been foreclosed subject to redemption or pending the mortgagees' final decision to transfer title to FHA in exchange for debentures or to retain title in accordance with the terms of mortgage insurance. In 2 States, West Virginia and Connecticut, approximately 1 of every 4 cases insured had resulted in a foreclosure with acquisition of title by the mortgagee. In only 4 other States did this ratio exceed 5 percent, while in a majority of States it was less than 1 percent.

TABLE 32.—*State distribution of terminations and titles acquired by mortgagees: 1- to 4-family home mortgages insured by FHA under sec. 603, 1941–46*

Location of property	Total mortgages insured	Terminations [1]				Insured mortgages in force December 1946
		Number		As a percent of mortgages insured		
		Total	Titles acquired [2]	Total	Titles acquired	
Alabama	6,318	716	255	11.33	4.04	5,602
Arizona	1,031	102		18.62		839
Arkansas	2,713	859		31.66		1,854
California	74,274	15,570	1	20.96	(3)	58,704
Colorado	2,457	483		19.66		1,974
Connecticut	6,546	2,418	1,590	36.94	24.29	4,128
Delaware	2,202	492		22.34		1,710
District of Columbia	1,939	443		22.85		1,496
Florida	11,446	1,295	2	11.31	.02	10,151
Georgia	8,506	1,639	41	19.27	.48	6,867
Idaho	239	5		2.09		234
Illinois	16,058	3,572	4	22.24	.02	12,486
Indiana	8,616	2,252	10	26.14	.12	6,364
Iowa	1,475	582	146	39.46	9.90	893
Kansas	6,203	1,977	78	31.87	1.26	4,226
Kentucky	2,404	652	1	27.12	.04	1,752
Louisiana	7,064	2,233	238	31.61	3.37	4,831
Maine	921	161	2	17.48	.22	760
Maryland	9,247	3,274	892	35.41	9.65	5,973
Massachusetts	1,921	631	2	32.85	.10	1,290
Michigan	25,335	3,720	669	14.72	2.64	21,606
Minnesota	1,881	583	1	30.99	.05	1,298
Mississippi	1,487	354		23.81		1,133
Missouri	4,798	1,480	175	30.85	3.65	3,318
Montana	168	32		19.05		136
Nebraska	3,784	1,365	106	36.07	2.80	2,419
Nevada	1,510	183		12.12		1,327
New Hampshire	99	36		36.36		63
New Jersey	8,949	2,398	115	26.80	1.29	6,551
New Mexico	1,016	160		15.75		856
New York	8,716	1,927	311	22.11	3.57	6,789
North Carolina	3,220	792		24.60		2,428
North Dakota	16					16
Ohio	16,204	4,751	68	29.32	.42	11,453
Oklahoma	7,630	1,890	202	24.77	2.65	5,740
Oregon	3,770	680	1	18.04	.03	3,090
Pennsylvania	16,686	4,814	12	28.85	.07	11,872
Rhode Island	928	130		14.06		792
South Carolina	3,554	298	1	8.38	.03	3,256
South Dakota	197	45		22.84		152
Tennessee	5,839	782	15	13.39	.26	5,057
Texas	27,330	5,067	68	18.54	.25	22,263
Utah	5,666	940	380	16.59	6.71	4,726
Vermont	189	49	9	25.93	4.76	140
Virginia	11,451	3,504	731	30.60	6.38	7,947
Washington	13,929	2,444	136	17.55	.98	11,485
West Virginia	987	448	272	45.39	27.56	539
Wisconsin	2,936	1,035		35.25		1,901
Wyoming	654	29		4.43		625
Alaska						
Hawaii	232	25		10.78		207
Puerto Rico						
Total	350,741	70,422	6,534	22.64	1.86	271,319

[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 57 foreclosed properties which are subject to redemption or held by mortgagees pending final disposition.
[3] Less than 0.005 percent.

A total of 271,319 mortgages insured under section 603 were in force December 31, 1946, including 58,704, or 21.6 percent, with properties securing the mortgages located in California, 22,263 or 8.2 percent in Texas, and 21,606 or 8 percent in Michigan. More than a third of the total section 603 insured mortgages in force at the year end were secured by properties in these 3 States.

CHARACTERISTICS OF MORTGAGES AND HOMES FOR SMALL-HOME MORTGAGES UNDER SECTION 603 VETERANS' EMERGENCY HOUSING PROGRAM, 1946

The yearly trends of selected characteristics of the mortgages and properties involved in FHA mortgage insurance under section 603 War Housing Program for each year from 1941 through 1945 and under the Veterans' Emergency Housing Program in 1946 are shown in table 33.[1] The typical home securing the mortgages for which firm commitments to insure under this section of the National Housing Act were issued during 1946 was a single-family structure containing 5.2 rooms. The estimated necessary current cost of such a home, including in 40 percent of the cases a garage as well as all other physical improvements and land, was $7,860, of which the land valuation accounted for $1,071, or nearly 14 percent. The estimates of the monthly rental value for such a property averaged approximately $61. The median mortgage principal was $6,733, the average loan representing 84.3 percent of the average necessary current cost. Repayment of the loan was expected to involve, over a period of slightly more than 24 years, a total monthly payment of $48.19, covering principal, interest, mortgage insurance premium, hazard insurance premium, taxes and special assessments, and ground rent and other miscellaneous items, if any.

Table 33 also shows the changes which have occurred in the characteristics of the mortgages and homes covered by commitments to insure new single-family homes under section 603 for each year since 1941. While the variations throughout the war period in restrictions on construction, in maximum mortgage amounts eligible for title VI insurance, and in availability of scarce materials have influenced the year-to-year changes in the characteristics of section 603 cases, certain comparisons are possible between operations under section 603 in the Veterans' Emergency Housing Program in 1946 and under the war housing provisions of section 603.

[1] The characteristics of the mortgages and homes for small-home mortgages insured under sec. 603, Veterans' Emergency Housing Program in 1946 are analyzed on the basis of a sample of approximately 15,000 firm commitments to insure new home mortgages which were issued during the months of July, September, and November 1946.

TABLE 33.—*Yearly trend of characteristics of mortgages and homes: Based on FHA firm commitments to insure mortgages secured by new single-family homes under sec. 603, 1941–46* [1]

Year	Mortgage principal [2 3]	Duration in years [4 5]	Loan as a percent of FHA value [6]	1-family as a percent of 1- to 4-family	Total monthly payment [3 7]
1941	$3,633	20.0	88.7	97.2	$34.41
1942	4,110	24.4	80.4	93.1	33.22
1943	4,606	24.6	80.8	87.9	35.73
1944	4,955	24.7	89.7	95.8	37.42
1945	5,334	24.6	80.3	94.3	38.68
1946	6,733	24.2	84.3	94.1	48.19
	FHA property valuation [3 8]	**Land valuation [4 9]**	**Number of rooms [3 10]**	**Percent with garages**	**Monthly rental value [4 11]**
1941	$4,058	$439	4.0	69.7	([12])
1942	4,689	517	4.9	52.5	$44.24
1943	5,168	503	[13] 5.0	[14] 11.6	46.73
1944	5,514	589	[13] 5.1	[14] 22.3	48.20
1945	5,914	623	5.4	[14] 24.6	50.02
1946	7,860	1,071	5.2	40.8	60.81

[1] Data for 1941–45 are based on war housing cases; 1946 data are based on veterans' emergency housing cases.

[2] The maximum amount of mortgage principal for a single-family home was $4,000 from date of enactment, Mar. 28, 1941, until May 26, 1942, and $5,400 from that date until May 22, 1946. Under the amendment of May 22, 1946, the FHA Commissioner is authorized to increase this maximum to $8,100 when/where, in his discretion, cost levels so require.

[3] Data shown are medians.

[4] Data shown are averages (arithmetic means).

[5] An amendment effective May 26, 1942, increased the maximum term from 20 to 25 years.

[6] Based on arithmetic means.

[7] Includes monthly payment for first year of mortgage to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items, if any.

[8] FHA property valuation includes valuation of the house, all other physical improvements, and land. The 1946 data are based on FHA estimates of the necessary current cost of the property.

[9] The value of the land is estimated by the FHA as including rough grading, terracing, and retaining walls, if any.

[10] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.

[11] The monthly rental value, estimated at the time of property valuation, is the average monthly amount which could currently be obtained competitively in the market for typical year-around tenant-occupancy of the premises, unfurnished, excluding any premium obtainable because of local housing shortages or newness of the individual property.

[12] Data not available.

[13] Estimated.

[14] The construction of a garage (other than in a basement) was not permitted by the interpretations of the war housing standards of Jan. 21, 1943. The amendment of Sept. 22, 1943, continued serious restrictions which were modified in October 1944, and removed in October 1945.

Marked increases were apparent in 1946 in the typical mortgage principal, total monthly payment, property and land valuations (necessary current cost in 1946), and monthly rental value. Also, the ratio of the average loan to the average FHA valuation, or necessary current cost, declined to 84.3 percent—5 percent less than for the typical case in 1945. The 26 percent increase in the median mortgage principal was possible because of the increased maximum mortgage permissible under the amendments to the National Housing Act of May 22, 1946. These amendments provide that the Commissioner may insure mortgages up to $8,100 for single-family dwellings in localities where he finds it is not feasible, within the limits of the $5,400 maximum which had been in effect since May 26, 1942, to construct dwellings without sacrifice of sound standards of construction, design, or livability. The median necessary current cost of $7,860 reported for 1946 represents an increase of nearly one-third over the section 603 median property valuation of $5,914 in 1945, when the maximum insurable mortgage was $5,400.

Mortgage Principal

Table 34 indicates the distribution by mortgage amounts of firm commitments issued with respect to new single-family homes during 1946 under the Veterans' Emergency Housing Program of section 603 and annually from 1941 through 1945 under the wartime provisions of section 603. In 1946 more than 86 percent of the commitments for new single-family dwellings under section 603 were for mortgage amounts of $5,500 or more, with 70 percent of the total between $6,000 and $7,999. In contrast to the distributions from 1942 through 1945, when the maximum insurable mortgage amount for single-family homes was $5,400, only 13.4 percent of the section 603 firm commitments for single-family houses under the Veterans' Emergency Housing Program in 1946 were for mortgage amounts below $5,500.

It may be noted in table 34 that the average mortgage principal for firm commitments in section 603 operations has increased from $3,491 in 1941, when $4,000 was the maximum permitted, to $5,053 in 1945, when mortgages might be insured up to $5,400, and to $6,619 under the Veterans' Emergency Housing Program operations of 1946. The 1946 average of $6,619 exceeds the 1945 average figure by nearly 31 percent.

Mortgage Payment

In 1946 firm commitments to insure mortgages on new single-family homes under the Veterans' Emergency Housing Program of section 603 provided for total monthly mortgage payments averaging $48.11, which included monthly payments for the first year of the mortgage to principal, interest, FHA mortgage insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items, if any. As shown in table 35, nearly 15 percent of the commitments provided for total monthly payments of less than $40 while 44 percent were between $40 and $50 and 37.5 percent were between $50 and $60. The distribution of monthly payments for firm commitments issued in 1946 is significantly higher than distributions for the war years, when mortgage amounts insurable under section 603 were limited to a maximum of $5,400 for single-family dwellings. Table 36 shows the range of these monthly payments for various mortgage principal amounts approved in firm commitments issued in 1946.

The typical total monthly mortgage payment under section 603 in 1946 reflected the increased mortgage principal, as well as a reduction in the maximum interest rate permitted. The median of $48.19 re-

TABLE 34.—*Amount of mortgage principal: Based on FHA firm commitments to insure mortgages secured by new single-family homes under sec. 603, 1941–46* [1]

Mortgage principal [2]	Percentage distribution					
	1946	1945	1944	1943	1942	1941
Less than $2,000	------	------	(3)	------	------	0.3
$2,000 to $2,499	------	------	(3)	0.1	0.2	2.5
$2,500 to $2,999	------	0.4	1.1	1.1	1.7	13.2
$3,000 to $3,499	(3)	1.6	1.2	7.0	9.0	27.5
$3,500 to $3,999	0.3	2.3	12.4	14.2	23.4	29.9
$4,000 to $4,499	1.1	11.8	15.5	20.7	36.3	26.6
$4,500 to $4,999	3.3	12.0	22.4	25.0	13.3	------
$5,000 to $5,499	8.7	71.3	47.4	31.9	16.1	------
$5,500 to $5,999	10.2	------	------	------	------	------
$6,000 to $6,999	36.2	------	------	------	------	------
$7,000 to $7,999	33.7	------	------	------	------	------
$8,000 to $8,100	6.5	------	------	------	------	------
Total	100.0	100.0	100.0	100.0	100.0	100.0
Average mortgage principal	$6,619	$5,053	$4,764	$4,522	$4,199	$3,491

Mortgage principal [2]	Percentage cumulation					
	1946	1945	1944	1943	1942	1941
Less than $2,000	------	------	(3)	------	------	0.3
Less than $2,500	------	------	(3)	0.1	0.2	2.8
Less than $3,000	------	0.4	1.1	1.2	1.9	16.0
Less than $3,500	(3)	2.0	2.3	8.2	10.9	43.5
Less than $4,000	0.3	4.3	14.7	22.4	34.3	73.4
Less than $4,500	1.4	16.1	30.2	43.1	70.6	100.0
Less than $5,000	4.7	28.7	52.6	68.1	83.9	------
Less than $5,500	13.4	100.0	100.0	100.0	100.0	------
Less than $6,000	23.6	------	------	------	------	------
Less than $7,000	59.8	------	------	------	------	------
Less than $8,000	93.5	------	------	------	------	------
$8,100 or less	100.0	------	------	------	------	------
Median mortgage principal	$6,733	$5,334	$4,955	$4,606	$4,110	$3,633

[1] Data for 1941–45 are based on war housing cases; 1946 data are based on veterans' emergency housing cases.

[2] The maximum amount of mortgage principal for a single-family home was $4,000 from date of enactment, Mar. 28, 1941, until May 26, 1942, and $5,400 from that date until May 22, 1946. Under the amendment of May 22, 1946, the FHA Commissioner is authorized to increase this maximum to $8,100 when/where, in his discretion, cost levels so require.

[3] Less than 0.05 percent.

TABLE 35.—*Total monthly mortgage payment: Based on FHA firm commitments to insure mortgages secured by new single-family homes under sec. 603, 1941–46* [1]

Total monthly mortgage payment [2]	Percentage distribution [3]					
	1946	1945	1944	1943	1942	1941
Less than $20	(4)	(4)	0.4	0.3	0.2	0.4
$20 to $24.99	(4)	0.8	.9	2.6	3.7	3.8
$25 to $29.99	0.3	2.4	10.5	14.7	20.2	16.3
$30 to $34.99	2.6	8.9	20.1	28.3	40.3	33.5
$35 to $39.99	11.6	51.6	37.4	28.3	24.3	38.9
$40 to $44.99	20.4	34.5	25.5	19.2	0.7	7.0
$45 to $49.99	23.5	1.8	5.1	6.5	1.5	.1
$50 to $54.99	15.9	------	.1	.1	.1	(4)
$55 to $59.99	21.6	------	(4)	(4)	(4)	(4)
$60 to $69.99	3.5	------	------	------	------	------
$70 or more	.6	------	------	------	------	------
Total	100.0	100.0	100.0	100.0	100.0	100.0
Average payment	$48.11	$38.27	$36.55	$35.27	$33.04	$33.39

Total monthly mortgage payment	Percentage cumulation [3]					
	1946	1945	1944	1943	1942	1941
Less than $20	(4)	(4)	0.4	0.3	0.2	0.4
Less than $25	(4)	0.8	1.3	2.9	3.9	4.2
Less than $30	0.3	3.2	11.8	17.6	24.1	20.5
Less than $35	2.9	12.1	31.9	45.9	64.4	54.0
Less than $40	14.5	63.7	69.3	74.2	88.7	92.9
Less than $45	34.9	98.2	94.8	93.4	98.4	99.9
Less than $50	58.4	100.0	99.9	99.9	99.9	100.0
Less than $55	74.3	------	100.0	100.0	100.0	------
Less than $60	95.9	------	------	------	------	------
Less than $70	99.4	------	------	------	------	------
All groups	100.0	100.0	100.0	100.0	100.0	100.0
Median payment	$48.19	$38.68	$37.42	$35.73	$33.22	$34.41

[1] Data for 1941–45 are based on war housing cases; data for 1946 are based on veterans' emergency housing cases.
[2] Includes monthly payment for first year of mortgage to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and ground rent and miscellaneous items, if any.
[3] An amendment to sec. 603, effective May 26, 1942, increased the maximum permissible mortgage principal for a single-family home from $4,000 to $5,400 and the maximum term from 20 to 25 years. Under the amendment of May 22, 1946, the FHA Commissioner is authorized to increase this maximum to $8,100 when/where, in his discretion, cost levels so require.
[4] Less than 0.05 percent.

ported in 1946 was nearly 25 percent greater than the $38.68 reported in the preceding year. The reduction in maximum interest rates from 4½ percent to 4 percent as provided in the Veterans' Emergency Housing amendments to title VI on May 22, 1946, was more than offset by the higher mortgage principal insured during 1946.

TABLE 36.—*Total monthly mortgage payment by mortgage principal: Based on FHA firm commitments to insure mortgages secured by new single-family homes under sec. 603, 1946.*

Mortgage principal	Percentage distribution	Median payment	Percentage distribution of total monthly mortgage payment [1]										
			Less than $25	$25 to $29.99	$30 to $34.99	$35 to $39.99	$40 to $44.99	$45 to $49.99	$50 to $54.99	$55 to $59.99	$60 to $69.99	$70 or more	Total
Less than $3,500	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
$3,500 to $3,999	0.3	$27.76	2.2	86.6	4.5	4.5	------	2.2	------	------	------	------	100.0
$4,000 to $4,499	1.1	32.02	------	6.3	75.0	17.5	0.6	------	0.6	------	------	------	100.0
$4,500 to $4,999	3.3	36.46	------	------	41.2	30.2	22.8	5.8	------	------	------	------	100.0
$5,000 to $5,499	8.7	38.10	------	.1	5.0	72.4	21.0	1.0	.3	0.2	------	------	100.0
$5,500 to $5,999	10.2	41.55	------	------	.2	34.6	49.0	15.0	.7	.1	0.1	0.3	100.0
$6,000 to $6,999	36.2	46.61	------	------	------	1.7	35.3	40.4	16.5	6.4	.5	.2	100.0
$7,000 to $7,999	33.7	54.94	------	------	------	------	.1	20.8	29.4	41.9	6.9	.9	100.0
$8,000 to $8,100	6.5	57.93	------	------	------	------	------	------	3.7	79.0	14.7	2.6	100.0
Total	100.0	48.19	(2)	.3	2.6	11.6	20.4	23.5	15.9	21.6	3.5	.6	100.0

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

In comparison with the median monthly payment of $48.19 under section 603, new home cases under section 203 reported a median monthly payment of $46.18, only $2.01 less despite a mortgage amount which was $1,229 less. Because of differences in statutory limits, section 203 mortgages, however, were typically for only 21-year periods and carried 4½ percent interest rates. Tax payments were also relatively greater for section 203 than for section 603 cases.

Necessary Current Cost of Single-family Homes

Table 37 shows the percentage distribution by necessary current cost for the new single-family homes on which commitments were issued for mortgage insurance under section 603 in 1946. Related distributions of property valuation are also shown for each year from 1941 through 1945, together with the average valuation or current cost in each of the years covered by the table.

In 1946 nearly half of these homes involved necessary current costs of between $6,000 and $7,999, with the over-all average amounting to $7,852. Only one out of four cost less than $7,000, while in the earlier years shown in the table practically all of the section 603 insured mortgages were secured by properties valued at less than that amount.

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TABLE 37.—*Property valuation: Based on FHA firm commitments to insure mortgages secured by new single-family homes under section 603, 1941–1946* [1]

FHA property valuation [2]	Percentage distribution					
	1946	1945	1944	1943	1942	1941
Less than $2,000	------	------	(3)	(3)	------	(3)
$2,000 to $2,499	------	------	------	------	------	0.7
$2,500 to $2,999	------	(3)	0.5	0.6	0.5	4.3
$3,000 to $3,499	------	0.6	.8	1.6	2.4	16.9
$3,500 to $3,999	------	1.6	1.8	8.0	10.6	24.6
$4,000 to $4,499	0.2	2.1	12.9	13.6	25.2	33.8
$4,500 to $4,999	.5	12.1	13.2	18.5	30.2	17.1
$5,000 to $5,499	2.4	10.3	20.2	23.1	13.1	1.7
$5,500 to $5,999	4.1	28.1	24.3	19.0	10.0	.7
$6,000 to $6,999	16.8	44.5	26.1	15.6	8.0	.2
$7,000 to $7,999	30.2	.5	.2	(3)	(3)	(3)
$8,000 to $8,999	27.3	.1	(3)	(3)	(3)	(3)
$9,000 to $9,999	11.9	.1	(3)	------	(3)	------
$10,000 to $10,999	5.5	------	------	------	------	------
$11,000 or more	1.1	------	------	------	------	------
Total	100.0	100.0	100.0	100.0	100.0	100.0
Average valuation	$7,852	$5,657	$5,311	$5,038	$4,698	$3,937

FHA property valuation [1]	Percentage cumulation					
	1946	1945	1944	1943	1942	1941
Less than $2,000	------	------	(3)	(3)	------	(3)
Less than $2,500	------	------	(3)	(3)	------	0.7
Less than $3,000	------	(3)	0.5	0.6	0.5	5.0
Less than $3,500	------	0.6	1.3	2.2	2.9	21.9
Less than $4,000	------	2.2	3.1	10.2	13.5	46.5
Less than $4,500	0.2	4.3	16.0	23.8	38.7	80.3
Less than $5,000	.7	16.4	29.2	42.3	68.9	97.4
Less than $5,500	3.1	26.7	49.4	65.4	82.0	99.1
Less than $6,000	7.2	54.8	73.7	84.4	92.0	99.8
Less than $7,000	24.0	99.3	99.8	100.0	100.0	100.0
Less than $8,000	54.2	99.8	100.0	------	------	------
Less than $9,000	81.5	99.9	------	------	------	------
Less than $10,000	93.4	100.0	------	------	------	------
Less than $11,000	98.9	------	------	------	------	------
All groups	100.0	100.0	100.0	100.0	100.0	100.0
Median valuation	$7,860	$5,914	$5,514	$5,108	$4,689	$4,058

[1] Data for 1941–45 are based on war housing cases, 1946 data are based on veterans' emergency housing cases.
[2] FHA property valuation includes valuation of the house, all other physical improvements, and land. The 1946 data are based on FHA estimates of the necessary current cost of the property.
[3] Less than 0.05 percent.

The $7,852 average necessary current cost in 1946 is nearly $2,200, or 38.8 percent, more than the average property valuation in 1945. Comparable percentage increases in the other years shown in the table are all less than 10 percent, excepting from 1941 to 1942 when an increase of 19.3 percent in property valuation followed the increase as of May 26, 1942, in maximum insurable mortgage amount for single-family dwellings from $4,000 to $5,400.

The comparable distribution for two-family structures committed during the year is shown in table 38. The average necessary cost for these dwellings amounted to $12,152, with nearly 60 percent of them falling between $11,000 and $12,999.

TABLE 38.—*Necessary current cost: Based on FHA firm commitments to insure mortgages secured by new 1- and 2-family homes under sec. 603, 1946*

Necessary current cost [1]	Percentage distribution of structures		Necessary current cost [1]	Percentage cumulation of structures	
	1-family	2-family		1-family	2-family
Less than $4,000	------	------	Less than $4,000	------	------
$4,000 to $4,499	0.2	------	Less than $4,500	0.2	------
$4,500 to $4,999	.5	------	Less than $5,000	.7	------
$5,000 to $5,499	2.4	------	Less than $5,500	3.1	------
$5,500 to $5,999	4.1	------	Less than $6,000	7.2	------
$6,000 to $6,999	16.8	1.6	Less than $7,000	24.0	1.6
$7,000 to $7,999	30.2	8.8	Less than $8,000	54.2	10.4
$8,000 to $8,999	27.3	1.1	Less than $9,000	81.5	11.5
$9,000 to $9,999	11.9	3.2	Less than $10,000	93.4	14.7
$10,000 to $10,999	5.5	2.2	Less than $11,000	98.9	16.9
$11,000 to $11,999	.7	34.7	Less than $12,000	99.6	51.6
$12,000 to $12,999	.4	23.3	Less than $13,000	100.0	74.9
$13,000 to $13,999	(2)	7.4	Less than $14,000	------	82.3
$14,000 to $14,999	------	11.1	Less than $15,000	------	93.4
$15,000 to $15,999	------	1.3	Less than $16,000	------	94.7
$16,000 to $16,999	------	4.3	Less than $17,000	------	99.0
$17,000 or more	------	1.0			
Total	100.0	100.0	All groups	100.0	100.0
Average valuation	$7,852	$12,152	Median valuation	$7,860	$11,964

[1] The FHA estimate of the necessary current cost of the property includes the cost of house, all other physical improvements and land.
[2] Less than 0.05 percent.

Average Characteristics for Necessary Current Cost Groups

The averages of selected characteristics which were associated with the various levels of necessary current cost in 1946 are shown in table 39. Average land valuation increased in direct proportion to total property cost, increasing from $531 in the current necessary cost class of $4,500 to $4,999, to $1,348 in the cost class of $10,000 to $10,999, and to $2,190 for the small proportion of properties with estimated costs exceeding $11,000. Ratios of land value to current necessary cost fluctuated, by cost classes, about the over-all ratio of 13.6 percent.

The average total monthly mortgage payment, estimated monthly taxes and assessments, and estimated monthly rental value also varied directly with increases in estimated costs, although the effect of the $8,100 maximum insurable mortgage amount is reflected in the leveling off of the amount of total monthly mortgage payment in the higher cost classes. The monthly mortgage payment ranged from $32.25 to $56.87, while monthly rental values varied between $35.87 for homes in the lowest cost group to $84.56 in the highest cost bracket. The average estimated annual rental value characteristically represented about 9 percent of the necessary current cost.

Average estimated monthly taxes and assessments ranged from $4.37 for homes costing between $5,000 and $5,499 to $10.39 for homes in the $10,000 to $10,999 interval. On the average, these charges represented about 16 percent of the monthly mortgage payment.

TABLE 39.—*Average characteristics by necessary current cost: Based on FHA firm commitments to insure mortgages secured by new single-family homes under sec. 603, 1946*

Necessary current cost [1]	Percentage distribution	Average (arithmetic mean): Necessary current cost [1]	Land valuation [2]	Total monthly mortgage payment [3]	Estimated monthly taxes [4]	Estimated monthly rental value [5]	As a percent of necessary current cost: Land valuation [2]	Annual taxes [4]	Annual rental value [5]
Less than $4,500	0.2	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
$4,500 to $4,999	.5	$4,775	$531	$32.25	$4.93	$35.87	11.1	1.2	9.0
$5,000 to $5,499	2.4	5,166	613	35.18	4.37	46.01	11.9	1.0	10.7
$5,500 to $5,999	4.1	5,699	615	36.58	6.22	47.78	10.8	1.3	10.1
$6,000 to $6,999	16.8	6,453	913	42.02	5.94	53.94	14.1	1.1	10.0
$7,000 to $7,999	30.2	7,463	1,033	46.35	6.89	59.24	13.8	1.1	9.5
$8,000 to $8,999	27.3	8,435	1,153	51.06	8.99	63.40	13.7	1.3	9.0
$9,000 to $9,999	11.9	9,441	1,204	55.38	9.12	70.08	12.8	1.2	8.9
$10,000 to $10,999	5.5	10,472	1,348	56.87	10.39	71.92	12.9	1.2	8.2
$11,000 or more	1.1	11,592	2,190	54.44	8.72	84.56	18.9	.9	8.8
Total	100.0	7,852	1,071	48.11	7.68	60.81	13.6	1.2	9.3

[1] The FHA estimate of the necessary current cost of the property includes the cost of house, all other physical improvements, and land.
[2] The value of the land is estimated by FHA as including rough grading, terracing, and retaining walls, if any.
[3] Includes monthly payment for first year of mortgage to principal, interest, FHA insurance premium, hazard insurance, taxes, and special assessments, and ground rent and miscellaneous items, if any.
[4] Includes real estate taxes, special assessments, if any, and water rent, provided its nonpayment results in a lien against the property. This estimate is included in the total monthly mortgage payment.
[5] The monthly rental value, estimated at the time of property valuation, is the average monthly amount which could currently be obtained competitively in the market for typical year-around tenant-occupancy of the premises, unfurnished, excluding any premium obtainable because of local housing shortages or newness of the individual property.
[6] Data not significant.

Average land valuations, which were reported as $623 per case in 1945, increased to $1,071 in 1946, thereby increasing the ratio of the average land valuation to the average property valuation or necessary current cost from 11.2 percent in 1945 to 13.6 percent in 1946. The average estimated monthly taxes also increased from $6.82 in 1945 to $7.68 in 1946. However, the ratio of the average annual taxes to the average necessary current cost was reported as 1.2 percent for 1946, a decrease of 0.2 percent from 1945.

While the median size of new single-family homes insured under section 203 of 5.5 rooms was the same as in the prewar typical new home, the median size of new homes committed under section 603 during the year declined to 5.2 rooms from 5.4 rooms in 1945. The distribution of section 603 new single-family homes by number of rooms, which is shown in table 40, indicates that 1 out of 5 were 6-room units in 1946—about the same proportion as that prevailing in 1945. However, 2 out of 5 were 4-room units in 1946 as compared with 1 out of 4 in the previous year. The proportion of 5-room units declined from over 55 percent in 1945 to 37 percent in 1946.

TABLE 40.—*Rooms by necessary current cost: Based on FHA firm commitments to insure mortgages secured by new single-family homes under sec. 603, 1946*

Necessary current cost [1]	Percentage distribution	Median number of rooms	Percentage distribution of rooms [2]: 3 rooms	4 rooms	5 rooms	6 rooms	7-9 rooms	Total
Less than $4,500	0.2	(3)	(3)	(3)	(3)	(3)	(3)	(3)
$4,500 to $4,999	.5	4.5	17.4	69.8	4.7	8.1	----------	100.0
$5,000 to $5,499	2.4	4.5	.8	90.2	6.1	2.9	----------	100.0
$5,500 to $5,999	4.1	4.6	1.5	80.9	17.1	.5	----------	100.0
$6,000 to $6,999	16.8	4.8	1.2	59.5	31.4	7.9	(4)	100.0
$7,000 to $7,999	30.2	5.2	.2	44.1	34.9	20.8	(4)	100.0
$8,000 to $8,999	27.3	5.3	.1	31.7	53.7	14.5	----------	100.0
$9,000 to $9,999	11.9	5.8	.3	18.3	39.5	41.9	----------	100.0
$10,000 to $10,999	5.5	6.3	----------	4.6	24.4	70.9	0.1	100.0
$11,000 or more	1.1	6.8	----------	.6	20.3	27.6	45.5	100.0
Total	100.0	5.2	.5	40.5	37.6	20.9	.5	100.0
Median valuation	----------	----------	$6,179	$7,310	$8,151	$8,681	$11,971	$7,800

[1] The FHA estimate of the necessary current cost of the property includes the cost of house, all other physical improvements, and land.
[2] Excludes bathrooms, toilet compartments, closets, halls, and similar spaces.
[3] Data not significant.
[4] Less than 0.05 percent.

Exterior Material, Method of Construction, and Necessary Current Cost for Single-family Homes

The distribution of the preponderant exterior materials for new single-family homes securing mortgages committed for insurance during 1946 under section 603, and the median necessary current cost for houses of each major material are shown in table 41. Wood, which was reported in 40.6 percent of the cases, was the most popular exterior material and—with the exception of asbestos shingles, which was the predominant exterior material in only 10.7 percent of the cases—was associated with the lowest median current cost. The second most popular material was stucco or cement block, which was reported in 26.5 percent of the cases. About three out of four of these homes involved frame construction with a median cost of $8,616, while the remainder were of masonry construction with a somewhat lower typical cost of $7,936. Brick or stone exterior walls were reported in 17 percent of the cases, with about five out of eight involving masonry construction with a median necessary cost of

$8,402 and the balance of frame construction typically costing $8,535. It may be noted that the 4.5 percent of the cases involving shop fabricated panels had a median cost of $7,517, which approximated the median costs for frame construction with wood and asbestos shingle exterior materials.

Number of Family Units

Slightly more than 94 percent of the firm commitments for mortgage insurance under the section 603 Veterans' Emergency Housing Program during 1946 related to single-family structures. This is a somewhat lower ratio than prevailed in the two previous years under the war housing program, as indicated in table 42. Single-family structures included almost 88 percent of the new dwelling units entering into mortgage insurance transactions under this section of the act during the year.

TABLE 41.—*Percentage distribution by type of construction and preponderant exterior material: Based on FHA firm commitments to insure mortgages secured by new single-family homes under sec. 603, 1946*

Preponderant exterior material	Conventional methods				Special methods—shop fabricated panels [1]		All methods	
	Frame construction		Masonry construction					
	Percentage distribution	Median current cost [2]	Percentage distribution	Median current cost [2]	Percentage distribution	Median current cost [2]	Percentage distribution	Median current cost [2]
Wood	40.6	$7,377					40.6	$7,377
Stucco or cement block	20.3	8,616	6.2	$7,930			26.5	8,488
Brick or stone	6.6	8,535	10.4	8,402			17.0	8,449
Asbestod shingles	10.7	7,364					10.7	7,364
Other	.4	8,842	.3	6,654			.7	8,241
Shop-fabricated panels [1]					4.5	$7,517	4.5	7,517
Total	78.6	7,793	16.9	8,240	4.5	7,517	100.0	7,860

[1] Distribution by type of exterior material not available.
[2] The FHA estimate of the necessary current cost of the property includes the cost of house, all other physical improvements, and land.

TABLE 42.—*Structures and dwelling units: Based on FHA firm commitments to insure mortgages secured by new 1- to 4-family homes under sec. 603, 1941–46* [1]

Units per structure	Structures, percentage distribution						Dwelling units, percentage distribution					
	1946	1945	1944	1943	1942	1941	1946	1945	1944	1943	1942	1941
1-family	94.1	94.3	95.8	87.9	93.1	97.2	87.9	88.6	89.8	74.5	83.7	92.5
2-family	5.2	5.2	2.9	9.0	4.7	1.0	9.7	9.8	5.5	15.2	8.5	3.0
3-family	.1	.1	.3	.2	.1	.2	.3	.2	.9	.6	.3	.5
4-family	.6	.4	1.0	2.9	2.1	1.0	2.1	1.4	3.8	9.7	7.5	4.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average number of dwelling units in each structure							1.07	1.05	1.11	1.18	1.07	1.06

[1] Data for 1941–45 are based on war housing cases; 1946 data are based on veterans' emergency housing cases.

RENTAL HOUSING OPERATIONS UNDER SECTION 608

During 1946 the Federal Housing Administration insured mortgages on large-scale rental housing projects under the terms of both section 608 of title VI and section 207 of title II. A discussion of operations under section 207 begins on page 49 of this report.

Under section 608, FHA insured mortgages during 1946 on a total of 27 new projects including 1,538 dwelling units and securing mortgages for $10,665,011. As shown in table 43, these operations increased the cumulative amount of insurance written under section 608, since its enactment on May 26, 1942, to $174,926,722 in 513 mortgages. In the 511 new projects built with the aid of section 608 mortgage insurance, 38,419 dwelling units have been provided. Mortgages on 2 projects were reinsured during this period.

Of the section 608 mortgages insured during 1946, 19 for $8,922,500 on projects containing 1,354 dwelling units were insured under the amendments to the National Housing Act approved May 22, 1946. The changes in section 608 insuring operations resulting from this act have been described in part I of this report.

TABLE 43.—*Status of FHA rental housing mortgage insurance operations: Disposition of number and face amount of mortgage insurance applications under sec. 608, cumulative 1942–46*

Status of operations	Rental projects under sec. 608	
	Number	Amount
Net insurance outstanding	481	$161,550,622
Estimated amount amortized [1]		6,461,706
Face amount in force	481	168,012,328
Insurance terminated [1]	32	6,014,394
Face amount written [2]	513	174,926,722
Commitments outstanding	60	37,182,860
Net commitments issued	573	212,109,582
Commitments expired [3]	46	9,369,900
Gross commitments issued	619	221,479,482
Rejections [3]	121	47,393,351
Total applications processed	740	268,872,833
Applications in process	96	35,266,660
Total applications received	836	304,139,493

[1] As reported by the Comptroller's Division.
[2] Includes 38,419 units in new projects insured for $171,053,722.
[3] Excludes cases reopened.

Through December 31, 1946, applications were received under the Veterans' Emergency Housing Program for insurance under section 608 of 193 mortgages for the amount of $87,549,020 involving 12,181 new dwelling units. Of these, commitments to insure were issued by the year end on 76 mortgages for $45,672,860 secured by projects with

6,446 dwelling units. On December 31, 1946, there were commitments outstanding for the insurance of mortgages on 57 projects providing 5,092 dwelling units.

Mortgages insured during 1946 under Veterans' Emergency Housing operations of section 608 covered projects averaging 71 units each, with mortgages averaging $6,590 per unit, including amounts attributable to nondwelling use. The commitments issued under this program in 1946 related to projects averaging nearly 85 units each, and having mortgage amounts for dwelling and nondwelling use averaging $7,085 per unit. Total mortgage amounts for section 608 projects may cover, in addition to dwelling facilities, such nondwelling facilities as garages, stores, administration buildings, community centers, etc., which are essential to the operation of the housing project. A comprehensive analysis of mortgages insured under the section 608 program will be presented in the annual report for 1947, when a larger portion of the projects initiated since May 22, 1946, will have been insured and completed.

Since the initiation of the program in 1942, rental housing projects have been developed in 31 States and the District of Columbia. Table 44 shows for each State the number and face amount of mortgages with insurance written, terminated, and in force under section 608 as of the close of 1946. Seven out of every ten projects and over three-fourths of the dwelling units and mortgage amounts for projects with mortgages insured under section 608 are found in 8 States and the District of Columbia—namely, an Eastern Seaboard group consisting of New York, New Jersey, Maryland, the District of Columbia, and Virginia; Illinois and Ohio in the Midwest; Texas in the South; and California on the Pacific Coast.

As with section 207, the most active lending institutions under the section 608 program are life insurance companies, which have financed one of every two mortgages and 56.6 percent of the face amount of mortgages insured. Savings banks have provided 15.2 percent of the funds, followed by State banks accounting for 13.6 percent of the insured mortgage amount. In the proportion of section 608 mortgages held with insurance in force, life insurance companies are by far the leaders with 57.0 percent of the total dollar amount. Table 45 shows the distribution, by type of institution, of mortgages insured under section 608 since the beginning of operations, as well as the distribution of mortgages on which the insurance is still in force.

As of December 31, 1946, for the entire period of section 608 operations, insurance had been terminated on $6,914,394 of mortgages on

TABLE 44.—*State distribution of FHA rental projects: Dwelling units and face amount of insurance written, terminated, and in force under sec. 608, as of Dec. 31, 1946*

Location of property	Insurance in force			Terminated [1]			Total insurance written [2]		
	Number	Amount	Units	Number	Amount	Units	Number	Amount	Units
Alabama	1	$1,091,000	214				1	$1,091,000	214
Arizona	1	831,700	200				1	831,700	200
Arkansas									
California	24	5,286,562	1,308				24	5,286,562	1,308
Colorado	20	2,390,500	440				20	2,390,500	440
Connecticut	14	4,373,900	854				14	4,373,900	854
Delaware									
District of Columbia	74	23,355,644	5,100	1	$1,140,505	594	75	24,496,149	5,694
Florida	1	136,500	82				1	136,500	82
Georgia	3	2,783,300	666	1	214,000	34	4	2,997,300	700
Idaho									
Illinois	26	8,006,500	1,492	7	1,119,000	255	33	9,125,500	1,747
Indiana	2	273,900	61				2	273,900	61
Iowa									
Kansas	3	2,224,400	464				3	2,224,400	464
Kentucky	6	439,300	100				6	439,300	100
Louisiana	2	4,827,100	913				2	4,827,100	913
Maine	12	2,700,661	637				12	2,700,661	637
Maryland	42	25,698,000	5,863				42	25,698,000	5,863
Massachusetts	3	2,966,900	560				3	2,966,900	560
Michigan	7	3,210,024	642	1	60,300	15	8	3,270,324	657
Minnesota									
Mississippi									
Missouri	15	4,257,100	827				15	4,257,100	827
Montana									
Nebraska	2	236,600	61				2	236,600	61
Nevada									
New Hampshire									
New Jersey	45	19,937,587	4,649				45	19,937,587	4,649
New Mexico									
New York	8	5,195,600	1,152	1	170,000	42	9	5,365,600	1,194
North Carolina	11	3,126,900	890				11	3,126,900	890
North Dakota									
Ohio	44	10,563,500	2,167	17	2,214,289	534	61	12,777,789	2,701
Oklahoma	1	123,700	32				1	123,700	32
Oregon	30	4,114,141	932	1	36,800	8	31	4,150,941	940
Pennsylvania	1	631,600	132	1	240,000	64	2	871,600	196
Rhode Island									
South Carolina									
South Dakota									
Tennessee									
Texas	20	2,947,209	765	1	787,500	248	21	3,734,709	1,013
Utah	5	743,600	156				5	743,600	156
Vermont									
Virginia	51	24,614,500	5,584	1	932,000	220	52	25,546,500	5,804
Washington	4	619,300	134				4	619,300	134
West Virginia									
Wisconsin	1	80,700	18				1	80,700	18
Wyoming	2	224,400	44				2	224,400	44
Alaska									
Hawaii									
Total	481	168,012,328	37,229	32	6,914,394	2,014	513	174,926,722	39,243

[1] As reported by the Comptroller's Division.
[2] Includes 38,419 units in new projects insured for $171,053,722.

32 projects containing 2,014 units, leaving insurance in force on $168,012,328 of mortgages secured by 481 projects with 37,229 units, as shown in table 45. Only in 3 cases did terminations result because of defaults on the part of mortgagors. In 2 cases, title to the property was assigned to FHA, and in the other the mortgage note itself was assigned. One of the acquired projects has been sold with a mortgage insured by FHA. The financial experience of these 3 terminated cases is analyzed in detail in financial statements 18 and 19 in part III of this report. Of the other mortgages on which section 608 insurance contracts were terminated, 22 were prepaid in full without FHA-insured refinancing, 6 were refinanced with new mortgage loans insured by FHA, and on 1 insurance was terminated for reasons other than prepayment or default.

TABLE 45.—*Types of institutions: Face amount of sec. 608 rental housing insurance in force and insurance written by FHA as of Dec. 31, 1946*

Type of lending institution	Number of institutions	Volume of mortgages			
		Number	Amount	Units	Percent [1]
Insurance in force					
National bank	15	54	$10,202,441	2,347	6.1
State bank	16	39	21,557,000	4,463	12.8
Mortgage company	15	24	6,755,100	1,308	4.0
Life insurance company	43	263	95,772,175	21,546	57.0
Insurance company (other than life)	2	4	605,800	144	.4
Savings bank	11	73	25,712,367	5,753	15.3
Savings and loan association	13	16	3,722,400	766	2.2
Finance company					
Other	2	8	3,685,025	812	2.2
Total	117	481	168,012,328	37,229	100.0
Insurance terminated					
Prepaid in full	10	22	3,601,589	913	52.1
Prepaid with supersession	1	6	1,010,000	230	14.6
Acquired by FHA [2]	2	2	2,072,505	814	30.0
Mortgage assigned to FHA	1	1	170,000	42	2.4
Other terminations	1	1	60,300	15	.9
Total	15	32	6,914,394	2,014	100.0
Insurance Written					
National bank	15	55	10,358,430	2,384	5.9
State bank	16	46	23,707,505	5,287	13.6
Mortgage company	17	26	6,918,900	1,440	4.0
Life insurance company	43	277	99,029,175	22,394	56.6
Insurance company (other than life)	2	4	605,800	144	.3
Savings bank	11	80	26,685,487	6,982	15.2
Savings and loan association	14	17	3,936,400	800	2.3
Finance company					
Other	2	8	3,685,025	812	2.1
Total [3]	120	513	174,926,722	39,243	100.0

[1] Based on amount of mortgages.
[2] Includes 1 project acquired and sold by FHA with reinsurance.
[3] Includes 38,419 units in new projects insured for $171,053,722.

PROPERTY IMPROVEMENT LOANS INSURED UNDER TITLE I

FHA insurance under regulations in effect throughout 1946 under title I covered (1) loans for financing the improvement of existing structures; (2) loans for the conversion of existing structures to provide additional living accommodations for veterans of World War II; (3) loans for new structures for other than residential or agricultural purposes; and (4) loans financing new nonresidential structures to be used in whole or in part for agricultural purposes. Loans for the purpose of financing the construction of new small homes became eligible for insurance by regulations of the Commissioner effective March 28, 1946. The terms and financing charges permitted for each class of loan are described on page 22 of this report.

Insurance of loans financing property improvements in 1946 exceeded the volume for any year since the beginning of operations in 1934. The 799,284 loans for a face amount of $362,743,046 represented an increase of 16 percent in number and 28 percent in amount over the previous peak year of 1941 and brought the cumulative volume insured since 1934 to 6,128,254 loans for $2,454,417,677.

At December 31, 1946, the Commissioner had approved the payment to insured lending institutions of 205,986 claims amounting to $54,591,462. Through the year 1946 the amount involved in the settlement of claims remained low and resulted in a gross ratio of the amount of claims paid to face amount of notes insured, on a cumulative basis, of only 2.22 percent. Recoveries of $24,755,230 in the form of cash collections and credits of $5,301,568 for repossessed properties transferred to the Procurement Division of the Treasury or other Government agencies, totaling $30,056,798, resulted in a difference of $24,534,664 for claims paid, less recoveries, or a ratio of only 1 percent between cumulative claims paid, less recoveries, and cumulative face amount of insured notes written as of December 31, 1946, the lowest ratio since the first few months of operations under title I. It should be observed that the $30,056,798 in recoveries excludes income from interest and from judgment costs on claim collections which are included in total recoveries shown in chart IV.

The yearly trend in volume of loans insured and claims paid is shown in table 46. Shown graphically in chart III is the annual trend of loans insured. Chart IV reveals the proportion of insurance claims paid under each reserve which had been recovered by the end of 1946.

TABLE 46.—*Trend of property improvement loans insured and claims paid: Volume of loans insured, claims paid, and the average loan insured and claim paid under title I by FHA, 1934–46.*

Period	Loans insured		Average loan insured	Claims paid		Average claim paid
	Number	Amount		Number	Amount	
1934	72, 658	$30, 450, 583	$419			
1935	635, 747	223, 620, 146	352	1, 288	$147, 448	$347
1936	617, 697	246, 149, 913	398	25, 315	5, 884, 885	232
1937 [1]	124, 758	60, 382, 508	484	28, 824	6, 890, 897	239
1938	382, 325	172, 747, 308	452	29, 433	6, 016, 306	204
1939	513, 091	233, 067, 349	454	18, 566	4, 728, 346	255
1940	662, 948	276, 541, 365	417	18, 672	6, 543, 568	350
1941	687, 837	282, 716, 233	411	21, 900	7, 265, 059	332
1942	432, 755	155, 551, 034	359	22, 691	7, 132, 210	314
1943	308, 161	96, 373, 831	313	15, 243	3, 718, 643	244
1944	389, 592	125, 150, 082	321	8, 009	1, 939, 261	242
1945	501, 401	188, 024, 189	377	6, 791	1, 588, 875	234
1946	790, 284	362, 743, 046	454	9, 254	2, 435, 964	263
Cumulative	6, 128, 254	2, 454, 417, 677	401	205, 986	54, 591, 462	265

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

TITLE I LOANS INSURED BY FHA UNDER ALL RESERVES

1934 – 1946

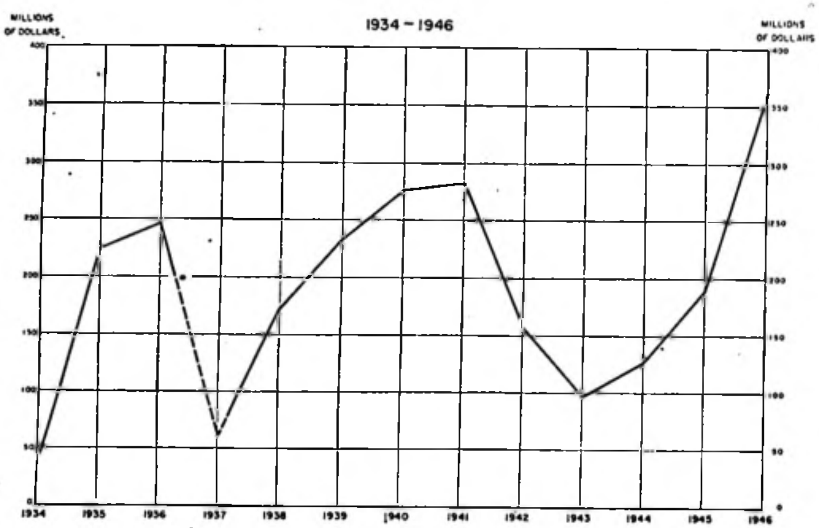

CHART III.

A relatively higher recovery for claims paid under the earlier provisions of the National Housing Act than under later reserves is to be expected because of the longer period since the earlier claims were paid during which collection efforts could be made. Of the total claims paid under all reserves, 58.6 percent of the dollar volume had been recovered through December 1946, with recoveries amounting to 67.0 percent of claims paid on notes insured prior to the February 1938 amendment; 63.5 percent under the February 1938 amendment; 53.6 percent under the June 1939 amendment; and 11.9 percent under the current reserve of July 1944.

RECOVERIES* AS A PERCENT OF CLAIMS PAID BY FHA UNDER THE VARIOUS RESERVES OF TITLE I

CUMULATIVE DECEMBER 31, 1946

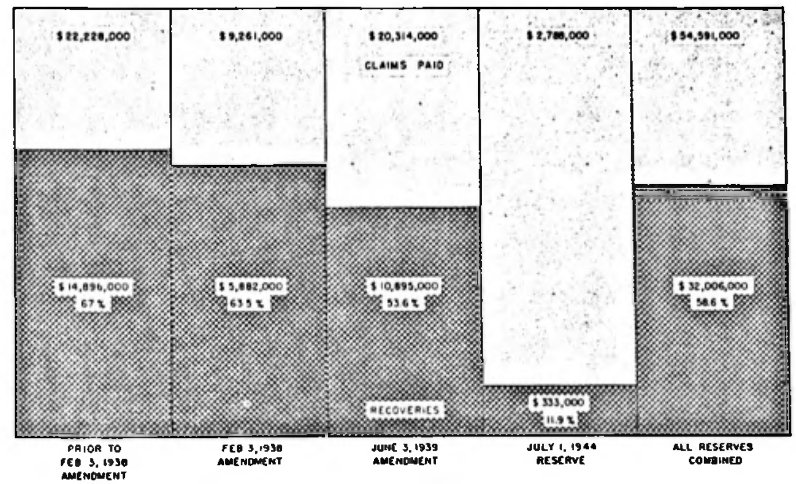

CHART IV

NOTE: *Including cash collections on claims paid, credit for repossessed real property and equipment, and cash for interest and judgment costs on claim collections.

From the beginning of operations under title I in 1934 until July 1939 the National Housing Act did not provide for the payment of premiums or other fees for the insurance of property improvement and repair loans. Since July 1939, however, the insurance premium receipts and the recoveries made exceed, for that period of operations, not only the insurance claims paid but also, by a considerable amount, all administrative expenses incurred in connection with title I insuring operations. Detailed statements covering title I income and expenses may be found in the "Accounts and Finance" section of this report, statements 1 through 6 (pages 103 to 106).

State Distribution of Loans Insured Under Title I.

Loans during 1946 for $62,000,000 to improve properties located in New York State by far exceeded the volume reported for any other State, as shown on table 47. Michigan ranked second with $32,000,000, and in each of 4 other States, California, Ohio, Pennsylvania, and Illinois, more than $20,000,000 in loans were reported for insurance. In 40 of the 48 States and the District of Columbia total loans insured exceeded $1,000,000.

Table 48 indicates by State locations the cumulative face amount of loans insured and claims paid from the beginning of operations. Data on tables 47 and 48 permit comparison by location of property of postwar insuring operations with cumulative insurance consisting mainly of prewar business.

TABLE 47.—*State distribution of property improvement loans insured: Number and face amount of loans insured under title I by FHA under the July 1944 reserve during 1946*

Location of property	Loans insured			Average loan insured
	Number	Amount	Percent of amount	
Alabama	11,150	$3,967,041	1.1	$356
Arizona	3,955	2,027,598	.6	513
Arkansas	5,611	2,038,366	.6	363
California	70,599	29,300,518	8.1	415
Colorado	3,850	1,618,479	.4	420
Connecticut	10,068	5,180,131	1.4	515
Delaware	785	325,418	.1	415
District of Columbia	5,104	2,736,380	.7	536
Florida	10,677	5,414,848	1.5	507
Georgia	7,932	3,322,212	.9	419
Idaho	2,678	1,226,758	.3	458
Illinois	47,671	22,405,817	6.2	470
Indiana	32,914	11,997,137	3.3	364
Iowa	12,231	4,589,930	1.3	375
Kansas	5,572	1,902,960	.5	342
Kentucky	8,312	3,212,173	.9	386
Louisiana	7,188	2,751,364	.8	383
Maine	3,432	1,618,910	.4	472
Maryland	13,873	6,370,592	1.8	459
Massachusetts	21,343	10,766,921	3.0	504
Michigan	74,956	32,056,597	8.8	428
Minnesota	17,181	6,842,555	1.9	398
Mississippi	5,008	1,903,273	.5	380
Missouri	18,680	7,323,537	2.0	392
Montana	1,124	443,039	.1	394
Nebraska	4,931	2,127,845	.6	432
Nevada	674	393,886	.1	584
New Hampshire	1,954	946,058	.3	484
New Jersey	31,044	19,326,174	5.3	623
New Mexico	638	302,769	.1	475
New York	91,090	61,820,122	17.0	679
North Carolina	5,982	2,404,361	.7	402
North Dakota	789	335,180	.1	425
Ohio	66,125	25,495,781	7.0	386
Oklahoma	13,528	4,778,259	1.3	353
Oregon	7,024	2,873,330	.8	409
Pennsylvania	59,662	25,130,615	6.9	421
Rhode Island	2,948	1,452,984	.4	493
South Carolina	3,746	1,377,388	.4	368
South Dakota	723	296,891	.1	411
Tennessee	19,646	7,298,251	2.0	371
Texas	39,636	14,284,462	3.9	360
Utah	7,483	2,665,300	.7	356
Vermont	1,220	505,332	.2	484
Virginia	8,266	4,217,224	1.2	510
Washington	14,867	6,393,909	1.8	430
West Virginia	2,025	1,226,896	.3	410
Wisconsin	12,232	5,518,905	1.5	451
Wyoming	360	223,710	.1	621
Total	799,405	362,840,204	100.0	454

TABLE 48.—*State distribution of property improvement loans insured and insurance claims paid: Number and face amount of loans insured and insurance claims paid, under title I by FHA, cumulative 1934–46*

Location of property	Loans insured			Insurance claims paid			Claims as a percentage of amount of loans insured	Average	
	Number	Amount	Percent of amount	Number	Amount	Percent of amount		Loan insured	Claim paid
Alabama	74,714	$23,421,941	1.0	2,688	$551,560	1.0	2.355	$313	$205
Arizona	33,320	14,584,194	.6	1,103	324,442	.6	2.225	438	294
Arkansas	42,708	14,268,724	.6	2,498	526,801	1.0	3.692	334	211
California	598,993	253,103,162	10.3	20,115	6,309,557	11.6	2.493	423	314
Colorado	35,201	14,167,624	.6	899	213,131	.4	1.504	401	237
Connecticut	92,936	39,011,797	1.6	2,517	725,221	1.3	1.859	420	288
Delaware	10,850	5,159,041	.2	364	133,404	.3	2.586	475	366
District of Columbia	35,056	16,300,131	.7	867	238,377	.4	1.462	465	275
Florida	97,382	42,210,629	1.7	5,417	1,592,325	2.9	3.772	433	294
Georgia	77,188	26,982,783	1.1	3,978	857,019	1.6	3.176	350	215
Idaho	29,668	11,088,719	.4	1,100	274,354	.5	2.474	374	249
Illinois	397,052	152,006,962	6.2	8,866	2,201,197	4.0	1.448	383	248
Indiana	218,012	69,792,442	2.8	6,344	1,308,593	2.4	1.875	320	206
Iowa	85,854	28,468,774	1.2	2,113	493,146	.9	1.732	332	233
Kansas	53,432	15,986,600	.6	1,533	317,806	.6	1.988	299	207
Kentucky	61,488	20,999,624	.9	2,098	510,259	.9	2.430	342	243
Louisiana	48,750	16,738,440	.7	2,087	361,534	.7	2.160	343	173
Maine	22,031	9,125,907	.4	672	185,508	.3	2.033	308	276
Maryland	104,709	43,279,928	1.8	2,823	724,960	1.3	1.675	413	257
Massachusetts	207,468	82,456,653	3.4	7,076	1,924,084	3.5	2.333	397	272
Michigan	495,730	182,559,711	7.4	10,230	3,687,561	6.8	2.020	368	227
Minnesota	135,428	47,381,583	1.9	2,828	746,040	1.4	1.575	350	264
Mississippi	39,082	15,212,905	.6	2,160	502,345	.9	3.302	389	233
Missouri	166,221	52,200,182	2.1	5,874	1,223,137	2.2	2.343	314	208
Montana	14,972	6,890,695	.3	442	155,989	.3	2.261	461	353
Nebraska	35,889	12,570,468	.5	1,013	239,920	.4	1.908	350	[illegible]
Nevada	8,909	4,254,400	.2	204	71,033	.1	1.670	478	[illegible]
New Hampshire	17,665	7,178,385	.3	820	230,770	.4	3.215	406	[illegible]
New Jersey	296,783	141,651,836	5.8	14,990	3,942,617	7.2	2.783	477	[illegible]
New Mexico	8,992	4,229,109	.2	692	217,769	.4	5.140	470	[illegible]
New York	738,330	395,676,407	16.1	20,599	9,951,604	18.2	2.515	536	[illegible]
North Carolina	54,809	19,941,159	.8	2,304	505,737	.9	2.536	364	214
North Dakota	9,919	4,185,772	.2	348	87,612	.2	2.093	422	252
Ohio	384,672	132,436,944	5.4	8,192	2,053,919	3.8	1.551	344	251
Oklahoma	80,437	26,049,911	1.1	2,713	568,199	1.0	2.181	324	209
Oregon	69,893	25,820,640	1.0	2,400	601,008	1.1	2.328	369	250
Pennsylvania	405,911	157,825,430	6.4	12,543	3,133,194	5.7	1.985	389	250
Rhode Island	35,352	15,170,344	.6	1,130	325,899	.6	2.148	420	288
South Carolina	31,131	11,905,417	.5	1,816	369,294	.7	3.102	382	203
South Dakota	9,464	3,734,650	.1	278	76,827	.1	2.057	395	276
Tennessee	109,820	34,438,033	1.4	3,113	1,010,332	1.9	2.934	314	325
Texas	221,881	83,372,128	3.4	7,814	1,339,915	2.5	1.607	376	171
Utah	42,776	13,927,361	.6	823	185,908	.3	1.335	326	226
Vermont	8,251	3,540,944	.1	448	145,187	.3	4.093	430	324
Virginia	76,280	41,183,758	1.7	2,660	1,079,977	2.0	2.622	540	406
Washington	151,776	55,353,126	2.3	5,798	1,299,542	2.4	2.348	365	224
West Virginia	24,564	10,005,851	.4	851	298,704	.6	2.985	407	351
Wisconsin	109,362	42,793,588	1.7	2,430	682,205	1.3	1.594	391	281
Wyoming	6,383	3,234,038	.1	163	57,076	.1	1.765	507	350
Alaska	353	357,165	(1)	24	6,570	(1)	1.839	1,012	274
Hawaii	856	487,548	(1)	6	2,879	(1)	.591	570	480
Puerto Rico	20	18,980	(1)					949	
Canal Zone	3	4,067	(1)					1,356	
Adjustments [2]	8,532	−353,029	(1)	62	10,466	(1)			
Total	6,128,254	2,454,417,677	100.0	205,986	54,591,462	100.0	2.224	401	265

[1] Less than 0.05 percent.
[2] Adjustments not distributed by States.

For all States claims paid amounted to 2.22 percent of the dollar volume of loans insured from 1934 through 1946. Comparable ratios for the leading States, as shown on table 48, were New York 2.52 percent, California 2.49 percent, Michigan 2.02 percent, Pennsylvania 1.99 percent, Illinois 1.45 percent, and New Jersey 2.78 percent. Following in general the same proportions as the volume of notes insured, 18.2 percent of all claims paid through the end of 1946 were reported to settle defaulted loans on properties located in New York, 11.6 percent in California, 7.2 percent in New Jersey, 6.8 percent in Michigan, and 5.7 percent in Pennsylvania.

Activity of Lending Institutions.

Although the number of lending institutions participating in the title I program, as indicated in table 49, has declined from 6,289 active prior to February 3, 1938, to 3,629 under the February 1938 amendment, 3,424 under the June 1939 amendment, and to 3,095 active since the establishment of the current reserve in July 1944, the larger institutions have increased their branch office operations and have been more active than ever before in cooperating with local dealers. Perhaps as many as 100,000 dealers have procured FHA-insured repair loans for property owners from finance companies and banks under the present reserve.

A marked decline in the number of lending institutions receiving claim payments is shown in table 49. Under the insurance program prior to February 1938 insurance claims were paid to 2,224 lending institutions. Under the February 1938 amendment 1,225 institutions received claim payments, 1,422 under the June 1939 amendment, and 633 under the current reserve established in July 1944.

National banks, State chartered banks, and finance companies financed 98.6 percent of the amount of all loans insured from the beginning of operations under title I in 1934 through 1946, as revealed in table 49. Similarly 99.2 percent has been handled by these types of institutions under the July 1944 reserve. The relative volumes of business by these institutions have varied under the different reserves as shown in table 49. Under the current reserve of July 1944, however, national banks, which ranked second to finance companies under the 1939 reserve have accounted for the largest proportion of loans insured, 40.3 percent. Finance companies rank second with 33.6 percent, followed by State chartered banks with 25.3 percent.

In connection with insurance claims paid, finance companies have apparently shown marked improvement in their collection experience. The 30.7 percent of the amount of all claims paid to these lenders under the current reserve compares favorably with the 41.0 percent which they received in operations under the 1939 reserve. State chartered banks have received 27.6 percent of the claims paid under

the current reserve as compared to 24.7 percent under the reserve of 1939. Data for the 1944 reserve are not final, and before the full maturity of the loans outstanding as of the end of 1946 a significant change in the ranking of the three leading types of institution is possible.

Chart V shows vertically the ratios of total claims paid through December 31, 1946, to loans insured for the three leading types of institutions under the June 1939 and the July 1944 reserves. The horizontal scale of the chart shows the percentage of the total amount of loans insured which was reported for each type of institutions. For the period covered finance companies were paid claims amounting to 1.61 percent of the amount of loans insured, State banks 1.42 percent, and national banks 1.33 percent.

CLAIMS PAID AS A PERCENT OF AMOUNT OF TITLE I LOANS INSURED
UNDER THE JUNE 1939 AND THE JULY 1944 RESERVES
AT DECEMBER 31, 1946

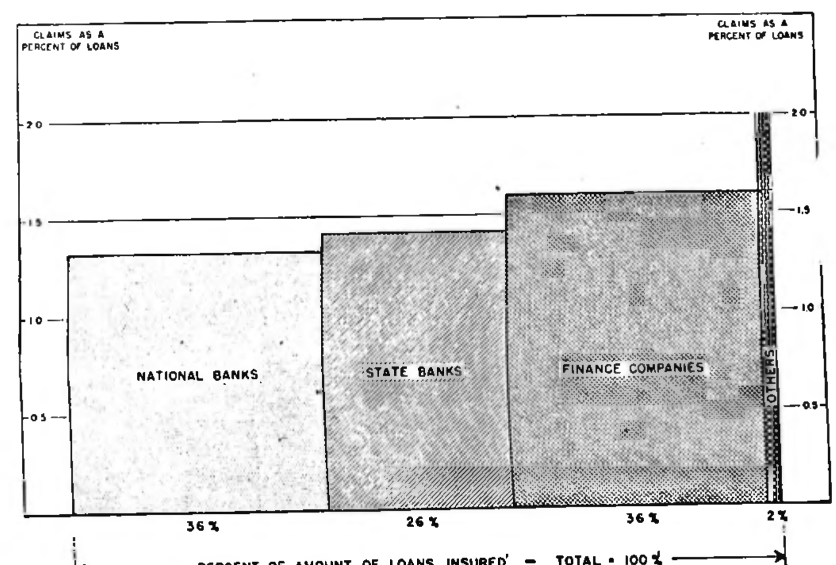

CHART V.

Characteristics of All Notes Insured

An analysis of all loans insured under title I during 1946 reveals that the average borrower received a loan with a face amount of $454, the net proceeds of which financed the improvement and repair of a single-family dwelling. The great majority of the borrowers amortized their loans within 3 years with an average monthly payment of ap-

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TABLE 49.—*Title I operations by type of institution: The number of active institutions, the number of institutions to which claims were paid, percentage distribution of the value of property improvement loans insured and claims paid, and the ratio of claims paid to notes insured under the various reserves of title I by FHA, 1934–46*

Type of lending institution	Prior to Feb. 3, 1938	February 1938 amendment	June 1939 amendment	July 1944 reserve	All reserves
	Number of active lending institutions				
National bank	2,748	1,718	1,549	1,358	
State chartered bank	3,074	1,681	1,577	1,432	
Finance company	146	50	69	87	
Savings and loan association	288	153	169	183	
Other	33	27	60	35	
All institutions	[1] 6,289	3,629	3,424	3,095	([2])
	Number of loans insured—percentage distribution				
National bank	42.9	39.0	32.4	38.7	37.1
State chartered bank	31.2	29.7	24.4	24.0	26.5
Finance company	25.3	30.3	42.5	36.6	35.6
Savings and loan association	.5	.8	.5	.6	.6
Other	.1	.2	.2	.1	.2
All institutions	100.0	100.0	100.0	100.0	100.0
	Amount of loans insured—percentage distribution				
National bank	44.1	43.6	34.0	40.3	39.1
State chartered bank	33.0	30.6	26.0	25.3	28.0
Finance company	22.0	24.7	37.9	33.6	31.5
Savings and loan association	.8	1.0	.9	.6	.8
Other	.1	.1	1.2	.2	.6
All institutions	100.0	100.0	100.0	100.0	100.0

Type of lending institution	Prior to Feb. 3, 1938	February 1938 amendment	June 1939 amendment	July 1944 reserve	All reserves
	Number of lending institutions receiving claim payments				
National bank	1,080	625	705	310	
State chartered bank	956	532	640	286	
Finance company	128	40	49	26	
Savings and loan association	51	21	26	10	
Other	[3] 9	7	2	1	
All institutions	2,224	1,225	1,422	633	([2])
	Number of claims paid—percentage distribution				
National bank	34.7	35.8	32.6	42.0	34.5
State chartered bank	28.4	25.8	25.1	29.7	27.0
Finance company	36.6	37.7	41.6	28.1	38.0
Savings and loan association	.2	.5	.3	.2	.3
Other	.1	.2	.4	([4])	.2
All institutions	100.0	100.0	100.0	100.0	100.0
	Amount of claims paid—percentage distribution				
National bank	36.8	40.0	31.9	41.5	35.8
State chartered bank	27.8	24.4	24.7	27.6	26.0
Finance company	35.0	34.9	41.0	30.7	37.0
Savings and loan association	.3	.6	.3	.2	.3
Other	.1	.1	2.1	([4])	.9
All institutions	100.0	100.0	100.0	100.0	100.0

Type of lending institution	Prior to Feb. 3, 1938	February 1938 amendment	June 1939 amendment	July 1944 reserve	All reserves
	Claims paid as percent of amount of loans insured				
National bank	3.30	2.69	1.97	0.47	2.63
State chartered bank	3.33	2.35	1.99	.50	2.07
Finance company	5.28	4.15	2.27	.42	2.61
Savings and loan association	1.45	1.67	.73	.13	.93
Other	3.61	2.39	3.70	.03	3.38
All institutions	3.95	2.94	2.10	.40	2.22

[1] Includes the number of institutions active under the original 20 percent reserve of June 1934, excluding those which were active under the April 1936 amendment but not under the original act of 1934.
[2] The number of institutions active under all reserves is not available.
[3] Includes the number of institutions receiving claim payments under the original 20 percent reserve of June 1934, excluding those which received claim payments under the April 1936 amendment but not under the original act of 1934.
[4] Less than 0.05 percent.

proximately $15. The chief items of expenditure for residential repair included the installation and repair of heating equipment, insulation, exterior painting, roofing, and structural additions and alterations.

Type of Property and Type of Improvement Financed in 1940, 1943, and 1946

Comparisons of the characteristics of the prewar, wartime, and postwar property improvement loans insured under title I may be made, to some extent, from table 50. The proportion of loans made to install or repair heating systems declined considerably during the war, from 28.7 percent of the number of loans insured during 1940 to 10.5 percent in 1943. In 1946, however, one-fourth (24.4 percent) of the number of loans were made for the installation and repair of heating systems and an additional 24.1 percent were reported for insulation projects. Prior to July 1, 1944, insulation was not tabulated as a separate classification; however, it appears that the volume of miscellaneous loans, 26.9 percent in 1943 as compared to 8.7 percent in 1940 and 5.7 percent in 1946, included in 1943 a large number of loans arranged for this purpose.

Table 50 also reveals a substantial increase in the proportion of loans to improve single-family dwellings, accounting for 75.1 percent of the number insured in 1940, 85.3 percent in 1943, and 86.4 percent in

TABLE 50.—*Trend in type of property improved and type of improvement financed: Comparison of property improvement loans insured under title I by FHA during 1940, 1943, and 1946*

	Percent of number			Percent of face amount			Average of face amount		
	1940	1943	1946	1940	1943	1946	1940	1943	1946
Type of improvement [1]									
New residential construction	1.4	0.1	[2]	0.2	1.0	[2]	$2,810	$2,759	[2]
New nonresidential construction	2.4	2.9	1.3	2.9	2.8	2.1	494	303	$714
Additions and alterations	13.1	6.9	8.4	17.6	8.1	14.7	561	363	790
Exterior painting	17.1	20.4	13.1	17.2	20.8	16.9	418	457	588
Interior finish	6.3	7.4	6.0	6.2	6.8	7.9	411	283	598
Roofing	13.7	22.3	11.6	7.8	16.9	8.5	236	236	336
Plumbing	8.6	2.6	5.4	8.0	2.8	5.5	388	342	466
Heating	28.7	10.5	24.4	24.0	10.3	24.1	349	308	448
Insulation [3]	[3]	[3]	24.1	[3]	[3]	14.7	[3]	[3]	276
Miscellaneous	8.7	26.9	5.7	7.1	21.5	5.6	344	250	442
Total	100.0	100.0	100.0	100.0	100.0	100.0	417	312	454
Type of property improved									
Single-family dwellings	75.1	85.3	86.4	68.1	79.7	77.2	376	292	406
Two or more family dwellings	13.3	8.5	8.0	16.8	12.0	13.1	526	464	744
Commercial and industrial	3.8	.6	1.7	7.0	1.4	4.6	769	784	1,220
Farm homes and buildings	4.4	3.7	2.3	4.2	4.4	2.8	394	371	549
Other (garages)	3.4	1.9	1.6	3.9	1.9	2.3	481	306	661
Total	100.0	100.0	100.0	100.0	100.0	100.0	417	312	454

[1] Type of improvement to which major portion of the proceeds of the loan was devoted.
[2] Class 3, new small home loans became eligible for insurance by the Commissioner's regulation of March 28, 1946.
[3] Insulation was not tabulated as a separate classification prior to July 1, 1944.

1946. Furthermore, in dollar volume loans to improve single-family dwellings amounted to 68.1 percent of the 1940 total, 79.7 percent in 1943, and 77.2 percent in 1946.

As a result of wartime restrictions and priority regulations in connection with both the use of materials and the use of credit for property improvements, loans financing improvements to commercial and industrial properties showed a significant decline during the war, from 7.0 percent of the dollar amount insured in 1940 to 1.4 percent in 1943. In 1946 the comparable ratio had increased slightly to 4.6 percent.

For the three selected years, the largest average loan insured was reported during 1946, $454. This compares with $417 in 1940 and $312 in 1943. For each type of improvement listed, the larger average loan during the past year as compared with 1940 probably is attributable in part to the increase in modernization costs since 1940. For 1943 the lower averages resulted from the prevailing credit and building restrictions and the scarcity of building materials.

Chart VI depicts by type of property and type of improvement financed the percentage distribution of the number and the amount of property improvement loans insured under the provisions of the July 1944 reserve on a cumulative basis through December 1946. In table 51 are shown the number and dollar amounts for the identical items.

Size of Insured Loan

In table 52 the trend in size of all title I loans insured since 1939 is presented. Table 53 includes percentage distributions of the number and amounts of loans classified by face amount and by class of loan for loans insured during 1946. The latter reveals that 98.6 percent of the number and 96.8 percent of the amount of all loans were designated as class 1 (a), i. e., for the improvement of existing structures. More than 4 of every 10 loans of all classes were written for less than $300 and 6 of every 10 had face amounts of less than $400. As many loans were insured with face amounts under $328 as there were with the face amounts in excess of that amount.

Duration of Loan

Table 54 presents the percentage distribution by term for each class of loan among the loans insured in 1944, 1945, and in 1946 under the July 1944 reserve. With the modification of, and in October 1945 the removal of, Federal Reserve Board regulations which restricted the maturity of nearly all character loans for improvement of real estate during World War II, the average duration of FHA title I loans increased from 20.8 months in 1944 to 21.7 months in 1945, and to 28.8 months in 1946. More than half of the number of title I loans re-

TABLE 51.—*Type of property and type of improvement financed: Property improvement loans insured under title I by FHA, under the July 1944 reserve, July 1944–December 1946*

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	Percent of total
	Number	*Number*	*Number*	*Number*	*Number*	*Number*	*Number*
New residential construction [3]	....	....	....	....	....	....	....
New nonresidential construction	....	....	1, 029	5, 204	18, 055	24, 288	1. 6
Additions and alterations	92, 521	9, 519	4, 270	4, 068	2, 565	112, 943	7. 7
Exterior finish	173, 835	17, 933	1, 376	3, 940	1, 127	198, 211	13. 4
Interior finish	63, 971	10, 541	2, 628	609	536	78, 285	5. 3
Roofing	170, 723	13, 742	1, 385	6, 273	1, 112	193, 235	13. 1
Plumbing	54, 823	5, 766	1, 186	2, 419	390	64, 584	4. 4
Heating	259, 146	31, 471	4, 035	3, 843	1, 423	299, 918	20. 3
Insulation	362, 162	16, 713	1, 280	6, 381	640	387, 176	26. 3
Miscellaneous	101, 256	7, 084	2, 550	4, 093	1, 410	116, 393	7. 9
Total	1, 278, 437	112, 769	19, 739	36, 830	27, 258	1, 475, 033	100. 0
Percent of total	86. 7	7. 6	1. 3	2. 5	1. 9	100. 0	....
	Amount	*Amount*	*Amount*	*Amount*	*Amount*	*Amount*	*Amount*
New residential construction [3]	....	....	....	....	....	....	....
New nonresidential construction	....	....	$1, 612, 929	$3, 415, 912	$8, 324, 488	$13, 353, 329	2. 2
Additions and alterations	$56, 017, 216	$11, 779, 818	7, 008, 047	2, 558, 263	1, 914, 430	79, 277, 774	13. 0
Exterior finish	88, 375, 845	13, 922, 418	1, 465, 887	2, 325, 182	778, 754	106, 868, 086	17. 5
Interior finish	29, 650, 910	8, 744, 670	3, 853, 298	348, 043	533, 342	43, 130, 263	7. 1
Roofing	48, 580, 744	5, 471, 112	985, 847	2, 530, 211	476, 492	58, 044, 406	9. 5
Plumbing	20, 852, 132	4. 527. 073	1, 326, 246	1, 485, 614	301, 373	28, 492, 438	4. 7
Heating	101, 670, 505	22, 403, 688	4, 104, 781	1, 506, 910	1, 077, 806	130, 763, 690	21. 5
Insulation	96, 611, 150	6, 068, 750	759, 712	2, 313, 655	330, 854	106, 084, 121	17. 4
Miscellaneous	32, 727, 799	4, 204, 694	2, 497, 385	2, 453, 743	1, 041, 221	42, 924, 842	7. 1
Total [4]	474, 486, 301	77, 122, 223	23, 614, 132	18, 937, 533	14, 778, 760	608, 938, 949	100. 0
Percent of total	77. 9	12. 7	3. 9	3. 1	2. 4	100. 0	....
Average amount	$371	$684	$1, 196	$514	$542	$413	....

[1] Type of improvement to which major portion of the loan proceeds was devoted.
[2] Includes 19,141 loans for $8,757,785 which were reported for the erection and improvement of garages.
[3] Class 3, new small home loans became eligible for insurance by the Commissioner's regulation of March 28, 1946.
[4] On discount notes, includes finance charges and fees permitted by the regulations of the Commissioner

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

JULY 1944 - DECEMBER 1946

TYPE OF PROPERTY TYPE OF IMPROVEMENT

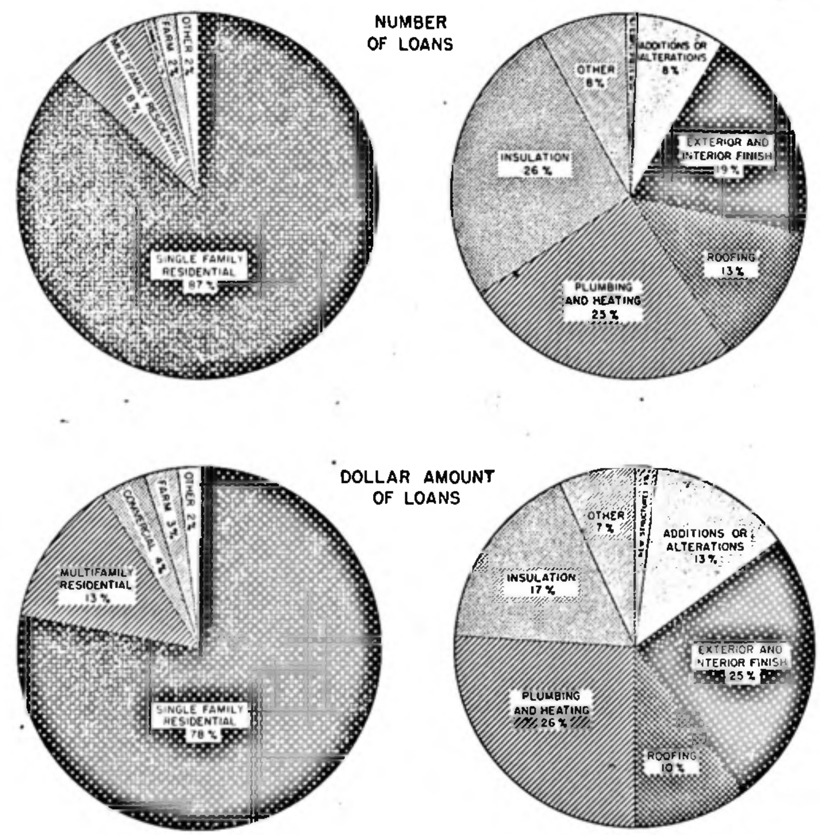

CHART VI.

ported for insurance in 1946 were written for 36 months and approximately $3 of every $4 representing these loans had a duration of the same period.

Class 1 (a) and class 2 (a) loans are permitted a maximum maturity of 3 years, 32 days under the July 1944 reserve. For class 1 (b) loans the maturity may extend to 7 years, 32 days, and for class 2 (b) loans secured by a first lien the maximum duration is 15 years, 32 days. All class 3 new small-home loans are permitted a maximum maturity of 20 years, 5 months, and a first mortgage lien is required.

TABLE 52.—*Size of loan: Percentage distribution of the number and face amount of property improvement loans insured under title I by the FHA, 1939–46*

Face amount of loan[1]	1946[2]	1945[2]	1944[3]	1943	1942[3]	1941[4]	1940	1939[5]
	Number of loans—percentage distribution							
Less than $100	3.6	4.6	5.7	6.7	8.1	5.9	5.4	5.0
$100 to $199	19.1	25.9	32.0	25.9	32.9	25.9	24.7	25.2
$200 to $299	22.9	24.6	26.3	32.5	21.2	22.3	23.0	24.1
$300 to $399	15.9	16.2	14.3	12.7	12.5	13.7	14.2	14.3
$400 to $499	11.3	9.3	8.1	7.3	7.9	9.5	9.8	9.5
$500 to $599	7.8	6.5	5.0	5.4	5.7	7.4	7.5	7.4
$600 to $799	7.2	5.6	4.3	4.8	4.3	5.7	5.8	5.6
$800 to $999	4.2	2.5	1.6	2.0	1.7	3.0	3.1	3.0
$1,000 to $1,499	4.8	2.2	1.3	1.6	2.6	3.4	3.1	2.9
$1,500 to $1,999	1.4	1.3	.7	.5	.9	1.0	.9	.9
$2,000 to $2,499	.7	.6	.3	.2	.5	.6	.6	.6
$2,500 to $2,999	1.0	.7	.4	.3	1.1	1.5	1.2	.8
$3,000 to $3,999	.1	(6)	(6)	.1	.6	.1	.7	.7
$4,000 to $4,999	(6)	(6)	(6)	(6)	(6)	(6)	-------	-------
$5,000 or more	(6)	(6)	(6)	(6)	(6)	(6)	-------	-------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median amount of loan	$328	$280	$247	$254	$243	$282	$287	$282
	Dollar amount of loans—percentage distribution							
Less than $100	0.6	1.0	1.5	1.7	1.7	1.1	1.0	1.0
$100 to $199	6.3	10.4	14.7	12.2	13.2	10.0	8.7	9.3
$200 to $299	12.5	15.8	20.0	22.5	14.0	13.2	13.4	14.6
$300 to $399	12.1	14.7	15.4	13.8	11.6	11.4	11.6	12.2
$400 to $499	11.1	10.9	11.3	10.4	9.5	10.2	10.4	10.5
$500 to $599	9.6	9.4	8.6	9.5	8.5	9.5	9.9	10.2
$600 to $799	11.0	10.2	9.2	10.5	8.0	9.5	9.4	9.5
$800 to $999	8.2	5.8	4.4	5.7	4.1	6.3	6.4	6.6
$1,000 to $1,499	12.5	6.8	4.8	5.8	8.4	9.7	8.8	8.5
$1,500 to $1,999	5.3	6.1	4.1	2.6	4.2	4.3	3.9	3.7
$2,000 to $2,499	3.5	3.3	2.1	1.5	2.8	3.0	3.0	3.0
$2,500 to $2,999	6.5	5.2	3.1	2.2	8.3	9.8	7.7	5.2
$3,000 to $3,999	.5	.3	.4	1.3	5.0	1.6	5.8	5.7
$4,000 to $4,999	.1	(6)	.1	(6)	.4	.4	-------	-------
$5,000 or more	.2	.1	.3	.3	.3	(6)	-------	-------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average amount of loan	$454	$377	$321	$313	$359	$411	$417	$454

[1] Includes financing charges on discount notes.
[2] Class 3 insurance provisions were inoperative from July 1, 1944 to March 28, 1946.
[3] May 1942 legislation permitted insurance of loans up to $5,000 exclusive of financing charges to alter, repair, or convert an existing structure to provide additional living accommodations in war housing critical areas.
[4] June 1941 legislation limited the maximum insured net proceeds to $3,000 if used to erect a new structure and to $2,500 to alter or repair a single-family structure. Net proceeds to alter or repair a multifamily building could not exceed $5,000.
[5] June 1939 amendment limited the maximum insured net proceeds of all loans to $2,500.
[6] Less than 0.05 percent.

TABLE 53.—*Size of loan: Percentage distribution of the number and face amount of class 1 and class 2 property improvement loans[1] insured under title I by FHA under the July 1944 reserve during 1946.*

Face amount of loan[2]	Number—percentage distribution: Total classes 1 and 2	Class 1 (a)	Class 1 (b)	Class 2 (a)	Class 2 (b)	Amount—percentage distribution: Total classes 1 and 2	Class 1 (a)	Class 1 (b)	Class 2 (a)	Class 2 (b)
Less than $100	3.6	3.6	0.8	0.5	1.2	0.6	0.6	(3)	0.1	0.1
$100 to $199	19.1	19.3	4.0	4.0	7.6	6.3	6.5	0.3	.8	1.3
$200 to $299	22.9	23.1	4.1	8.5	10.3	12.5	12.9	.5	3.1	2.8
$300 to $399	15.9	16.0	3.8	13.7	9.5	12.1	12.4	.6	6.9	3.8
$400 to $499	11.3	11.1	4.7	26.0	8.3	11.1	11.2	1.0	16.7	4.2
$500 to $599	7.8	7.8	4.1	12.2	11.0	9.6	9.7	1.1	9.7	6.8
$600 to $799	7.2	7.1	4.3	12.1	10.7	11.0	11.1	1.5	11.9	8.4
$800 to $999	4.2	4.2	3.5	7.0	9.4	8.2	8.3	1.6	8.9	9.4
$1,000 to $1,499	4.8	4.7	12.9	7.7	17.5	12.5	12.5	7.8	13.1	23.6
$1,500 to $1,999	1.4	1.4	9.1	2.5	5.3	5.3	5.3	7.7	6.2	10.0
$2,000 to $2,499	.7	.7	10.5	1.7	2.9	3.5	3.3	11.5	5.5	7.4
$2,500 to $2,999	1.0	1.0	10.0	3.5	4.4	6.5	6.2	13.3	14.2	14.2
$3,000 to $3,999	.1	(3)	20.2	.6	1.5	.5	(3)	32.2	2.7	5.9
$4,000 to $4,999	(3)	------	2.9	------	.4	.1	------	6.2	------	2.1
$5,000 or more	(3)	------	5.1	(3)	------	.2	------	14.7	.2	------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent distribution	100.0	98.6	.3	.9	.2	100.0	96.8	1.4	1.4	.4
	Median amount of loan					Average amount of loan				
Size of loan	$328	$325	$1,927	$400	$639	$454	$443	$2,098	$694	$881

[1] A class 1 (a) loan is used to finance the repair, alteration, or improvement of an existing structure; class 1 (b) loan to finance the conversion of an existing structure to provide housing for war workers and for veterans of World War II; class 2 (a) loan to finance the construction of a new structure to be used exclusively for other than residential or agricultural purposes; class 2 (b) loan to finance the construction of a new structure to be used in whole or part for agricultural, nonresidential purposes.
[2] Includes financing charges on discount notes.
[3] Less than 0.05 percent.

TABLES 54.—*Duration of loan: Percentage distribution of the number and face amount of class 1 and class 2 property improvement loans [1] insured under title I by FHA under the July 1944 reserve, 1944–46.*

NUMBER OF LOANS

Duration [2]	1946 percentage distribution					1945 percentage distribution [3] [4]			1944 percentage distribution [4]		
	Classes 1 and 2	Class 1(a)	Class 1(b)	Class 2(a)	Class 2(b)	Classes 1 and 2	Class 1(a)	Classes 1(b) 2(a) 2(b)	Classes 1 and 2	Class 1(a)	Classes 1(b) 2(a) 2(b)
6 months	1.3	1.3	0.7	0.5	1.6	1.5	1.5	1.1	1.1	1.1	2.0
12 months	16.9	17.0	4.3	8.0	11.1	28.1	28.3	18.1	53.6	53.7	45.1
18 months	8.4	8.5	3.2	5.1	6.1	26.1	26.5	11.0	5.5	5.5	3.8
24 months	12.3	12.4	5.2	7.4	10.2	21.2	21.5	7.2	8.8	8.8	8.5
30 months	2.3	2.3	.7	1.1	2.0	1.2	1.2	1.0	2.5	2.5	1.6
36 months	58.6	58.5	22.2	77.9	65.4	21.9	21.0	59.2	28.5	28.4	34.4
48 months	(5)	------	2.1	------	.5	(5)	------	(5)	(5)	(5)	.1
60 or more	.2	------	61.6	------	3.1	(5)	------	2.4	(5)	------	4.5
Total	100.0	100.0	100.0	100.0	100.0	100.00	100.0	100.0	100.0	100.0	100.0
Average duration	28.8	28.7	59.7	32.3	31.8	21.7	21.5	29.6	20.8	20.8	24.6
Median duration	36.0	36.0	60.2	36.0	36.0	18.5	18.5	36.0	12.5	12.5	18.2

DOLLAR AMOUNT OF LOANS

Duration [2]	1946 percentage distribution					1945 percentage distribution [3] [4]			1944 percentage distribution [4]		
	Classes 1 and 2	Class 1(a)	Class 1(b)	Class 2(a)	Class 2(b)	Classes 1 and 2	Class 1(a)	Classes 1(b) 2(a) 2(b)	Classes 1 and 2	Class 1(a)	Classes 1(b) 2(a) 2(b)
6 months	0.7	0.7	0.2	0.3	1.1	0.8	0.8	0.7	0.6	0.6	0.7
12 months	8.7	8.9	.6	4.3	5.0	17.4	17.7	8.6	43.1	43.6	19.9
18 months	5.3	5.4	.8	3.6	3.1	24.8	25.4	8.3	4.1	4.1	3.0
24 months	9.5	9.7	1.4	5.4	6.8	18.3	18.9	5.4	7.8	7.8	7.2
30 months	1.6	1.6	.3	1.2	2.0	1.0	1.0	1.2	2.0	2.0	1.4
36 months	73.0	73.7	12.2	85.2	71.0	37.2	36.2	62.7	41.9	41.9	44.4
48 months	(5)	------	2.0	------	1.1	(5)	------	.1	(5)	(5)	.2
60 or more	1.2	------	82.5	------	9.9	.5	------	13.0	.5	------	23.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average amount	$454	$443	$2,098	$694	$581	$391	$386	$583	$328	$325	$562

[1] A class 1 (a) loan is used to finance the repair, alteration, or improvement of an existing structure; class 1 (b) loan to finance conversion of an existing structure to provide additional living accomodations for veterans of World War II in areas designated by the President; class 2 (a) loan to finance the construction of a new structure to be used exclusively for other than residential or agricultural purposes; class 2 (b) loan to finance the construction of a new structure to be used in whole or in part for agricultural, nonresidential purposes.

[2] The period stated for each particular interval is shown in order to emphasize the month of heavy concentration.

[3] On October 15, 1945 the Federal Reserve Board lifted that phase of regulation W which imposed an 18-month limitation on consumer credit loans financing or refinancing the repair, alteration, or improvement of an existing structure except for loans financing certain scarce items.

[4] The distribution is based on the volume of loans reported for insurance July through December.

[5] Less than 0.05 percent.

PART III

ACCOUNTS AND FINANCES

Gross Income and Operating Expenses—1946

Gross income for the year 1946 under all insurance operations totaled $36,739,935 and was derived from fees, insurance premiums, and income on investments. Expenses of administering the agency during 1946 totaled $12,596,813. This left $24,143,122 to be added to the various insurance funds. The expenditures for insurance losses, which are charged against these funds, are not reflected in the foregoing figures.

Cumulative Income and Expenses—By Years

From the establishment of FHA in 1934 through 1946, gross income totaled $234,964,058, while operating expenses totaled $140,836,151. An analysis of these totals by calendar year follows:

Income and operating expenses through Dec. 31, 1946

Calendar year	Income from fees, premiums, and investments	Operating expenses	Calendar year	Income from fees, premiums, and investments	Operating expenses
1934	$113,423	$1,739,770	1942	$27,298,702	$11,845,192
1935	1,530,839	10,308,080	1943	26,575,968	11,051,700
1936	4,132,006	11,403,295	1944	29,596,417	10,850,702
1937	6,565,309	9,269,611	1945	29,850,168	10,533,596
1938	10,022,440	11,350,050	1946	36,739,935	12,596,813
1939	14,411,416	12,949,461			
1940	21,240,976	13,243,667	Total	234,964,058	140,836,151
1941	26,877,450	13,694,124			

The above cumulative income was derived from the following insurance operations: Title I (property improvement loans), $25,380,794; title II (small-home mortgages), $164,268,072; title II (rental housing projects), $6,011,710; and title VI (war and emergency housing), $39,303,482.[1]

Prepayment Premiums Waived

During 1946 the Administration continued to waive the 1 percent prepayment premium where mortgagors paid their loans in full prior to maturity without refinancing or incurring other collateral indebtedness, this in accordance with the Presidential directive for counteracting inflation by encouraging debt prepayment.

[1] See statement No. 1.

From May 26, 1942, through December 31, 1946, a total of 279,991 prepayment premiums were waived for $11,709,961 under section 203 of title II, and 20,807 were waived for $916,150 under section 603 of title VI. Prepayment premiums collected from the establishment of FHA through 1946 under titles II and VI amounted to $10,741,484.

Administrative Expenses

The current fiscal year is the seventh in which the Federal Housing Administration has met all expenses of administration by allocation from its insurance funds.

The total amount of expenditures which may be made out of its income during a fiscal year for FHA operations is fixed by Congress. Under the terms of the National Housing Act the amount expended for the administration of each title and section is charged against the corresponding fund.

Administrative expenses during the fiscal year ended June 30, 1946, covering operating costs as well as furniture and equipment purchased have been charged against the titles and sections of the act as follows:

Administrative expenses—fiscal year 1946

(July 1, 1945 to June 30, 1946)

Title and section	Amount	Percent
Title I	$1, 123, 380. 46	9. 84
Title II:		
Sec. 203	7, 257, 554. 47	63. 57
Sec. 207–210	268, 117. 73	2. 35
Title VI:		
Sec. 603	2, 179, 299. 03	19. 09
Sec. 608	588, 191. 19	5. 15
Total	11, 416, 542. 88	100. 00

Resources and Liabilities of all FHA Funds

Combined net resources [2] of all FHA funds on December 31, 1946, amounted to $147,471,186, divided as follows:

Fund:	Net resources
Mutual mortgage insurance fund	$103, 506, 147. 58
Housing insurance fund	3, 926, 614. 97
War housing insurance fund	13, 791, 722. 58
Title I insurance revolving fund	12, 782, 861. 34
Total insurance funds	134, 007, 346. 47
Title I claims account	1, 518, 448. 87
Administrative expense account	11, 945, 390. 73
Total	147, 471, 186. 07

[2] See statement No. 2.

TITLE I: PROPERTY IMPROVEMENT LOANS

Loans Insured and Claims Paid

Loans aggregating 6,128,254 in number and $2,454,417,677 in face amount made by approved financial institutions had been reported for insurance under title I through December 31, 1946, while claims paid aggregated 205,986 in number and $54,591,462 in amount, or approximately 2.2 percent of the total face amount of loans insured.[3] For the calendar year 1946, the comparable figures were 799,284 loans insured for an aggregate of $362,743,046, and 9,254 claims paid for $2,435,964.

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. When it becomes necessary to repossess equipment under a defaulted note, the War Assets Administration is authorized to pick up such equipment and dispose of it for the account of the Federal Housing Administration in accordance with usual Government procedure for the disposition of surplus property.

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.

The transactions with respect to recoveries effected against claims paid through December 31, 1946, are summarized below:

Title I claims paid through Dec. 31, 1946		$54, 591, 462. 13
Deduct:		
Cash recoveries on notes	$24, 755, 229. 51	
Equipment repossessed	4, 479, 960. 98	
Real property acquired	821, 607. 36	
Notes suspended as uncollectible	12, 660, 352. 49	
		42, 717, 150. 34
Loans in process of collection on Dec. 31, 1946		11, 874, 311. 79

The total unrecovered claims of $24,534,664.28 ($12,660,352.49 suspended as uncollectible and $11,874,311.79, in process of collection) represent 1 percent of the total amount of notes insured.

The equipment repossessed is accounted for as follows:

Transferred to other Government activities	$3, 979, 570. 56
Sold—(Cash—$167,960.96; loss—$313,994.41)	481, 955. 37
Available for transfer	17, 498. 22
Destroyed as worthless	936. 83
	4, 479, 960. 98

[3] See statement No. 3.

Real property in the amount of $1,513 was being held for sale, while property in the amount of $820,095 had been sold at a net loss of $53,126.

The loss figure includes maintenance and selling expenses, such as repairs, taxes, and sales commissions incurred by FHA in acquiring, managing, and disposing of such properties.

In addition to the above recoveries, $2,075,764 interest on outstanding balances of title I notes and $182,877 reimbursements for court costs had been collected through December 31, 1946.

Title I—Insurance Fund

Prior to July 1, 1939, there was no provision in the act for charging an insurance premium on loans insured under title I. An amendment on June 3, 1939, authorized the collection of a premium from financial institutions on loans insured under this title on and after July 1, 1939. The present premium rate charged by the FHA is three-fourths percent per annum of the original net proceeds of the loan, except on loans covering construction of small homes not exceeding $3,000, on which the premium rate is one-half percent per annum on the original net proceeds of the loan. During 1946 only renewal premiums were collected on the latter type of loans, as no new loans were reported for insurance under title I on small-home construction.

Appraisal fees and insurance premiums collected on title I loans insured since July 1, 1939, have been credited to the title I insurance revolving 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 the fund in accordance with an amendment made to the act on June 28, 1941.

Moneys in the title I insurance revolving fund may be used (1) in defraying administrative expenses under title I; (2) for nonadministrative expenses involved in the acquisition, protection, maintenance, and disposition of real and personal properties acquired under this title; and (3) for the payment of title I claims.[4] Allocations for administrative expenses and title I claims are made only to the extent of the limitations established annually by Congress in appropriation acts.

Through December 31, 1946, fees and premiums in the amount of $25,380,794 and recoveries on claims paid of $10,883,089 cash, and $253,619 receivables, have been credited to the fund. Nonadministrative expenses of $272,579 on properties acquired have been met; a total of $7,738,574 has been allocated for the payment of administrative expenses; and transfers of $15,723,488 have been made to the title I claims account. The fund had net resources of $12,782,861 on December 31, 1946.[5]

[4] See statement No. 4.
[5] See statement No 5.

Insurance Liability Limitation

The total liability which may be outstanding at any time under title I, plus the amount of claims paid with respect to all insurance granted, less the amount collected from insurance premiums and other sources and deposited in the title I insurance fund, may not exceed $165,000,000.

Calculations of estimated liability are prepared regularly in order to determine that such insurance liability is kept well within the limitations 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.

On December 31, 1946, the net estimated charges against the liability limitation of $165,000,000 were $96,238,767, which left $68,761,233 as the unallocated amount available for use as reserves.[6] These available reserves will permit the insurance of loans, on a 10 percent reserve basis, of $687,612,330 (net proceeds).

This figure will be increased by future premium receipts, moneys derived from the liquidation of claims, and the release of reserves as earlier loans are paid in full.

TITLE II—MUTUAL MORTGAGE INSURANCE FUND

The mutual mortgage insurance fund was originally established by the National Housing Act to cover all insurance operations under both section 203 and section 207 of title II. Subsequently, an amendment of February 3, 1938, established the housing insurance fund to carry the insurance on rental housing projects under section 207 of title II after that date.

The various FHA field insuring offices underwrite the mortgage risk and execute the insurance contracts. Upon receipt of an insured case in Washington, it is audited and assigned to a group account with other mortgages having similar maturities and risk characteristics.

Appraisal fees, insurance premiums, interest on investments, and income from properties acquired under the terms of insurance in connection with insurance granted under section 203, and under section 207 prior to February 3, 1938, are deposited with the Treasurer of the United States to the credit of the mutual mortgage insurance fund. Income and expenses are identified with the individual mortgages and credited or charged to the group account to which such mortgages have been assigned or to the general reinsurance account. Foreclosure losses and the expenses of the Federal Housing Adminis-

[6] See statement No. 6.

tration in the administration of insurance granted under this fund are charged against the group accounts.

Income and expense on sections 207 and 210 rental housing projects insured under regulations subsequent to February 3, 1938, are credited or charged to the housing insurance fund.

Limitation on 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 $4,000,000,000, except that with the approval of the President such aggregate amount may be increased to $5,000,000,000. This limitation applies to the insurance granted on small-home mortgages under section 203, as well as on rental housing mortgages under sections 207 and 210. The title II outstanding insurance liability at December 31, 1946, was calculated as follows:

Outstanding insurance liability under title II

Total liability authorized		$4, 000, 000, 000
Estimated outstanding balance of insurance in force:		
Small homes	$2, 485, 595, 688	
Rental and group housing	52, 453, 827	
Commitments (small-home and rental housing)	305, 342, 400	
Estimated insurance liability at Dec. 31, 1946		2, 843, 391, 915
Unused authorization for insurance		1, 156, 608, 085

Resources and Liabilities

On December 31, 1946, the resources of the mutual mortgage insurance fund totaled $113,098,463, against which there were outstanding liabilities of $9,592,315.[7] The total income to the fund since its establishment in 1934 was $176,383,099, while the expenditures amounted to $72,876,951, resulting in a net increase to the fund of $103,506,148. Of this amount $10,000,000 was contributed by the Federal Government and the remainder, $93,506,148, represents earnings of the fund. The net increase in the fund during 1946 was $9,577,774.[8]

Investment of Excess Funds

Section 206 of the act provides that excess moneys not needed for current operations shall be invested in United States Treasury bonds or other obligations guaranteed as to principal and interest by the United States; or the Commissioner may, with the approval of the

[7] See statement No. 7.
[8] See statement No. 8.

Secretary of the Treasury, purchase debentures issued under the fund, provided that such purchases are made at a price which will provide an investment yield of not less than the yield obtainable from other authorized investments.

The Federal Housing Administration has continued its policy of investing the excess moneys of this fund in such of its own debentures as are subject to call (series B and E, 2¾ percent mutual mortgage insurance fund debentures) and in United States Treasury bonds and notes.

While no calls for redemption of mutual mortgage insurance fund debentures were issued during the year, debentures in the amount of $1,150 reached maturity and were redeemed.

United States Treasury notes in the amount of $10,500,000 were purchased at par, of which $2,788,100 represented reinvestment of the proceeds of United States bonds of the series 1946–56, which were redeemed by the Treasury Department on their call date. This resulted in a net increase in bond and note holdings of $7,711,900, par value.

Properties Acquired Under the Terms of Insurance

One small home insured under section 203 was acquired by the Commissioner after default during 1946, as compared with 8 during 1945, and 33 during 1944.[9] Through 1946, a total of 4,067 small homes had been acquired under the mutual mortgage insurance fund for which debentures and cash adjustments had been issued in the amount of $18,719,093.

Through December 31, 1946, all (4,067) acquired properties insured under section 203 had been sold at prices which left a net charge against the fund of $2,410,738, or an average of approximately $593 per case.[10] One section 207 rental-housing project, insured under the mutual mortgage insurance fund prior to February 3, 1938, had been acquired and sold during 1941 at no loss to the fund. On December 31, 1946, no properties insured under the mutual mortgage insurance fund were held by this Administration.

Certificates of Claim and Refunds to Mortgagors

Certificates of claim issued in connection with the 4,067 section 203 properties which had been sold through 1946 totaled $1,656,956. The net proceeds of sale in 1,471 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

[9] See statement No. 9.
[10] See statements Nos. 10 and 11.

paid or to be paid on these certificates of claim totaled $387,412 (approximately 23 percent), while certificates of claim totaling $1,269,544 (approximately 77 percent) had been or will be canceled.

In addition there were excess proceeds on approximately 15 percent (or 602) of the 4,067 sold properties amounting to $154,457 for refund to mortgagors. The refund to mortgagors on these 602 cases averaged $257.

Participation Dividends

As of December 31, 1946, 104 of the 213 active group accounts of the mutual mortgage insurance fund had developed credit balances in the total amount of $24,761,607. These credit balances will be shared upon prepayment or maturity of the loans by approximately 313,000 mortgagors whose mortgages remained in force in those groups on that date. In addition, 3 group accounts with credit balances and 40 with deficit balances had been terminated. Through December 31, 1946, the Administration had declared 74,673 prepayment and termination dividends amounting to $4,045,377.

Dividend payments are made in accordance with the mutual provisions of the National Housing Act which require that mortgages insured under section 203 shall be classified into groups according to similarity of risk characteristics and maturities. Income and expenses in connection with the operations of each group of mortgages are allocated to that group, and when the total income of the group exceeds the total expenses, after providing for estimated losses, and a credit balance develops, the act provides that such credit balance shall be shared by the mortgagors remaining in the group.

A mortgagor whose mortgage is in a group account having a credit balance is entitled to receive the benefits of his proportionate share: (1) upon payment in full of his mortgage; (2) upon foreclosure of the mortgage, if title to the property is not conveyed to the FHA Commissioner; or (3) upon termination of the group account. Until a mortgagor becomes eligible to receive his share of the credit balance, it remains in the group and is increased each year by the net income from insurance premiums, interest on investments, and the release of reserves for losses on insurance contracts terminated.

TITLE II—HOUSING INSURANCE FUND

Mortgages on rental and group housing, insured under sections 207 and 210 after February 3, 1938, are liabilities of the housing insurance fund. 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 this fund.

Resources and Liabilities

Resources of the housing insurance fund on December 31, 1946, totaled $11,203,889, against which there were outstanding liabilities of $7,277,274.[11] The total income to the fund since its establishment in 1938 was $6,616,531, while expenditures amounted to $2,689,916, resulting in a net increase to the fund of $3,926,615.[12] Of this amount, $1,000,000 was allocated from the mutual mortgage insurance fund in February 1938, in accordance with the National Housing Act. The net increase in the fund during 1946 was $264,422.

Investment of Excess Funds

The Federal Housing Administration has followed the same policy in the housing insurance fund as in the mutual mortgage insurance fund with respect to investment of excess moneys not needed for current operations. Such moneys are used either for the purchase of United States Treasury bonds or in the redemption of housing insurance fund debentures. During the year, debentures in the amount of $2,500,000 were redeemed as the result of a call made on behalf of the Federal Housing Administration by the Treasury Department, but no additional bond investments were made.

Property Acquired Under the Terms of Insurance

No additional rental housing projects were acquired under the terms of insurance in 1946.[13] Through 1946, a cumulative total of 16 rental housing projects and 1 mortgage note insured under the housing insurance fund had been acquired by the Commissioner, in exchange for which debentures and cash adjustments had been issued in the amount of $14,661,895.[14] The 16 projects and the mortgage note had been sold at an estimated loss to the housing insurance fund of $45,775.

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 1 mortgage note, which had been sold under the housing insurance fund through 1946, totaled $290,400. Through 1946 certificates of claim, including increment thereon, had been paid in the amount of $124,597,

[11] See statement No. 12.
[12] See statement No. 13.
[13] See statement No. 14.
[14] See statement No. 15.

and excess proceeds of sale remaining after settlement of the certificates of claim had been disbursed to mortgagors in the amount of $168,474.

Under the mutual mortgage insurance fund, the only certificate of claim issued in connection with an acquired rental housing project 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

Privately financed war housing projects insured under sections 603 and 608 are liabilities of the war housing insurance fund, established under the amendments to the National Housing Act of March 28, 1941. Fees, insurance premiums, interest on investments, and income on acquired properties insured under sections 603 and 608 are deposited to the credit of the war housing insurance fund. Expenses in connection with acquired properties and general expenses of the Federal Housing Administration applicable to both sections of title VI are charged against the fund.

Insurance Liability Limitation

Section 603 (a) of the National Housing Act provides that the aggregate amount of principal obligations of all mortgages insured under title VI shall not exceed $2,800,000,000 except that with the approval of the President such aggregate amount may be increased to $3,800,000,000. This limitation applies to the insurance granted in connection with one- to four-family homes under section 603 as well as rental housing under section 608. The title VI insurance liability at December 31, 1946, was calculated as follows:

Outstanding insurance liability under title VI

Aggregate principal amount which may be insured		$2, 800, 000, 000
Amount chargeable against insurance limitation to 12-31-46:		
Sec. 603 and 608 mortgages insured	$1, 793, 795, 314	
Less: Mortgages reinsured	68, 449, 305	
		1, 725, 346, 009
Sec. 603 and 608 commitments for insurance	338, 650, 880	
Less:		
Commitments for reinsurance	2, 561, 310	
		336, 089, 570
Total chargeable against limitation		2, 061, 435, 579
Unused authorization for insurance		738, 564, 421

Resources and Liabilities

Total resources of the war housing insurance fund on December 31, 1946, amounted to $53,568,018, against which there were outstanding liabilities of $39,776,295.[15] Receipts of the fund, including the initial allocation from the Federal Government of $5,000,000, from its establishment in 1941 through 1946 totaled $44,409,902, while charges against the fund amounted to $30,618,179, resulting in a net increase of $13,791,723. The net increase in the fund during 1946 was $3,816,277.[16]

Investment of Funds

Section 605 (a) of title VI contains a provision similar to that in title II with respect to the investment of excess moneys of that fund. Such moneys may be used to purchase obligations guaranteed as to principal and interest by the United States or debentures issued by the fund. During 1946, $8,000,000 of United States Treasury notes were purchased at par. No debentures under this fund have been redeemed to date.

Properties Acquired Under the Terms of Insurance

During the year the Federal Housing Administration acquired title, under the terms of insurance, to 998 small homes (1,799 units) insured under section 603 and sold 2,798 (3,663 units). Through December 31, 1946, a total of 6,100 (8,565 units) section 603 properties had been acquired for which debentures and cash adjustments had been issued in the amount of $31,485,983.

Through December 31, 1946, 4,065 (6,147 units) had been sold at prices which left a net charge against the fund of $1,095,137, or an average of $269 per case.[17] There remained on hand for future disposition 2,035 properties having 2,418 living units.

An analysis of section 603 properties acquired and sold, by calendar year, is given below:

Turn-over of properties acquired under sec. 603 of title VI through December 1946

Properties acquired		Properties sold by years				Properties on hand Dec. 31, 1946
Year	Number	1943	1944	1945	1946	
1943	498	29	220	110	139	
1944	2, 542		30	685	1, 178	643
1945	2, 062			187	1, 050	825
1946	998				431	567
Total	6, 100	29	266	982	2, 798	2, 035

[15] See statement No. 16
[16] See statement No. 17
[17] See statements Nos. 18 and 19.

During 1946 the Federal Housing Administration acquired title, under the terms of insurance, to 1 war rental housing project (220 units) insured under section 608. Through 1946, a cumulative total of 2 projects and 1 mortgage note insured under section 608 had been acquired by the Commissioner. One project and 1 mortgage note had been settled with no loss to the fund, and the remaining acquired project was operating under FHA supervision.

Certificates of Claim and Refunds to Mortgagors

Certificates of claim in the total amount of $496,105 had been issued in connection with the 4,065 small-home properties insured under section 603 which had been sold through 1946. The proceeds of sale were sufficient to provide for the payment in full or in part of 1,352 certificates in the amount of $107,624, or approximately 22 percent. Certificates of claim canceled or to be canceled amounted to $388,482, or approximately 78 percent. In addition, the proceeds of sale were sufficient to pay refunds of $121,154 to 582 mortgagors, or an average of $208 per case.

Certificates of claim in the amount of $19,578 had been issued in connection with the section 608 project and the mortgage note which had been disposed of by December 31, 1946. Of this amount $19,389 had been paid and $189 canceled.

Statement 1.—*Income from fees, insurance premiums and income on investments under titles I, II, and VI by calendar years, 1934–46*

	Examination fees	Initial premiums	Renewal premiums	Prepayment premiums	Income on investments	Total
Title I:						
1939	$34,750	$1,268,064				$1,302,814
1940	146,363	4,251,135	$20,844			4,418,342
1941	128,270	4,959,945	99,881			5,188,096
1942	55,891	2,310,497	170,877			2,537,265
1943	3,035	1,295,477	241,960			1,540,472
1944	580	1,640,128	251,793			1,892,501
1945	60	2,309,364	207,496			2,516,920
1946	225	5,799,165	184,994			5,984,384
Total	369,174	23,833,775	1,177,845			[1] 25,380,704
Title II, sec. 203:						
1934					$113,423	113,423
1935	763,654	424,843	54,082	$523	284,962	1,528,064
1936	1,662,068	1,541,664	544,865	27,938	333,896	4,110,431
1937	1,777,320	2,112,038	1,952,844	148,211	497,373	6,487,786
1938	3,150,015	2,058,703	3,382,523	240,691	562,451	9,394,383
1939	3,617,173	2,622,316	5,123,529	416,116	596,640	12,375,774
1940	4,360,609	3,601,555	6,919,909	614,281	659,795	16,156,149
1941	4,887,262	4,310,312	9,455,651	981,488	751,423	20,386,136
1942	2,125,095	3,415,243	12,522,503	806,617	1,010,557	19,880,015
1943	878,173	1,135,344	13,626,210	350,211	1,383,430	17,373,368
1944	939,268	1,079,164	14,245,705	386,933	1,810,199	18,461,269
1945	1,570,674	1,072,934	11,692,037	1,413,420	2,580,528	18,329,593
1946	2,287,171	1,701,304	10,773,475	2,477,805	2,431,926	19,671,681
Total	28,018,482	25,075,420	90,293,333	7,864,234	13,016,603	164,268,072

[1] In addition cash recoveries in the amount of $10,882,952 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 income on investments under titles I, II, and VI by calendar years, 1934–46*—Continued

	Examination fees	Initial premiums	Renewal premiums	Prepayment premiums	Income on investments	Total
Title II, sec. 207-210:						
1935		$11,775				$11,775
1936		9,800	$11,775			21,575
1937	$555	53,250	23,718			77,523
1938	319,506	219,254	69,850		$19,456	628,066
1939	139,252	259,164	206,805	$1,700	35,907	732,828
1940	22,921	64,555	502,807	31,914	44,288	666,485
1941	39,087	60,379	456,029	13,350	47,216	616,961
1942	15,227	27,255	517,455	28,527	40,217	628,081
1943	714	2,875	520,118	37,676	63,433	624,816
1944	−8,410	37,516	474,639	88,985	63,455	656,185
1945	2,584	10,975	416,441	179,472	63,389	681,861
1946	2,199	11,924	314,762	272,699	63,370	664,954
Total	533,635	777,722	3,605,299	654,323	440,731	6,011,710
Title VI, sec. 603-608:						
1941	511,432	97,277		130	77,418	686,257
1942	2,416,050	1,657,266	66,936	2,688	109,801	4,252,741
1943	2,816,805	2,926,904	1,107,478	5,059	181,066	7,037,312
1944	1,683,069	2,707,731	4,167,756	9,534	18,372	8,586,462
1945	756,368	1,299,204	5,938,411	188,286	139,525	8,321,794
1946	1,321,632	401,758	6,430,413	2,017,230	247,883	10,418,916
Total	9,505,356	9,090,140	17,710,994	2,222,927	774,065	39,303,482
Total income:						
1934					113,423	113,423
1935	763,654	436,618	54,082	523	284,962	1,539,839
1936	1,662,068	1,551,464	556,640	27,938	333,896	4,132,006
1937	1,777,875	2,165,288	1,976,562	148,211	497,373	6,565,309
1938	3,469,521	2,277,957	3,452,373	240,691	581,907	10,022,449
1939	3,791,175	4,149,544	5,420,334	417,816	632,547	14,411,416
1940	4,529,893	7,917,245	7,443,560	646,195	704,083	21,240,976
1941	5,560,051	9,427,013	10,012,461	994,908	876,057	26,877,450
1942	4,612,263	7,410,261	13,277,771	837,832	1,160,575	27,298,702
1943	3,698,727	5,360,600	15,495,706	392,946	1,627,929	26,575,968
1944	2,614,507	5,464,539	19,139,893	485,452	1,892,026	29,596,417
1945	2,329,686	4,701,477	18,254,385	1,781,178	2,783,442	29,850,168
1946	3,611,227	7,914,151	17,703,644	4,767,734	2,743,179	36,739,935
Total	38,420,647	58,777,057	112,787,471	10,741,484	14,231,399	234,964,058

Statement 2.—*Combined statement of resources and liabilities under all funds at Dec. 31, 1945, June 30, 1946, and Dec. 31, 1946*

	Dec. 31, 1945	June 30, 1946	Dec. 31, 1946
Resources			
Cash on deposit with Treasurer of United States	$23,732,102.08	$38,081,860.96	$34,630,910.46
Unallocated funds subject to call from Reconstruction Finance Corporation	129,684,693.75	129,684,693.75	129,684,693.75
Accrued income receivable:			
Rent and other income on real property	1,518.70	4,318.70	155.73
Interest on U. S. Treasury bonds	496,150.62	449,828.43	623,914.51
Interest on mortgage notes	69,536.97	78,591.30	87,810.84
Accounts receivable	78,511.91	104,271.05	42,967.72
Inventory of stores	58,993.38	96,709.39	116,164.91
Prepaid expenses	2,203.29	36,313.96	16,862.29
U. S. Treasury bonds (amortized)	105,872,574.94	103,000,155.76	121,539,570.55
Stock in rental and war housing corporations:			
Purchased (25,673 shares)	29,190.00	28,810.00	27,305.00
Donated (1,983 shares)			
Mortgage notes on sold properties	19,107,585.94	22,901,881.52	25,756,297.06
Loans receivable—defaulted property improvement notes purchased under terms of insurance	12,827,142.62	13,268,308.67	11,874,311.79
Furniture and equipment	1,238,207.58	1,437,660.62	1,402,283.96
Real property at cost (debentures plus cash adjustments)	17,871,714.04	13,677,895.58	10,583,000.33
Total resources	311,070,215.82	322,911,209.70	336,386,248.90

STATEMENT 2.—*Combined statement of resources and liabilities under all funds at Dec. 31, 1945, June 30, 1946, and Dec. 31, 1946*—Continued

	Dec. 31, 1945	June 30, 1946	Dec. 31, 1946
Liabilities			
Cash adjustments on debentures in audit	$15,483.70	$10,163.74	$13,503.74
Cash adjustments on debentures authorized	22.75	501.85	1,364.70
Accrued interest on debentures	631,280.84	612,832.69	690,870.08
Unliquidated obligations:			
Administrative expenses	770,056.72	1,423,035.67	1,096,018.92
Expenses on real property	317,035.82	437,867.18	223,414.53
Title I claims in audit		72,290.25	
Participation dividends	410,020.13	673,121.10	908,591.68
Certificates of claim and refunds to mortgagors payable	384,240.97	410,528.33	452,653.90
Earnest money on pending sales	78,434.41	252,058.26	199,442.91
Trust liabilities:			
Mortgagors' escrow deposits and lessees' security deposits	214,780.18	298,631.13	221,820.84
Special deposits—miscellaneous receipts in process of deposit	10,221.10	19,441.16	21,111.95
Special deposits—employees' pay-roll deductions for war bonds	153,075.20	65,062.54	69,944.56
Special deposits—employees' pay roll deductions for withholding tax	373,589.90	352,013.82	498,507.32
Special deposits—employees' pay-roll deductions for civil service retirement	36,810.50	57,226.46	94,113.14
Recoveries under title I for deposit to general fund of U. S. Treasury	526,327.27	320,300.61	315,502.80
Debentures payable:			
Outstanding	41,131,986.23	42,525,336.23	45,184,036.23
Authorized	4,400.00	119,550.00	1,495,300.00
Claims in audit	3,439,050.00	3,422,150.00	2,256,500.00
Reserve funds available on call from Reconstruction Finance Corporation	129,684,693.75	129,684,693.75	129,684,693.75
Unexpended appropriations—administrative expenses	1,648,841.19	150,412.80	4,341,142.58
Unexpended appropriations—renovation and modernization insurance	336,602.87	172,084.86	1,146,380.21
Total liabilities	180,167,043.53	181,116,271.43	188,915,062.83
Excess of resources over liabilities			
Administrative expense fund	1,297,290.96	1,534,370.01	1,518,448.87
Renovation and modernization insurance fund	13,188,958.90	13,555,307.62	11,945,390.73
Title I insurance fund	8,850,910.53	10,335,294.86	12,782,861.34
Mutual mortgage insurance fund	93,928,373.69	99,414,894.08	103,506,147.58
Housing insurance fund	3,662,192.75	3,784,549.68	3,926,614.97
War housing insurance fund	9,975,445.46	13,170,612.02	13,791,722.58
Total excess of resources over liabilities	130,903,172.29	141,795,028.27	147,471,186.07
Contingent liability for certificates of claim on properties on hand	389,225.52	261,985.58	254,424.72

STATEMENT 3.—*Summary of title I notes insured, claims for insurance paid, and recoveries on defaulted notes purchased under the original and amended acts, by calendar years, 1934–46*

Year	Notes insured	Claims for insurance paid	Recoveries on defaulted notes purchased: Total	Cash receipts: On notes	Cash receipts: On sales of repossessed equipment	Equipment and real property repossessed
1934	$30,450,583					
1935	223,620,140	$447,448	$9,916	$9,916		
1936	246,149,913	5,884,885	946,912	272,694	$20,513	$653,705
1937	60,382,598	6,890,897	2,602,355	913,758	28,537	1,660,060
1938	172,747,308	6,016,307	2,673,660	1,480,044	63,373	1,121,243
1939	233,067,349	4,728,345	2,286,693	1,919,524	22,429	344,740
1940	276,541,365	6,543,568	2,031,687	1,888,681	13,859	129,147
1941	282,716,233	7,265,059	2,587,939	2,335,107	11,853	240,979
1942	155,551,034	7,132,210	2,908,175	2,795,685	[1] −1,524	114,014
1943	96,373,831	3,718,643	4,154,649	4,024,096	717	129,836
1944	125,150,082	1,939,261	3,851,086	3,558,901	[1] −159	292,344
1945	188,924,189	1,588,875	2,854,538	2,775,337	1,093	78,108
1946	362,743,046	2,435,964	2,781,131	2,772,487	7,270	1,374
Total	2,454,417,677	54,591,462	[2] 29,688,741	24,755,230	167,961	[3] 4,765,550

[1] Minus figures caused by adjustment of prior years' receipts.
[2] In addition, through Dec. 31, 1946, interest had been collected in the amount of $2,075,764.
[3] Equipment and real property figure does not include unrecovered balances of $313,994 on equipment sold; losses of $53,126 on real property disposed of; and write-offs of $937 on worthless equipment destroyed by Procurement Division, Treasury Department.

STATEMENT 4.—*Resources and liabilities of the title I insurance fund at Dec. 31 1945, June 30, 1946, and Dec. 31, 1946*

	Dec. 31, 1945	June 30, 1946	Dec. 31, 1946
Resources:			
Cash	$8,733,985.03	$10,176,818.17	$12,530,820.95
Accounts receivable	8.25	743.25	145.53
Interest on mortgage notes	679.32	872.94	1,171.03
Mortgage notes on sold properties	118,691.50	164,251.17	252,447.60
Total resources	8,853,364.10	10,342,685.53	12,784,585.11
Liabilities:			
Unliquidated obligations—expenses on real properties		88.20	
Mortagors' escrow deposits	1,498.57	1,752.47	1,723.77
Earnest money on pending sales	955.00	5,550.00	
Total liabilities	2,453.57	7,390.67	1,723.77
Excess of resources over liabilities	8,850,910.53	10,335,294.86	12,782,861.34

NOTE.—This fund will be credited with cash recoveries on title I defaulted notes acquired under the amendment of June 3, 1939, and the reserve of July 1, 1944, on which the unpaid balance at Dec. 31, 1946, was $8,883,611.19.

STATEMENT 5.—*Analysis of change in title I insurance fund through December 1945 and December 1946*

	June 3, 1939, to Dec. 31, 1945	Jan. 1, 1946, to Dec. 31, 1946	June 3, 1939, to Dec. 31, 1946
Income and accretions:			
Premiums	$19, 027, 461. 46	$5, 984, 158. 59	$25, 011, 620. 05
Appraisal fees	368, 949. 30	225. 00	369, 174. 30
Cash recoveries on claims (insurance granted on and after July 1, 1939)	8, 410, 897. 56	2, 472, 191. 70	10, 883, 089. 26
Recoveries receivable on claims (insurance granted on and after July 1, 1939)	119, 370. 82	134, 247. 81	253, 618. 63
Total income and accretions	27, 926, 679. 14	8, 590, 823. 10	36, 517, 502. 24
Transfers and expenditures:			
Transfers to appropriation for administrative expenses	6, 366, 448. 36	1, 372, 125. 47	7, 738, 573. 83
Transfers to appropriation for payment of claims	12, 475, 198. 82	3, 248, 288. 83	15, 723, 487. 65
Expenses on repossessed properties	234, 121. 43	38, 457. 99	272, 579. 42
Total transfers and expenditures	19, 075, 768. 61	4, 658, 872. 29	23, 734, 640. 90
Excess of income and accretions over transfers and expenditures	8, 850, 910. 53	3, 931, 950. 81	12, 782, 861. 34

STATEMENT 6.—*Insurance reserves under title I, authorized, established, released, and remaining unallocated at Dec. 31, 1946, as provided under secs. 2 and 6, National Housing Act*

Item	Gross reserves established	Reserves released	Charges against liability limitation as at Dec. 31, 1946			Summation
			Outstanding contingent liability	Claims paid	Total	
Basic liability limitation established by Congress						$165, 000, 000
Insurance reserves:						
Sec. 2:						
20 percent, original act	$66, 331, 508	$50, 769, 728		$15, 561, 780	$15, 561, 780	
10 percent, amendment Apr. 3, 1936	17, 257, 563	10, 647, 470		6, 610, 093	6, 610, 093	
10 percent, amendment Feb. 3, 1938	27, 302, 148	17, 992, 410	$49, 137	9, 260, 601	9, 309, 738	
10 percent, amendment June 3, 1939	86, 086, 529	39, 482, 704	26, 289, 717	20, 314, 108	46, 603, 825	
10 percent reserve of July 1, 1944	54, 360, 772		51, 572, 334	2, 788, 438	54, 360, 772	
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	251, 647, 799	119, 145, 149	77, 911, 188	54, 591, 462	132, 502, 650	
Collections from insurance premiums and other sources (deduct)					36, 263, 883	
Net charges against liability limitation					96, 238, 767	96, 238, 767
Total unallocated amount available for use as reserves						68, 761, 233

STATEMENT 7.—*Resources and liabilities of the mutual mortgage insurance fund at Dec. 31, 1945, June 30, 1946, and Dec. 31, 1946*

	Dec. 31, 1945	June 30, 1946	Dec. 31, 1946
Resources:			
Cash on deposit with Treasurer of United States	$2, 856, 410. 20	$12, 326, 410. 46	$6, 583, 823. 56
Accrued income receivable:			
Rent and other income on real properties	280. 05	104. 55	109. 55
Interest on U. S. Treasury bonds	447, 456. 95	404, 628. 37	530, 714. 59
Interest on mortgage notes	23, 415. 78	19, 488. 21	13, 973. 62
United States Treasury bonds (amortized)	95, 431, 018. 05	92, 619, 119. 83	103, 099, 062. 70
Prepaid expenses		76. 50	
Stock in rental housing corporations (donated prior to Feb. 3, 1938) 403 shares			
Mortgage notes on sold properties	4, 380, 023. 56	3, 453, 243. 50	2, 870, 779. 17
Real property at cost (debentures plus cash adjustments)	3, 273. 75	4, 038. 90	
Total resources	103, 147, 878. 34	108, 827, 770. 32	113, 098, 463. 19
Liabilities:			
Cash adjustments on debentures in audit		38. 90	
Accrued interest on debentures	125, 487. 97	125, 488. 01	125, 530. 51
Unliquidated obligations:			
Expenses on real property	4, 684. 27	3, 295. 64	2, 774. 14
Certificates of claim and refunds to mortgagors payable	230, 389. 78	163, 043. 60	129, 957. 00
Participation dividends payable	410, 020. 13	673, 121. 10	908, 691. 68
Mortgagors' escrow deposits	79, 036. 27	73, 102. 76	52, 276. 05
Earnest money on pending sales		300. 00	
Debentures payable:			
Outstanding	8, 369, 886. 23	8, 369, 886. 23	8, 373, 086. 23
Claims in audit		4, 600. 00	
Total liabilities	9, 219, 504. 65	9, 412, 876. 24	9, 592, 315. 61
Excess of resources over liabilities	93, 928, 373. 69	99, 414, 894. 08	103, 506, 147. 58
Contingent liability for certificates of claim on properties on hand	441. 26	121. 04	

STATEMENT 8.—*Analysis of changes in the mutual mortgage insurance fund through December 1945 and December 1946*

	June 27, 1934, to Dec. 31, 1945	Jan. 1, 1946, to Dec. 31, 1946	June 27, 1934, to Dec. 31, 1946
Income and accretions:			
Allocation from Reconstruction Finance Corporation	$10, 000, 000. 00		$10, 000, 000. 00
Fees and mortgage insurance premiums—sec. 203	134, 011, 713. 48	$17, 239, 755. 01	151, 251, 468. 49
Fees and mortgage insurance premiums—sec. 207	396, 267. 27	31, 853. 95	428, 121. 22
Interest on U. S. Treasury bonds after deduction of premium amortization	10, 584, 677. 21	2, 431, 926. 18	13, 016, 603. 39
Dividends on rental housing stock (sec. 207)	156. 00		156. 00
Redemption of donated stock in rental housing projects (sec. 207)	130. 00		130. 00
Interest on mutual mortgage insurance fund debentures purchased	1, 359, 475. 93	307, 453. 41	1, 666, 929. 34
Income on mortgage notes (net) (unallocated)	23, 415. 78	[1] −9, 442. 16	13, 973. 62
Miscellaneous (net)	1, 763. 69	3, 952. 92	5, 716. 61
Total income and accretions	156, 377, 599. 36	20, 005, 499. 31	176, 383, 098. 67
Transfers and expenditures:			
Transfers to housing insurance fund	1, 000, 000. 00		1, 000, 000. 00
Transfers to appropriation, salaries and expenses	56, 872, 029. 02	7, 099, 283. 88	63, 971, 312. 90
Net charges to fund on account of sold properties	2, 430, 704. 45	[1] −19, 966. 47	2, 410, 737. 98
Net charges on unsold acquired properties	790. 80	[2] −790. 80	
Debenture interest charged against fund	1, 034, 959. 66	414, 561. 37	1, 449, 521. 03
Participation dividends	1, 110, 741. 74	2, 934, 637. 44	4, 045, 379. 18
Total transfers and expenditures	62, 449, 225. 67	10, 427, 725. 42	72, 876, 951. 09
Excess of income and accretions over transfers and expenditures	93, 928, 373. 69	9, 577, 773. 89	103, 506, 147. 58

Minus figures caused by:

[1] Allocation during the year to individual foreclosed properties of accumulated mortgage note income less debenture interest expense.

[2] Adjustments due to reduction in number of properties on hand during the year from one on Dec. 31, 1945, to none on Dec. 31, 1946.

STATEMENT 9.—*Turn-over of properties acquired under sec. 203 of title II contracts of insurance by years, and cumulative through Dec. 31, 1946*

Properties acquired		Properties sold by years										Properties on hand Dec. 31, 1946
Year	Number	1936-37	1938	1939	1940	1941	1942	1943	1944	1945	1946	
1936	13	11	2									
1937	98	13	67	7	5	6						
1938	324		139	99	60	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	20	2	2		
1942	502						355	139	8			
1943	168							140	27	1		
1944	33								26	7		
1945	8									7	1	
1946	1										1	
Total	4,067	24	208	384	907	1,346	692	327	67	20	2	

NOTE.—On the 4,067 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 6.35 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, 1946.

STATEMENT 10.—*Statement of sale of acquired properties, mutual mortgage-insurance fund, through Dec. 31, 1946*

Item	Total properties sold—mutual mortgage insurance fund (1,068)	Sec. 207 property sold (1)	Sec. 203 properties sold (4,067)
Gross proceeds of sales [1]	$19,799,236	$1,000,000	$18,799,236
Selling expenses:			
Sales allowances and selling expenses	13,748		13,748
Commissions on sales	879,018		879,018
Total	892,766		892,766
Net proceeds of sales	18,906,470	1,000,000	17,906,470
Cost of properties sold (statement 11)	20,715,420	967,213	19,748,207
Net loss or gain	1,808,950	[2] −32,787	1,841,737
Certificates of claim	418,944	31,532	387,412
Increment on certificates of claim	28,387	1,255	27,132
Refunds to mortgagors	154,457		154,457
Loss to mutual mortgage-insurance fund	2,410,738		2,410,738
Average loss to mutual mortgage-insurance fund	593		593

[1] Analysis of terms of sale:

Terms of sale	Number	Cash	Mortgage notes	Sales price
Properties sold for all cash	713	$4,470,860		$4,470,860
Properties sold for cash and notes •	3,338	1,857,633	$13,409,766	15,267,399
Properties sold for notes only •	17		60,977	60,977
Total	4,068	6,328,493	13,470,743	19,799,236

• Average percentage of cash down payment ($1,857,633) to sales price where mortgage note is taken ($15,328,376), 12.12 percent.
[2] Minus figures indicate gain.

STATEMENT 11.—*Cost analysis of properties sold, mutual mortgage insurance fund, as at Dec. 31, 1946*

Item	Properties sold			
	Total mutual mortgage insurance fund	Sec. 207 property (1)	Sec. 203 properties (4,067)	
			Amount	Percent of total cost
Acquisition costs:				
Debentures and cash adjustments	$19,661,238	$942,145	$18,719,093	
Interest on debentures prior to acquisition	452,708	18,[illegible]37	434,321	
Taxes, water rent and other expenses accrued at date of acquisition (net)	35,869	5,012	30,857	
Total cost at date of acquisition	20,149,815	965,544	19,184,271	97.14
Expenses after acquisition:				
Interest on debentures	2,034,839		2,034,839	
Additions and improvements	23,934		23,934	
Taxes, water rent, hazard insurance, and other expense	332,165		332,165	
Repairs and maintenance	692,838		692,838	
Settlement expense	1,669	1,669		
Total	3,085,445	1,669	3,083,776	15.62
Less:				
Rental and other income (net)	256,303		256,303	
Mortgage note income	2,263,536		2,263,536	
Total	2,519,839		2,519,839	12.76
Net operating cost after acquisition	565,606	1,669	563,937	2.86
Total cost of properties	20,715,421	967,213	19,748,208	100.00

STATEMENT 12.—*Resources and liabilities of the housing insurance fund at Dec. 31, 1945, June 30, 1946, and Dec. 31, 1946*

	Dec. 31, 1945	June 30, 1946	Dec. 31, 1946
Resources:			
Cash on deposit with Treasurer of United States	$3,448,501.49	$2,541,319.58	$2,653,582.41
Accrued income receivable:			
Interest on U. S. Treasury bonds	9,366.93	9,366.91	9,366.89
Interest on mortgage notes	19,259.49	15,122.30	14,054.88
Rent and other income on real property	55.68		
U. S. Treasury bonds (amortized)	2,441,556.89	2,441,035.93	2,440,507.85
Stock in rental housing corporations:			
Purchased (8,328 shares)	11,955.00	11,155.00	9,050.00
Donated (1,580 shares)			
Mortgage notes on sold properties	7,585,756.63	6,129,847.00	6,076,426.60
Total resources	13,516,512.11	11,147,847.62	11,203,888.63
Liabilities:			
Accrued interest on debentures	131,153.00	96,778.01	96,777.99
Certificates of claim and refunds to mortgagors payable	96,334.54	105,923.62	92,576.03
Mortgagors' escrow deposits	88,431.82	122,196.31	49,519.64
Debentures payable	9,538,400.00	7,038,400.00	7,038,400.00
Total liabilities	9,854,319.36	7,363,297.94	7,277,273.66
Excess of resources over liabilities	3,662,192.75	3,784,549.68	3,926,614.97

STATEMENT 13.—*Analysis of changes in housing insurance fund through Dec. 31, 1945, and Dec. 31, 1946*

	Feb. 3, 1938 to Dec. 31, 1945	Jan. 1, 1946 to Dec. 31, 1946	Feb. 3, 1938 to Dec. 31, 1946
Income and accretions:			
Allocation from mutual mortgage insurance fund	$1,000,000.00		$1,000,000.00
Fees and mortgage insurance premiums (net)	4,573,128.16	$569,729.91	5,142,858.07
Interest income on United States bonds after deduction of premium amortization	376,398.21	63,210.00	439,608.21
Dividends on rental housing stock	676.70	160.00	836.70
Interest on housing insurance fund debentures purchased	7,561.65	7,487.54	15,049.19
Recovery of settlement expenses	7,610.89	10,568.11	18,179.00
Total income and accretions	5,965,375.61	651,155.56	6,616,531.17
Transfers and expenditures:			
Transfers to appropriation for administrative expenses	2,171,886.65	372,193.58	2,544,080.23
Net charges to fund on sold properties	44,347.83	1,427.40	45,775.23
Debenture interest charged against fund	86,528.38	13,112.36	99,640.74
Rental housing stock written off	420.00		420.00
Total transfers and expenditures	2,303,182.86	386,733.34	2,689,916.20
Excess of income and accretions over transfers and expenditures	3,662,192.75	264,422.22	3,926,614.97

STATEMENT 14.—*Statement of sale of acquired projects, housing insurance fund, through Dec. 31, 1946*

Item	Mortgage note sold (1)	Total projects sold (16)
Payment to principal on mortgage note	$2,989,981	
Gross proceeds of sales [1]		$12,109,922
Commissions on sales		4,539
Net proceeds of sales	2,989,981	12,105,383
Cost of properties sold (statement 15)	2,803,991	11,951,502
Net gain	185,990	153,881
Certificates of claim payable	15,728	170,571
Increment on certificates of claim	1,789	10,799
Refunds due mortgagors	168,473	18,286
Loss to housing insurance fund		45,775

[1] Analysis of terms of sales:

Terms of sale	Number	Cash	Mortgage notes	Contract for deed	Sales price
Projects sold for cash	1	$72,420			$72,420
Projects sold for cash and mortgage notes	11	216,816	$8,648,192		8,865,008
Projects sold for mortgage notes only	1		644,030		644,030
Projects sold for cash and contract for deed	2	11,990		$1,051,092	1,513,082
Projects sold for contract for deed only	1			1,015,382	1,501,092
Total	16	301,226	9,292,222	2,516,474	12,109,922

STATEMENT 15.—*Cost analysis of properties sold, housing insurance fund, as at Dec. 31, 1946*

	Total housing insurance fund	Mortgage note sold (1)	Projects sold (16)	
			Amount	Percent to total cost
Acquisition costs:				
Debentures and cash adjustments	$14,661,895	$2,930,182	$11,731,713	98.16
Interest on debentures prior to acquisition	140,022		140,022	1.17
Taxes and insurance prior to acquisition	23,635		23,635	.20
Total cost to date of acquisition	14,825,552	2,930,182	11,895,370	99.53
Expenditures after acquisition:				
Interest on debentures	1,895,571	300,201	1,595,370	13.35
Additions and improvements	172,566		172,566	1.44
Equipment	39,094		39,094	.33
Taxes and insurance	442,447		442,447	3.70
Operating costs	394,012		394,012	3.30
Maintenance and repairs	354,949		354,949	2.97
Management expenses	123,627		123,627	1.03
Rental expenses	100,111		100,111	.84
Settlement expense	18,179	2,491	15,688	.13
Miscellaneous	8,471	10	8,461	.07
Total	3,549,027	302,702	3,246,325	27.16
Less:				
Rental and other income (net)	1,891,475		1,891,475	15.83
Mortgage note income	1,727,611	428,893	1,298,718	10.86
Total	3,619,086	428,893	3,190,193	26.69
Net operating cost after acquisition	[1] −70,059	[1] −126,191	56,132	.47
Total cost of properties	14,755,493	2,803,991	11,951,502	100.00

[1] Minus figures indicate net operating income.

STATEMENT 16.—*Resources and liabilities of the war housing insurance fund, as at Dec. 31, 1945, June 30, 1946, and Dec. 31, 1946*

	Dec. 31, 1945	June 30, 1946	Dec. 31, 1946
Resources:			
Cash on deposit with Treasurer of United States	$4,916,034.27	$10,502,003.39	$5,321,967.10
Accrued income receivable:			
Rent and other income on real property	1,182.97	4,154.15	46.18
Interest on U. S. Treasury bonds	39,326.74	35,833.15	83,833.03
Interest on mortgage notes	26,182.38	43,107.85	57,711.31
Prepaid expenses	2,203.29	36,237.46	16,862.29
U. S. Treasury bonds (amortized)	8,000,000.00	8,000,000.00	16,000,000.00
Stock in war housing corporations (17,345 shares)	17,235.00	17,655.00	18,255.00
Mortgage notes on sold properties	6,911,113.55	13,063,043.89	16,487,855.73
Real property at cost (debentures plus cash adjustments)	17,612,624.71	13,477,752.79	10,581,487.50
Unallocated funds receivable from Reconstruction Finance Corporation	5,000,000.00	5,000,000.00	5,000,000.00
Total resources	42,525,902.91	50,179,787.68	53,568,018.14
Liabilities:			
Cash adjustments on debentures in audit	15,483.70	10,124.84	13,503.74
Cash adjustments on debentures authorized	22.75	501.85	1,364.70
Accrued interest on debentures	374,039.87	420,566.67	468,562.48
Unliquidated obligations:			
Expenses on real properties	312,351.55	434,483.34	220,640.39
Certificates of claim and refunds to mortgagors	57,516.65	141,561.11	230,120.87
Mortgagors' escrow deposits	44,000.52	99,006.59	116,130.38
Earnest money on pending sales	77,479.41	246,208.26	199,442.91
Lessees' security deposits	1,813.00	2,573.00	2,180.00
Debentures payable:			
Outstanding	23,223,700.00	27,117,050.00	29,772,550.00
Authorized	4,400.00	119,550.00	1,405,300.00
In audit	3,439,050.00	3,417,550.00	2,256,500.00
Reserves (unallocated funds from Reconstruction Finance Corporation)	5,000,000.00	5,000,000.00	5,000,000.00
Total liabilities	32,550,457.45	37,009,175.66	39,776,295.56
Excess of resources over liabilities	9,975,445.46	13,170,612.02	13,791,722.58
Contingent liability for certificates of claim on properties on hand	388,784.26	281,864.54	254,424.72

STATEMENT 17.—*Analysis of changes in war housing insurance fund through Dec. 31, 1945, and Dec. 31, 1946*

	Mar. 28, 1941 to Dec. 31, 1945	Jan. 1, 1946 to Dec. 31, 1946	Mar. 28, 1941 to Dec. 31, 1946
Income and accretions:			
Allocation from Reconstruction Finance Corporation	$5,000,000.00		$5,000,000.00
Fees and mortgage insurance premiums (net)	28,358,384.65	$10,171,031.49	38,529,416.14
Interest income on investments	526,076.52	247,784.98	773,861.50
Dividends on war housing stock	105.00	98.50	203.50
Mortgage note income (unallocated)	45,868.66	52,449.79	98,318.45
Miscellaneous income	7,822.19	280.17	8,102.36
Total income and accretions	33,938,257.02	10,471,644.93	44,409,901.95
Transfers and expenditures:			
Transfers to appropriation, administrative expenses	22,790,013.66	5,889,967.45	28,679,981.11
Net charges to fund on sold properties	273,751.51	820,626.80	1,094,378.31
Net expenses on properties on hand	823,583.33	[1] −175,242.05	648,341.28
Interest on debentures charged against fund	75,463.06	120,015.61	195,478.67
Total transfers and expenditures	23,962,811.56	6,655,367.81	30,618,179.37
Excess of income and accretions over transfers and expenditures	9,975,445.46	3,816,277.12	13,791,722.58

[1] Minus figure indicates net income.

STATEMENT 18.—*Statement of sale of acquired properties, war housing insurance fund, through Dec. 31, 1946*

	Total (4,067)	Sec. 608 properties sold (1 project and 1 mortgage note)	Sec. 603 properties sold (4,065)
Gross proceeds of sales [1]	$23,441,525	$1,105,224	$22,336,301
Selling expenses:			
Sales allowances and selling expenses	2,890		2,890
Commissions on sales	713,779		713,779
Total	716,669		716,669
Net proceeds of sales	22,724,856	1,105,224	21,619,632
Cost of properties sold (statement 19)	23,566,739	1,084,896	22,481,843
Net loss or gain	841,883	[2] −20,328	862,211
Certificates of claim	127,013	19,389	107,624
Increment on certificates of claim	4,328	180	4,148
Refunds to mortgagors	121,154		121,154
Loss to war housing insurance fund	1,094,378	[3] −759	1,095,137
Average loss to war housing insurance fund			269

[1] Analysis of terms of sales:

	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	701		$4,234,830		$4,234,830
Properties sold for cash and notes	3,240	2,126	1,116,362	$16,653,338	17,769,700
Properties sold for notes only	126	1		1,436,995	1,436,995
Total	4,067	2,127	5,351,192	18,090,333	23,441,525

[2] Gain.
[3] Excess remaining to the credit of the fund.

STATEMENT 19.—*Cost analysis of properties on hand and sold, war housing insurance fund, as at Dec. 31, 1946*

	Properties on hand		Properties sold				
				Sec. 608		Sec. 603	
	Sec. 608, 1 project	Sec. 603, 2,035 properties	Total	1 project	1 mortgage note	4,065 properties	Percent to total
Acquistion costs:							
Debentures and cash, adjustments	$897,592	$9,683,895	$23,098,208	$1,122,184	$174,026	$21,802,088	96.98
Interest on debentures prior to acquisition	13,110	88,451	212,882	13,009	1,598	198,185	.88
Taxes, assessments, and other expenses accrued at date of acquisition (net)	7,368	24,392	[1] −220,046	−233,400	3	13,351	.06
Total cost at date of acquisition	918,070	9,796,738	23,091,134	901,883	175,627	22,013,624	97.92
Expenses after acquisition:							
Interest on debentures	11,219	401,676	1,045,834	154	2,048	1,043,632	4.64
Additions and improvements		33,112	91,533			91,533	.41
Furniture and equipment	533	61,476	45,779			45,779	.20
Taxes, water rent, hazard insurance, and other expenses	11,386	303,088	434,992			434,992	1.93
Repairs, maintenance, and operating costs	13,760	696,653	1,058,406			1,058,406	4.71
Settlement expense			5,184	3,665	1,519		
Total	36,898	1,496,005	2,681,728	3,819	3,567	2,674,342	11.89
Less:							
Rental and other income (net)	47,921	969,962	1,725,735			1,725,735	7.67
Mortgage note income			480,388			480,388	2.14
Total	47,921	969,962	2,206,123			2,206,123	9.81
Net operating cost after acquisition	[1] −11,023	526,043	475,605	3,819	3,567	468,219	2.08
Total cost of properties	907,047	10,322,781	23,566,739	905,702	179,194	22,481,843	100.00

[1] Minus figures represent excess of income over expenses (recovery under surety bond).

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